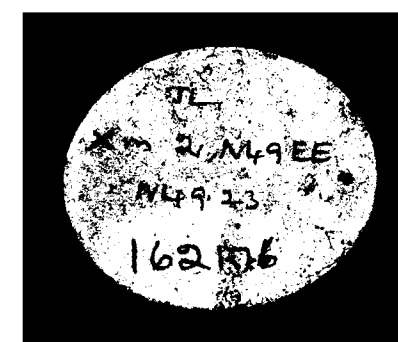
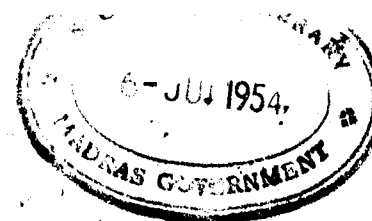




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Mr. Chou En-lai's Mission

MR. CHOU EN-LAI'S sudden visit to New Delhi last Friday was the crowning event in a series of new developments in international affairs during the last fortnight. A turning-point was reached in the Indo-China talks on June 14, following the understanding on Laos and Cambodia. The solid measure of support accorded to the new French Prime Minister, M. Mendes-France, was the next event of major significance which reinforced the hopes of a settlement on Indo-China. And the meeting of the Indian and Chinese Prime Ministers in New Delhi has closely followed these two. It may also prove an outstanding event in international relations; in some quarters it has been even described as "historic". The exchanges of diplomatic relations and goodwill missions between China and India all along had given room for the belief that closer understanding need not be ruled out, but the manner in which it has actually come about contains elements of surprise.

It was quite unlikely that the two Prime Ministers could have met now in the usual course as part of deliberate policy of fostering closer relations. India's position of neutrality during the present phase

of international relations would have restrained the Indian Prime Minister from taking the initiative to visit Peking; and it always seemed unlikely that under Communist traditions of international diplomacy the initiative would have come from the other side. Mr. Chou En-lai's impromptu decision to return to Peking via Delhi was obviously influenced by the urgency for a settlement in Indo-China before the French Premier's deadline for such agreement was crossed. Secondly, with the concession on Laos and Cambodia, made in response to Asian opinion as much as to Western demands, the time apparently seemed propitious for China to seek to placate South-East Asian countries by suitable gestures of good neighbourliness, just when American opinion seemed determined on proceeding ahead with the arrangements for collective defence of South-East Asia, irrespective of the participation or approval of the major independent countries of the region.

It is still too early to assess the importance of the mission to the future of international relations in Asia or between East and West. It may prove "historic" in more senses than the one in which that term has been

applied. The importance of the conversations at Delhi between Mr. Nehru and Mr. Chou En-lai transcends the individual details of the proposals for military and political settlement in Indo-China. But yet, Indo-China will remain the touchstone on which Chinese professions of "peaceful co-existence" will be judged by the rest of the world, and now particularly by the Asian countries. The two are thus closely linked even though the joint communique of the Prime Ministers issued in New Delhi may seem to indicate that the hope for success in Indo-China was only one among several issues of common concern.

The refrain of the themes of the two Prime Ministers on matters of peace in Asia was provided by the five maxims on international relations which have already been enunciated and embodied for the first time in the Sino-Indian treaty on Tibet. There was not much enthusiasm for them in India when they were first published. There has not been time enough to test the working of these principles in practice. In the abstract terms in which they have been again formulated, they appear to be adequate to fulfil the promise of peaceful co-existence of violently differing social and political systems. The complaint of Western critics has been that India has always been disposed to attach face value to Communist professions of general principles. On the present occasion, however, India's willingness to accept China's assurances at face value has only followed British satisfaction with similar assurances conveyed by Mr. Chou En-lai at Geneva. The circumstances in Burma, which was reported to be keenly alive to the danger of Communist influences in South-East Asia during the discussions at Colombo, has also aligned herself with Indian policy has added special significance.

The immediate consequence of these two countries agreeing to abide by the mutually acceptable conditions of co-existence will be to strengthen their disapproval of the scheme for collective security in South-East Asia on which the United States has been very keen. The British view has now been made quite clear that without the support of the independent Asian countries, no such organisation can ever be contemplated. The Washington decision to press forward with collective security can hardly conceal the dimness of the prospects of success at the present time. If the settlement on Indo-China materialises as quickly as it is expected, they may grow dimmer still. There is little doubt that the methods on which the United States relied to carry through such a scheme were open to the criticism that they did not visualise a reconciliation with the views of the countries most immediately concerned by the effects of collective security measures. They gave basis for the Communist theory repeated by Mr. Chou En-lai at the banquet in his honour—that the danger to Asian peace came from outside the area. Asian opinion which has been nurtured in the belief that there is a colonial war in Indo-China and that Chinese intervention in Korea was brought about by the crossing of the 38th Parallel has thus unwisely been given a fresh proof of Western disregard. If the major independent countries of South-East Asia are determined to give a fair trial to the Five Principles, they would be automatically precluded from seeking membership of defensive blocs.

Thus Asia and, through Asia, the Commonwealth, seem now destined to act as the pilots for implementing the policy of co-existence of the two Power blocs. The progress will not be smooth but whether there will be progress at all rests immediately on the question of peace becoming practicable in Indo-China. If there is an eventual breakdown at Geneva on this problem, the whole structure of co-existence, Asian or non-Asian, is bound to crumble. At the moment, the Geneva Conference seems well insured against failure. A decision on the Armistice Commission does not seem probable. There is little to disagree on Laos and Cambodia. One remaining possibility, of a settlement in

Viet Nam not being "honourable" enough to satisfy French opinion, is now being minimised. There are too few disagreements on the question of the cease-fire line; the regrouping of forces is expected to follow a line which can be militarily safeguarded and made politically feasible. The remaining source of prospective disagreement may be the objection from sections of French and Viet-Name opinion, in which American opinion may acquiesce that a partition between Viet Nam and Viet-Minh would permanently divide the nation as in Korea and should therefore be rejected. That may be part of the reason why the Communists have insisted at Geneva on political negotiations alongside of the armistice talks. However, the joint communique of the Prime Ministers of India and China makes a significant reference to the nature of the political settlement to be aimed at in Indo-China. The assurance that they aim at the "creation of free, democratic, unified and independent States which should not be used for aggressive purposes or be subjected to foreign intervention" is prima facie as satisfactory as it can be on paper.

There is no need to assume that all these would be fully honoured just as there is no sense in assuming to the contrary while manifestly striving to achieve peaceful co-existence. If they are not honoured, there will be more clinching proof at close quarters, than has yet been available to Asian peoples, of the unreliability of Communist assurances. It is unlikely that China has a direct interest now in providing such proof. Recent events may have also raised doubts as to whether the influence of Moscow is still strong at Peking. Even if it is, it is probably limited by the vivid awareness of the fact that China is a nation of 600 millions and that the possibility of China's attitudes influencing Moscow need not be remote. The meaning of the Prime Minister of a Communist State negotiating with considerable freedom with other non-Communist countries on the foremost international issues of the day is too unprecedented to be explained otherwise.

The meaning of Mr. Chou En-lai's mission to Delhi and to Rangoon is certainly that Communist China has begun to woo South-East Asia much more vigorously than before and has seized a suitable opportunity to do so. It does not follow that these Asian Powers have been swept off their feet, either in giving or in taking assurances. The Indian Prime Minister's speech at the banquet did not fail either to emphasise the special cultural inheritance of each and the numerous differences in outlook or to point out that the Gandhian methods of achieving the emancipation in India were entirely different from those of China. The Prime Ministers recognised that different social and political systems now exist in various parts of Asia and the world and these differences should not come in the way of peace or create conflicts, the implication being that they should be tolerated. "It is a matter of interest and significance not only to our two countries", said Mr. Nehru "but to Asia and even the world, how these countries behave to each other, how far they can co-operative for the peace and well being of the world". Beneath the hope and pride expressed in these words, was there some scepticism as well?

The Chou En-lai mission is thus capable of many interpretations and eventually only history can accord it the significance which is its due as a decisive factor in shaping the future of international relations. If it improves even slightly the prospects for co-existence on honourable terms, it will achieve its goal and disprove its critics. If not, it provides a test of Communist sincerity at a time when some neutral or impartial standards of testing them were needed. It has been brought about without any change of the positions in the respective spheres in which the two countries have so long moved. It commits India, and the countries which think on similar lines, only to a course of further neutrality, a policy in which she has gained sufficient experience, if not understanding by others.

Reform of the Services

MERELY as a sign of the dissatisfaction with the imperfections of the existing apparatus of administration, the persistent talk in official quarters about administrative reforms would be highly laudable. Two experienced Indian administrators and one foreign expert have been on this job of inquiry in recent years in order to make suggestions on general problems and about particular groups of services. The ninth Report of the Estimates Committee also makes a substantial contribution to the subject, though as in all other reports of the Committee the issues may prove to be controversial. An Institute of Public Administration has also come into existence and the process of discussion of the various problems may now be intensified under its auspices. Of the Organisation and Methods Division attached to each Ministry and their contribution to efficiency, very little is known outside. What is clear is that the administrative organisation as a whole does not wear a new look, except where individual departments have been streamlined by live-wire officers at the top. Reform has hardly begun, even though the general feeling is that drastic changes would be needed if we are to adapt the present machinery to our fast changing requirements. The process of adaptation must naturally be slow and if beginnings are not made on the least controversial measures, reform may come too late.

For obvious reasons, attention had been so far concentrated on the reconstruction of the civil service steel-frame dismantled by the war and partition. In August 1947, there were only 422 I.C.S. Officers as against 932 before partition. The rehabilitation of the Civil Service thus wrecked has been achieved by the recruitment of 240 officers to the Indian Administrative Service in the last seven years in the normal course. The emergency recruitment of 120 officers from all professions, 124 from Part A States' Services, 152 from Part B States and 96 from War Services personnel have barely filled the gap in terms of numbers. From the point of view of quality, this special recruitment has presumably been of much greater advantage than the I.A.S. examinees who will take a long time under present standards of general education to prove equal to the demands made on them. Meanwhile, another strongly-felt need of the Government—since the setting up of the Planning Commission and because of the widening of the area of administration of our economic affairs—was for personnel competent in economic and statistical matters. The lack of suitable testing methods and the temporary footing on which persons were required to accept jobs led to an extremely haphazard recruitment. The Committee of the Planning Commission appointed to screen these recruits to absorb them in a new cadre of Economic Service will not be able normally to do anything except to ratify the selections. But it may provide an opportunity to formulate the principles on which such recruitment may be made in future by the Union Public Service Commission.

It is clear, however, that normal annual recruitment at the bottom, to the I.A.S. and allied all-India Services, will not help to improve the situation immediately. It will not provide men with sufficient maturity, experience, and capacity for judgment who are needed in various spheres of general administration nor will it provide the technical personnel required in the specialised branches of administration. Emergency recruitment at higher levels from the open market could well have been continued for some time more, without much prejudice to the private sector in business, which is already labouring under the feeling that government service still deprives them of the better men. It is also apparent that the general dec-

line of educational standards, of which Public Service Commissions and other recruiting boards have constantly complained, makes it vital for the Government to ensure that opportunities are provided during the first five years of an officer's service for remedying the deficiencies in general education by special measures for training. This of course would make it necessary that service cadres should be larger than what they are, under existing methods of computation of cadre strength.

There is an I.A.S. training school and a Central Secretariat Training School; some State Governments have made similar arrangements for their services. But these, especially the school for the all-India services, are not what they should be. There is little or no thought being bestowed on the selection of the staff, the members of which can exercise a profound influence in shaping the career of the young entrants. Administrative or personal convenience seems to be decisive factor in the choice. The usual class-room methods have come to prevail and little attempt is being made to discover, much less to correct, deficiencies of individual trainees, arising out of the subjects not studied by the trainee in the University or out of unbalanced opinions on vital issues. In this, as in other matters, there is too much reliance on tradition and until less orthodox ways are adopted to make the training purposeful, there can be no improvement in quality.

Some of these drawbacks can even be traced to the fountain-head, the Union Public Service Commission. The establishment of Service Commissioners at the Centre and in the States was a device to avoid favouritism in the services and to ensure proper selection. The status accorded to the Commission is comparable to that of other independent institutions, like the Supreme Court, the Auditor-General and the Delimitation Commission. But while in all these cases, the position of trust and impartiality is ensured by the rules of procedure and interpretation based on a body of precedents, Indian and foreign, there are no known canons of functioning for the Service Commission. This is partly due to the nature of its work. Except in certain cases where written examinations are also provided, the selection is made mainly on the basis of personality tests, which often seem arbitrary and have not always convinced the examinees of their fairness. Long delays in recruitment by the U.P.S.C. have been noticed, justifying the recent remark of the Estimates Committee that its methods have been "dilatatory, complicated and irksome." Speeding up of the procedure is necessary if only to induce confidence in the methods of the Commission. Secondly, its standards of personality test must appear to be less wayward than now to convince others besides the Commissioners of their fairness. There must also be reviewing boards who can hear representations from the department concerned or from unsuccessful candidates. These reforms of the Union Public Service Commission do not brook delay since the purpose of constitutional provisions would not be fulfilled if the present state of things continues.

This is also a fit enough subject on which the Institute of Public Administration can make a start. There is bound to remain a gap between theory and practice in all such matters. But our experience must constantly modify the theoretical basis of our institutions. At the moment there is a complacent assumption, especially among politicians, that the Commission is a talisman which would ward off executive sorcery in the services and that all is well, so long as the executive is prevented from having a free hand. There is very little basis for such complacency.

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Wheat Without Agreement

THE London meeting of the International Wheat Council came to an end inconclusively last week, and so the consideration of the wheat situation has been postponed to October for the time being. But it is doubtful if the basic position is going to change within these four or five months. All the thorny and unsolved questions of today—like the co-ordination in pricing policies between the United States and Canada on the one hand and the Atlantic and Pacific markets on the other, the proposed reduction in the basic minimum price under the agreement, the readjustment of quotas, and the future of price support within the United States—are destined to remain unsolved for the time being. The plenitude of wheat (and also of rice to the extent that it has been a competing crop) has plainly been so great as to be embarrassing. In a desperate move to cope with the surpluses, the United States has just cut the acreage to fifty-five millions, which is the minimum permitted by the law. But acreage cuts before now have had no relation to the output; and in any case, the United States and Canadian carry-over at the end of this crop year, now rapidly approaching, is expected to be in the neighbourhood of some 1400 million bushels. Whatever human ingenuity may or may not be able to achieve, this is bound to exert a bearish influence on wheat prices all over the world for a long time to come.

It is an extraordinary situation, which has made Australian exporters, even as it is, fear a price-war. It is a situation which is also likely to increase manifold the anxieties of the Secretary for Agriculture and the Commodity Credit Corporation in the United States. With the exports in the twelve months ended June 1954 estimated at only 200,000,000 bushels, present and prospective stocks are equal to one year's needs in the case of the United States and to more than four times the United Kingdom's demand, in the case of Canada. But still no workable way out of the difficulties can apparently be found. The price which the farmer receives in the United States according to the current parity formula is in the neighbourhood of \$2.25 per bushel. Against this, the export price, as it has been reduced both by Canada and the United States with effect from the second week of last month, is \$1.725; and there is, as the Canadian Minister indicated in Parliament after this recent reduction, every prospect that the price may drift still further downwards.

The spread between producers' and sellers' ideas is thus likely to widen in the normal course in the immediate future; but to add to the complexities of the market, the Congress and the Administration do not see eye to eye regarding the future of parity in the United States. Secretary Benson's flexible parity formula would reduce the cost of wheat to the United States Treasury to between \$1.88 and \$1.95 per bushel. This might make support more nearly manageable. But there is a long way to go before parity can thus be reduced, and recent thinking in the House Agriculture Committee does not encourage the hope that the adoption of flexible parity formulae will be easy. The net result may well be to make the existing situation, which is difficult enough, an impossible one by the time the Council meets again in October. Whatever is said or done regarding wheat cannot ignore this background.

The immediate objective of the exporters in this situation has been more or less clear. It is and it will be to reduce prices still further, if necessary; in co-ordination, if possible; in competition if it is inevitable. With possible price revisions, the exporting countries

will hope to ensure by persuasion or compulsion or by both that at least in the season which is to begin from the 1st August next, the guaranteed quotas under the International Agreement are lifted.

Against this contingency, however, the importers have already entered various pleas and suggestions. They ask for a reduction of the minimum price in the first place. The quotas, moreover, may have to be rearranged. Budgetary problems as in the case of India are genuine and will have to be met. State Governments in this country are with difficulty being persuaded to extend support to falling markets at ten rupees a maund at present—which is appreciably lower than the cost at which wheat can be landed from abroad even after prices have fallen all the way to the minimum. Elsewhere and in other countries, balance of payments difficulties will have to be taken into consideration. In short, the number of routes through which importing countries can escape from their actual or prospective obligations is so great that considerable tact and patience all round will be needed, if what has so far proved to be a promising experiment in international economic co-operation is at all to be saved.

Between now and October, therefore, some re-thinking on this matter will have to be done. The main aim of any arrangement which is proposed, it goes without saying, should be to preserve international amity and to make the transition to the new conditions smooth. These aims are likely to be achieved if, but perhaps only if, parity can be revised so as to become flexible and modern—and suited to the existing conditions. Minimum prices under the international wheat agreement can then be reconsidered much more easily than is possible now. Also, the scope of the international agreement can be extended by admitting new members—the United Kingdom, for example. In due course, as the disparities between support prices in the principal exporting countries and free market prices are narrowed down to negligible proportions and as the minimum prices begin to appear realistic to the importers, the strain of keeping the international agreement alive and of honouring it may become negligible.

This is a course of action which appears to be weighted too much in favour of the importing countries; and superficially considered, the argument would seem to be valid that it is rather hard on the exporters to expect them to adhere to the international agreement when prices are soaring, but to forgo the advantage of the agreement price, once the scarcity passes and conditions have altered. But any other approach to the current wheat problem is not only likely to be fruitless but is also not so morally justified as may be supposed.

The injustice involved is more apparent than real. The exporting countries have not done too badly—over any reasonably long-term period. The importers for their part did gain something from the existence of an international wheat agreement while prices were high and harvests were poor; but it cannot be forgotten that they also paid beyond their means both within and without the agreement, and that many of them are still nursing a grievance as a result. In any case, they claim that the entire agreement should be reconsidered against the background of the greatly altered situation. This claim should be irresistible, in a world in which the food situation has changed out of all recognition.

THE WEEK'S NOTES

CANAL WATER DISPUTE

With the rejection by Pakistan of the proposals formulated by the World Bank for solving the Indo-Pakistan canal water dispute, one of the most noteworthy co-operative efforts in settling disputes between nations undertaken under the auspices of an International Agency has ended in failure. The Indus Basin Working Party consisting of Indian and Pakistani engineers and assisted by engineers representing the World Bank, had been meeting in Delhi, Karachi and Washington since May 1952 till recently, collecting and studying a mass of engineering data with a view to evolving a common approach. With the support of the management of the Bank, the Bank representatives finally put forward on February 5, 1954, a comprehensive plan for the solution of the dispute.

The main points of the plan were as follows:

(1) The entire flow of the western rivers (Indus, Jhelum and Chenab) would be available for the exclusive use of Pakistan, except for a small volume of flow for Kashmir.

(2) The entire flow of the eastern rivers (Ravi, Beas and Sutlej) would be available for exclusive use in India, except that for a specified transitional period, India will supply to Pakistan her historical withdrawals from these rivers. This transitional period, roughly estimated at five years, will be worked out on the basis of the time required to complete link canals needed in Pakistan to replace these supplies.

(3) Each country would construct the works located on its territories, the cost of such works being borne by the country benefited thereby. Although no works are planned for joint construction by the two countries, some link canals in Pakistan will be needed to replace supplies from India and India would bear the cost of such works to the extent of the benefit derived by her therefrom.

In March, 1954, India accepted these proposals in the interest of a constructive settlement of this old dispute between the two neighbouring countries, even though she would thereby have to give up for all time any hope of developing some of her arid areas by utilising the waters flowing in her own territory and would have to make a heavy financial sacrifice for using her own waters. Pakistan, however, rejected the proposals even though the Bank as well as the Indian representatives gave her sufficient time to reconsider.

With the unfortunate ending of these discussions, the position is restored to what it was according to the Agreement of May 4, 1948, as a result of which India gave reasonable time to Pakistan to tap alternative sources and Pakistan agreed to India progressively diminishing the supply to Pakistani canals from Indian waters. The Bhakra Canals on which work was commenced before the partition of the country into India and Pakistan and which take off the Sutlej, one of the three eastern rivers mentioned above, are now ready for operation. These canals are intended to serve parts of the Indian States of the Punjab (I), PEPSU and Rajasthan—a vast tract of land which has been notorious for the worst famines in history. Assuming that Pakistan like India accepted the Bank proposal, it was India's hope that while a comprehensive agreement was being worked out, it would be possible to reach an ad hoc agreement with Pakistan covering such works of immediate urgency like Balloki-Suleimanke Link in Pakistan and Bhakra Canals in India, the operation of which could not be delayed any longer. Owing to Pakistan's rejection of the Bank proposal, the ad hoc agreement has not been possible. Pakistan has, however, already

brought the Balloki-Suleimanke Link into operation in April 1954, as a result of which the contemplated withdrawals by Bhakra Canals in India can be adequately replaced without affecting irrigation interests in Pakistan.

THE FOOD PICTURE OVERDRAWN

With a charming naivete assumed specially for the occasion, the Union Food Minister, Mr. Rafi Ahmed Kidwai, is reported to have stated at Naini Tal last week that it might "take years for the increased food production to catch up with growing food consumption". He followed it with the remark that "the production of 1954 is sufficient for the population as it is estimated to be in 1960... there is every hope that we will remain in surplus for a considerable time". Here thus is a picture of India's population failing to catch up to her rate of food production and there is every possibility of the Food Minister being carried away by the buoyancy of his own optimism into clouds of speculation over the surpluses.

The rate of increase in the population being 1.25 per cent per year, the increase in numbers should be 4½ millions and not 1½ millions as reported. Secondly, there has been a succession of two very good seasons and it has always been known that the difference between a good and a bad one may be substantial. In any case, even if the seasons continue to be favourable, increase in productivity cannot proceed at the rate that was possible between bad years and good. Finally, the increase of 10 million tons shown in the current agricultural statistics may partly reflect this kind of irrepressible optimism, just as the pre-1951 statistics were serious under-estimates. Part of the increase shown as revised estimates based on crop cutting surveys obviously represents revision of figures rather than increase in absolute quantities.

The Food Minister's optimism may be a good counterblast to the recent dogmatic assertion of a foreign expert that India cannot help importing food for long in the foreseeable future. It is true that the effect of the measures taken so far for fertilisers, Japanese method in rice cultivation and minor and major irrigation will not fail to be reflected in future periods of crisis due to drought. But there is no need to overdraw the picture. Price supports at Rs. 10 per maund of wheat are understandable but surely the first step in an era of undisposable plenty is to remove all the remaining vestiges of control and help free movement. India has no need to draw on her quota of one million tons under the Wheat Agreement which is uneconomic at the present minimum price. But India can have no interest in aggravating a fall in agricultural commodity prices when the neighbouring rice producers and Australia are already nervous.

CONSTITUTIONAL AMENDMENT IN PERSPECTIVE

Except for a passing reference to the proposed amendment of Article 226 of the Constitution, the Federation of Indian Chambers of Commerce and Industry has devoted its attention (in its letter to the General Secretary of the A.I.C.C.) only to the amendments suggested by the Congress Sub-Committee to Article 31, regarding compensation to property acquired in the public interest. The proposed exclusion of the question of compensation from the jurisdiction of the Courts would affect industrial undertakings acquired or taken over by Government. The suggestion that requisitioning of industrial or other property for temporary administration would not amount to dispossession of its lawful owners is too far-fetched to prove legally satisfying. The Federation's anxiety on

these matters is only natural but if its representation should be taken as approving other proposals for amendment or implying that the members of the Federation as such have no interest in them, the narrow interest now shown is greatly to be deplored.

Free enterprise cannot fail to ignore all the other conditions of individual freedom which are bound up with one another. The idea of the Congress Sub-Committee that further restrictions on the Press are necessary to curb the yellow Press is an affront to freedom of expression which should not be tolerated, especially when restrictions have already gone too far with the First Amendment of 1951 and the Press Act. Secondly, the exclusion of the jurisdiction of the High Courts under Article 226 over various tribunals would virtually lead to finality in many decisions, which cannot go up to the Supreme Court under Article 136. The number of tribunals is a growing one and the experience of labour tribunals should have proved sufficient warning against the consequences of exclusion of the authority of High Courts. Lastly, there can be no acquiescence in the introduction of conditions which are less than fair for dealing with civil servants in matters of corruption or discipline. The Congress Sub-Committee's recommendation on Article 286 regarding the levy of sales tax may be satisfying to business men. Other proposals are devoid of any merit.

REFORM OF AUDIT AND ACCOUNTS

The retiring Comptroller and Auditor General of India, Mr. V. Narahari Rao, took the opportunity while laying the foundation stone of the office of Accountant General of Orissa, to stress some of the more important aspects of the Audit and Accounts administration. He rightly emphasised the special position assigned to the Comptroller and Auditor General in the Constitution and the provisions devised to ensure independence, impartiality and boldness. This position in almost all respects is like that of judges. Judges have in the past justified the confidence which the public has reposed in them, though the conditions of their service are not what they were. Opinion is growing in favour of the view that judges and such independent functionaries should be given better pay and pension so as to check the unhealthy tendency of far too many judges expecting rewards after retirement, in the shape of jobs on various permanent Commissions. If their independence and impartiality should be demonstrably maintained, dependence on political rewards should be totally avoided except for occasional consultation and advice on special matters for temporary periods.

Unlike the judiciary, the audit and accounts services have a vast scope for expansion to meet the growing needs of the country. Mr. Narahari Rao rightly deprecated the present system in which the two functions of audit and accounts have been combined. Maintenance of accounts must become a legitimate duty of the administrative departments concerned, leaving the work of audit and the certification of expenditure according to the authorised appropriation to the department of the Comptroller and Auditor General. By keeping accounts, the departments may be expected not only to keep a watch over the expenditure but also to accept responsibility for excess or shortfall.

Mr. Narahari Rao is on the side of reform of financial procedure but of reform with great caution. One of the suggestions recently made was to the effect that expenditure may be incurred even on the basis of a token grant by Parliament. But the Auditor General has shown himself to be firmly opposed to spending officers taking liberties with funds and exceeding appropriations. While deprecating undue centralisation of authority in the Finance Ministry, Mr. Narahari Rao has taken care to underline that delegation and decentralisation do not imply the grant of uncontrolled authority without any obligations to Audit. These suggestions have a close bearing on the issues

of reform now engaging the attention of the Government of India and should deserve close study.

AN EAST-WEST PROBLEM ON REFUGEES

The charges of lack of sympathy with and discrimination against the refugees from East Bengal, which some sections in West Bengal have laid against the Government of India are part of the problem of rehabilitation of displaced persons from East Pakistan. The Prime Minister hotly repudiated such irresponsible charges last week and the Union Rehabilitation Minister has attempted a more detailed explanation in his statement. Of the total expenditure of Rs. 201 crores on all displaced persons up to the end of 1953-54, Rs. 80 crores were spent for 3.2 million displaced persons from the East as compared with the balance for 4.7 million persons from the West. But the work on the displaced persons from East Bengal began only in 1950, when the work in the West had proceeded far ahead. Another important factor, not mentioned by Mr. A. P. Jain for obvious reasons, is the determination shown by the displaced persons from West Pakistan to help themselves, which went a long way towards utilising the same resources more effectively. The reluctance of East Bengal refugees to go to other States—81 per cent or 28 lakhs are now in West Bengal—also complicates the problem. These are inherent in the problem and no purpose would be served by adding unfounded accusations.

Mr. A. P. Jain has also pointed out that in the Western region, the State Governments bear half the expenditure and losses on migrants; the whole of it is borne by the Union in the case of East Bengal displaced persons. The other figures furnished by him to show that the expenditure in West Bengal is proportionately equal or even higher seem convincing enough to rebut the accusations. There is certainly quite a good deal that remains to be done and the Government's efforts must take into account the differences in the character of the problem. In any case, it is for the critics to state forcefully all that can be, but has not been, done without drawing improper comparisons which breed a sense of injustice and ill-will among several groups within the country.

RAILWAY WORKSHOPS COMMITTEE

The Railway Board has set up a committee to review the capacity of railway workshops with a view to increasing their output. The committee, which is headed by the Director of Mechanical Engineering in the Railway Board, will recommend which new ranges of manufacture should be introduced in railway workshops in order to produce components which will otherwise have to be imported and which indigenous manufacturers are not likely to produce at present. The committee will, among other things, examine the possibility of introducing the manufacture of complete items of rolling stock which are at present imported, such as narrow-gauge coaches and wagons. It will review the requirements of machinery and plant for railway workshops and recommend the range of machines of each type to be standardized for future purchase. It will also recommend necessary changes in the specifications for machines used in railway workshops so that they can be manufactured by the indigenous machine tools industry. The rationalization schemes in railway workshops will be reviewed by the committee to bring them up-to-date and increase output. The committee will also examine the feasibility of setting up re-conditioning centres for wagons and, if necessary, for coaches and locomotives, in some of the workshops. The present capacity for construction of coaching vehicles will be examined by the committee which will suggest steps to provide additional capacity to fulfil the requirements of coaching vehicles and under-frames for the next seven years. It will also recommend steps for more intensive and efficient use or expansion of existing facilities for the overhauling of rolling stock, in view of the increased holdings of rolling stock in relation to the existing and planned capacity for such overhaul.

July 2, 1954.

THE EASTERN ECONOMIST

WORLDGRAM

FINANCE

Britain Spends £14,000,000 on Colonies: Britain paid out £13,907,330 last year on schemes for the material and social improvement of her colonies. Over 400 projects shared the money, of which £1,250,000 was for research. Government details of expenditure show that new grants included £2,552,918 for Education, £2,675,819 for Roads, £1,601,017 for Medical and Health Services and £1,409,565 towards Farming and Veterinary Projects.

Australia to Float Sterling Loan: Australia, with a worsening trade balance, is believed to be considering floating a giant sterling loan in London. Talks are understood to be in progress, but the Australian Government is not likely to make a final decision until Australia's London reserve funds are dangerously low, as they are likely to be, if imports continue at their present high level. At present these reserves are about £525,000,000 but these have been falling by as much as £14,000,000 a week.

\$8,000,000 U.S. Aid to Jordan: Details about development schemes to be financed under economic aid programmes amounting to \$8,000,000, which Jordan will receive from America, have been officially announced. The American aid will be spent on five schemes. The first will aim at the improvement of irrigation and raising the standard of farming—its cost is estimated at \$3,000,000. The second scheme is for the improvement of roads and communications. The third is for the exploitation of subterranean waters. The fourth is for pasture improvement and will cost some \$2,000,000. The fifth is for the improvement of forests at an estimated cost of \$500,000.

East Pakistan to Get Rs. 75,000,000 Aid from Centre: East Bengal is to receive Rs. 75,000,000 from the Pakistan Government to stabilise its jute prices and to create a food reserve. Loans amounting to Rs. 20,00,000 will be given to co-operative societies to buy jute during the next season, while Rs. 50,00,000 will be spent on creating reserves of 100,000 tons of rice, and 10,000 tons of wheat to meet any possible food shortage in the province. The Pakistan Government has also decided to advance substantial loans to the province for various development projects.

Bihar Aid for Private Enterprise: The Bihar State Government has decided to grant a loan of Rs. 6,00,000 to the Bhagalpur Electric Supply Company for the installation of an additional plant and extension of its distribution system. The capacity of the existing plant is just enough to meet the present load, but further extension is urgently needed for industrial development in the State.

TRADE

Indian Tobacco Delegation to Visit Far East Countries: The Government of India have been considering for some time the various problems facing the tobacco trade. In order to assist in the development of export trade in tobacco they have decided to send out a delegation to Japan, China, Hong Kong, Thailand and Singapore. The delegation will undertake a study on the spot of the requirements of foreign consumers and endeavour to establish permanent contacts for the future. The delegation led by Sri K. Raghu Ramaiah, M.P., will include among others the President of the National Chambers of Indian Tobacco and the Secretary, Indian Central Tobacco Committee, who will be the Member-Secretary of the delegation. The delegation

was to have left India on June 27, 1954, and is scheduled to return after a month's stay abroad.

Pakistan Export Incentive Scheme: The Government of Pakistan has decided to introduce a temporary export incentive scheme. Exporters of certain primary and manufactured goods will be allowed to utilise 30 per cent of their earnings for the import of consumer goods. The scheme is expected to boost exports and facilitate the import of consumer goods now in short supply. The main items on which 30 per cent of earnings will be allowed to traders are: rock salt, crushed bones, tobacco, resin and turpentine, paper, khar and soji, castor seeds, tamarind seeds, feathers, timber and betel nuts. Selected import items against these commodities are clothing, cement, electrical fittings, mustard and oil seeds, photographic films, art silk fabrics, cotton piece-goods, cycle parts, jeeps and trucks.

Russia to Export 376,000 Tons of Crude Oil: Though Russian crude-oil exports to Western Europe doubled between 1952 and 1953, they will not reach the record level of 1932, according to well-informed Swiss sources. Existing agreements, and negotiations which are now pending, may bring the total Russian and Rumanian oil exports this year up to 376,000 tons.

AGRICULTURE

Plantation Enquiry Commission Meets in Calcutta: The Plantation Enquiry Commission appointed by the Government of India, met important representatives of the Indian Tea Association and the Secretary, Department of Commerce and Industry, Government of West Bengal, in Calcutta recently. The Commission was set up in April 1954, to ascertain separately the amount of capital—Indian and non-Indian—invested in tea, coffee and rubber plantain industries; examine questions relating to costs and methods of production; study finance and marketing; and to consider the possibilities of further expansion and development of the industries. They have already met the Chairman of the Tea Board in Calcutta. The Commission is composed of Sri K. G. Sivaswami and Shri M. V. Mathur as members and Shri T. S. Seshukutty as Secretary.

Proposal for Research Station for Cigarette Tobacco: Proposals for the establishment of a research station for cigarette tobacco in Mysore State and a plant for the extraction of nicotine from tobacco waste will be considered at the fifteenth meeting of the Indian Central Tobacco Committee to be held in Madras on July 10, 1954. Besides discussing certain administrative matters, the Committee will examine the technical programmes of some of its research schemes, and at a special meeting to be held the same day, consider proposals for its reconstitution. Members of Parliament and representatives of the Central and State Governments, growers and traders are expected to attend the meetings of the various sub-committees on July 8 and 9, 1954.

New Laboratory Opened at Simla: A new laboratory of the Simla Wheat Breeding Station of the Indian Agricultural Research Institute, Pusa, New Delhi, was recently opened at Simla by the Union Minister for Agriculture. The laboratory is an 8.5-acre agricultural farm maintained by the Breeding Station, laid out for the purpose of field experiments on wheat and barley. A museum located in the same building shows the various superior qualities, high-yielding and disease-resistant wheat varieties bred for cultivation at different altitudes in the hilly tracts of Northern India.

Indian Agricultural Ministers to Meet: It is learnt that the annual conference of the all-India Agricultural Ministers will be held in Kashmir during the second week of July. The agenda is reported to include review of the present position of agriculture in the country and the achievements in the field of production and progress of the various schemes under the Grow More Food Campaign and the minor irrigation schemes in the various States since the last Conference. A general review of animal husbandry in the country is to be made in the conference, which will also discuss the various Central and States' schemes for cattle development.

INDUSTRY

French Textile Industry in the First Quarter of 1954: During the first quarter of 1954, the activities of the French textile industry in all the branches without exception show that production has been higher, the mean overall increase being about 10 per cent. Wool and cotton industries taken separately show production to be greater, while jute and linen have remained stable at a satisfactory level. The export of French textiles to foreign countries is now steadily maintained above the monthly value of 12 milliard francs which was an exceptional figure in 1953. Compared with the first quarter of 1953, the increase amounts to 13 per cent. The progress is particularly noticeable in respect of artificial or synthetic fabrics. Belgium, Luxemburg, Netherlands, and Switzerland have increased their purchases from France by 25 per cent. The increase in respect of Germany and Sweden is only slightly less. The purchases by Britain and Italy have also increased, particularly in regard to yarn.

Yugoslav Industrial Production Increases by 12 Per Cent: A report of the Federal Executive Council of Yugoslavia shows that during the first quarter of 1954 industrial production in Yugoslavia increased by 12 per cent compared with the same period of last year. Increases were: metal industry (15 per cent), electricity industry (23 per cent), mining (12 per cent), chemical industry (16 per cent), extraction and processing of crude oil (12 per cent), textile industry (11 per cent), and food industry (42 per cent). There was, however, a fall in the production of building materials, non-ferrous metals and timber. The increase in production was also accompanied by an increase in the number of workers employed, there being 20,000 more workers employed in industries than the number engaged during the whole of last year. Exports increased and imports decreased. While there was a tendency for a rise in the cost of capital goods, the retail prices of industrial consumer goods were 11.2 per cent lower at the end of the first quarter than at the same date last year.

Increase in Indonesian Sugar Production: Sugar production in Indonesia this year is expected to show a marked increase of at least 100,000 tons. In East Java alone, 31,435 hectares of land has been planted with cane and five additional sugar factories have started production bringing the total to nine for East Java alone. Another 23 sugar factories are shortly expected to go into production. Throughout Java there are 51 sugar factories which should help boost Indonesia's sugar exports—one of Indonesia's most important trade commodity before the war.

Packard-Studebaker Merger: Two motor industry "giants" are reportedly due to be merged if plans are approved by stockholders. The organisations are the Studebaker Corporation and the Packard Motor Car Company. The directors of these concerns are reported to have stated that a new company—The Studebaker-Packard Corporation—will be formed with Mr. James Nance, President of Packard as president and chief

executive officer, and Mr. Paul Hoffman, Chairman of Studebaker as chairman of the new company.

Australian Wool Exports Maintain Increase: Australia's exports of greasy wool continue to show increase. Figures for the nine months ended March 1954, show 788,277,000 lbs. were shipped, compared with 751,167,000 lbs. for corresponding period during the last season. The values were £(A) 293,954,000 and £(A) 266,699,000 respectively. United Kingdom purchased 222,000,000 lbs.; France 134,842,000; Japan 69,249,000 and Belgium and Luxemburg 68,967,000 lbs. and America 45,904,000 lbs. There was a reduction in the shipment of scoured and washed wool from 50,362,000 to 47,135,000 lbs. Carbonised wool, excluding noils, fell from 12,677,000 to 10,629,000 lbs., shipments of wool noils rose from 2,098,000 to 2,710,000 lbs., and reductions were shown in the figures for wool tops, which fell from 6,574,000 to 4,156,000 lbs., and wool waste, down from 8,932,000 lbs. to 5,718,000 lbs.

Subsidised Housing Scheme Grants: Subsidies and loans totalling Rs. 1,97,950 have been sanctioned by the Government of India during the month of May for the construction of 128 tenements under the Subsidised Industrial Housing Scheme. Of this amount, the Government of Bombay secures Rs. 18,900 and Rs. 37,800 as subsidy and loan respectively for Gautamnagar Co-operative Housing Society Ltd., Ahmedabad, to put up 28 one-room single-storey tenements at Ahmedabad. A subsidy of Rs. 56,500 and a loan of Rs. 84,750 will be given to Shri Digvijay Co., Ltd., Saurashtra, for building 100 one-room single-storey tenements near their factory premises at Sika Port in Saurashtra.

MISCELLANEOUS

India at Textile Colour Fastness Conference: India was among the countries represented at a conference on colour-fastness tests for textile goods held in Britain recently. Other countries represented were Belgium, Canada, Czechoslovakia, Denmark, France, Germany, Netherlands, Norway, Sweden, Switzerland, U.S.A., and the U.K. The delegates comprised a textile technical committee of the International Organization for Standardization, of which the British Standards Institution is a founder-member. The main subject on the agenda was a revised draft of about 20 tests for measuring the colour-fastness of textiles under such influences as daylight, washing, perspiration, rubbing, and spotting by acid or alkali.

U.S.A. Has Most Foreign Students: U.S.A. Universities and senior colleges now have more foreign students—35,000—than those of any other country. France comes second with 14,000 and Britain is third at 8,000. Indians constitute the third largest group, numbering 1,486. They are beaten only by Canada, 4,775 and China, 2,534. Other nations are the Philippines 1,388; Japan 1,294; Mexico 1,288; Colombia 1,207; Germany 1,037; Iran 961 and Greece 883. One in five foreign students is studying engineering as his main subject. A similar proportion are specialising in the humanities group—languages, literature, art or theology. The social sciences are the main attraction for 14 per cent.

Property Agreement with Pakistan—Time Limit Extended: Under the recent Movable Property Agreement with Pakistan, evacuee owners were allowed time up to June 30, 1954, to recover their personal and household effects left with friends and relations in the other country. The Government of India and Pakistan have now decided that the time limit for removal or disposal, as the case may be, by evacuees of their personal and household property left with friends and relations in the other country be extended up to December 31, 1954.

NEWS IN BRIEF

INDIAN

A three-man delegation comprising Indian Railway officials recently left for Moscow at Soviet invitation on a four-week study of the Soviet Railways. The delegation is also expected to visit Sweden, West Germany, France, U.K., and Switzerland before returning to India sometime in August.

Shri M. D. Chaturvedi, till recently Inspector of Forest, Ministry of Food and Agriculture, has been appointed Secretary-General, Fourth World Forestry Congress, scheduled to meet at Dehra-Dun from December 11 to 22, 1954, under the auspices of the F.A.O.

The Indian delegation to the 18th session of the Economic and Social Council of the United Nations, being held at Geneva, consists of Sardar Swaran Singh, Minister for Works, Housing and Supply (leader), three Alternate Delegates and a Secretary Adviser.

The Union Public Service Commission have opened a centre in London for the written part of the Engineering Services Examination to be held in December 1954. The centre has been opened for the benefit of Indian candidates abroad.

The Government of India have decided to remove with immediate effect the ban on export of coarse grains like jowar, bajra, maize and barley from the Madhya Bharat State. Export of coarse grains will now be freely allowed.

The Government of India have decided to include the States of Saurashtra and Kutch in the recently formed free wheat zone comprising Bombay (excluding Bombay city), Madhya Pradesh, Madhya Bharat, Rajasthan, Bhopal and Mysore States.

India will be the only foreign country officially represented at the 35th Swiss National Fair at Lausanne, to be held from September 11 to 26, 1954. The 1.12 million sq. ft. Fair will accommodate 20 halls and represent 2,300 exhibitors, and is expected to be visited by 750,000 visitors.

The Tuberculosis Association of India has appointed a Sub-committee to compile a short history of the Anti-Tuberculosis Movement in India. The T.B. Seal Sales Campaign begun in October 1950, has so far fetched Rs. 30 lakhs from all the States.

The Madras State Government has entrusted Co-operative Wholesale Stores with stocking chemical fertilisers, for distribution among ryots, as Government agents. There are 13 wholesales stores in the State with a paid-up capital of Rs. 21.6 lakhs and reserve and other funds totalling Rs. 101.8 lakhs.

An Indo-Swedish trade agreement covering the trade exchange between the two countries during 1954 was signed recently. Among Swedish export commodities are listed milk products, chemicals, pulp and paper, iron and metal manufactures, machinery and instruments.

The scheduled services operated by the Indian Airlines Corporation and Air-India International during July-December 1953, covered an unduplicated route mileage of 27,046. About 9.6 million miles were flown, and 190,315 passengers, 40.7 million lbs. of freight and 4.5 million lbs. of mails were carried.

FOREIGN

An Indonesian-East German trade agreement signed recently provides for imports by Indonesia of machinery and spare parts; photographic, medical and optical instruments; vehicles; radios and chemical goods and manures. Indonesian exports will comprise traditional export produce.

Under an agreement signed recently with the American Point Four Administration, the Lebanon is to receive \$18 million as economic aid during 1954-56. During 1954-55, the Lebanon is to receive \$6 million out of this sum.

U.K. imported some £41 million worth of tea during the first five months of 1954, the increase being nearly one-fifth over the consumption for the same period in 1953. The price range shows an increase of 44 per cent on last year's figures, averaging £2.4 million each month.

The U.S. Army European Headquarters Command has ordered £2.2 million worth of radar equipment for mobile fire control, from a British Company, to be distributed among N.A.T.O. countries. This is the third contract placed by the Command, the three orders totalling just under £5 million.

The Director-General of the International Labour Organisation reports the receipt of communications from the Ukrainian S.S.R. and the Byelo-Russian S.S.R. announcing their acceptance of the obligations of I.L.O. membership.

Coal imports by Ceylon from India at present totalling about 400,000 tons annually worth Rs. 25 million may be reduced if Ceylon succeeds in exchanging her rubber for Chinese rice under the new agreement. The object is to reduce rice imports and make up the deficit by importing coal.

According to the Secretary of the Malayan Association for the Prevention of Tuberculosis, about 15 per cent of the population are affected, and ten die daily as a result of it. Tuberculosis is spreading rapidly and the voluntary Association is not being given full Government support.

The Czechoslovak Government is to direct 320,000 men and women to work on land this year and the next, as part of an all-out drive to reach pre-war levels in the production of some crops and the development and promotion of animal husbandry, especially cattle.

A Japan-Iran \$60 million export-import trade and payments is reportedly being negotiated. Japan hopes to export cotton cloth, machinery and steel products, importing approximately \$15 million worth of petroleum and \$12 million worth of raw cotton. Settlement of accounts is expected to be made on a dollar open account basis.

According to the British Anti-Slavery Society there are still about 12 million slaves in the world, not including some 60 million African women bought and sold as chattels by parents and husbands. Half a million slaves are to be found in Yemen, Saudi Arabia and Oman—current prices are about £10 per head.

The Netherlands Bank's annual report for 1953 discloses (in 1,000 million guilders): National Revenue (at market prices) for 1953 at 21.46 (20.28 in 1952); Consumption at 17.99 (17.02 in 1952); Savings at 3.47 (3.16 in 1952); Net Savings at 2.15 (1.32 in 1952) and a surplus of 1.32 in the balance of the current account of the balance of payments for 1953.



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A Window On The World

DOWN IN THE SLUMPS

By

ODYSSEUS

SLUMP? DEPRESSION? RECESSION? Call it what you will, the fundamental cause is not, as the Marxists argue, that the number of plants in existence bears a fixed ratio to the level of consumption and that a slump must follow when new plants are being built faster than the underpaid masses are buying consumer goods. Nor is it that Capitalists are not paying out enough purchasing power to the masses. No, the fundamental cause is that changes in the tastes and habits of consumers and in the efficiency of production do not coincide to strike a balance and keep the economy neatly in equilibrium.

Marx also thought that the Capitalist's profits were maintained by periodical bouts of unemployment and this gave him his theory of the industrial reserve army. In a depression, he said, those thrown out of work are willing to work for lower wages in order to keep themselves and their families from starvation. This allows profits to rise again and "prosperity" returns. But, as more workers become employed, wages rise and "therefore" profits fall; investment slackens again, and back you are in another slump, and so on for ever—the industrial reserve army always being kept in subsistence level poverty.

Now, I admit that once a depression has begun, increasing unemployment and deflation make it worse. But Marx's reserve army theory does not explain how the original depression, which started the rot, was caused. Our explanation, on the other hand, outlined in these articles, does. Moreover, the two theories that Marx propounded to explain the trade cycle contradict each other. He first suggests that depression comes because profits are too low, and then because they are too high. At least one or other of these propositions must be wrong.

A SLUMP FROM EXCESS PURCHASING POWER

I said last week that while some slumps have been caused by a lag in consumption, others have been caused by too much purchasing power. Once more, I call on Professor Wright to give evidence. In his "Capitalism", he invites us to suppose that a new invention has greatly increased hopes of "marginal" profits, i.e., those additional profits needed to induce an entrepreneur to build new plant or to increase his output. The public are clamouring for this new commodity and entrepreneurs are anxious to meet their demands. But consumers may not voluntarily be saving enough to set free sufficient workers and resources from supplying current consumer needs so that they may be diverted into building the new factories as fast as they are wanted. Entrepreneurs might in these circumstances persuade the banks to create enough new credit which they would use to steal (by offers of higher wages) workers from the existing consumer goods industries. The result would be simultaneously to decrease the supply of consumer goods and to increase the volume of money for spending. This is inflation. It could continue (a) as long as the banks were willing and able to lend to the new industry, (b) as long as the demand for the new commodity remained at the peak, and (c) as long as costs did not rise high enough to halt further investment. The cessation of any one of these factors could start a general decline. Once the depression had started, an unbalanced budget might help to prevent things from becoming worse. Before the boom ran away with itself, it is possible that more

saving and less consumption would have led to smoother growth. This, then, is what I meant by saying that a depression could be caused by too much purchasing power. In other words, that a depression could start from premises exactly opposite to the now fashionable views (by no means confined to Marxists) that (a) all depressions start from over-investment and under-consumption, and (b) that all depressions can be cured by credit expansion.

As a matter of historical fact, the foregoing example is not hypothetical; such investment by means of inflation was carried out in the U.S.S.R. and was ended when it was seen that the rouble was on the verge of buying nothing at all; and it was also carried out in Sweden, which is always held up to us as the perfectly planned idyllically Socialist state.

I also said last week that a slump might be caused by a too equal distribution of incomes. What I meant was that when, and if, a depression has arisen because of a lag of consumption behind investment, it will not be cured merely by re-distributing income because what causes the lag in consumption is not the average total that is being spent on consumption but that consumers are not increasing their buying of goods at a fast enough rate (in the short run anyway) to catch up with production. People have not found new needs quickly enough. The time taken to form new habits varies, irrespective of the size of your income.

Another fashionable theory in these post-Keynesian days (although the Master cannot be held responsible for all those who have not digested what they have read of him at second hand) is that depressions are caused by lack of purchasing power, so that if you grant wage increases all round and simultaneously tax saving by "soaking the rich", you will pump life-giving purchasing power into circulation and avoid a slump. Such a policy overlooks the necessity for the "marginal" profits necessary to cause growth, and the necessity for new investment in change and expansion that must be kept up if unemployment and stagnation is to be avoided. To raise wages, says Professor Wright, may indeed increase buying, but if the expectation of profits on building the additional plant is simultaneously cut out by the higher costs imposed, investment may lead to a slump through the very measures intended to prevent one.

I am not arguing that all wage or tax increases will infallibly lead to a depression, but only that they are certain to do so if they are high enough to cut out hope of the all-important marginal profits that keep an economy onwards and upwards. Providing that productivity rises higher and faster than wage increases, you are all right. This is a proviso that should be agitating the minds of planners in most post-World War II economies.

It is important that trades union leaders should reflect over the facts that we have been discussing here in the past few weeks. They neglect them at peril of the future of the workers; whether, they live in a Free Enterprise or in a "mixed Welfare" economy, as in India.

THE FOUR CAUSES OF SLUMPS

Trade cycles of prosperity and slump arise, then, because:

(1) Factories, plants, and equipment last a long

time, get out of date, need renewing, or scrapping in favour of entirely new buildings and equipment designed to meet new demands.

(2) Consumers' wants do not neatly offset new investment but in some cases lag behind and in others race ahead (as when perhaps a new invention like television cannot be turned out fast enough in the initial period of its introduction).

(3) There are in all societies unavoidable conflicts; some selfish; some motivated by the highest ideals (such as the abolition of the slave trade in the old British Empire and of slavery in nineteenth century America—both sources of economic upheaval and political conflict). These conflicts can be magnified by mistaken, and minimised by informed, government policies, but they can never be wholly eliminated.

(4) It is important that the consumer's controlling power of demand should not be taken from him so that he may keep his economic and his political freedom. I submit there is a mass of evidence which suggests that the people are happier in those countries in which political power is entrusted to leaders elected by universal suffrage, with due feelings of consideration for the rights of minorities which dwell among them, and in which economic power is entrusted to leaders elected by the universal economic suffrage of the voting power of rupees and annas. In politics, the nearest to this idea is the constitutional democratic system as it is being developed in India and elsewhere in the free world. In economics, the nearest is the system of Free Enterprise.

Both these political and economic systems contain many imperfections, but in this world one's choice is not between the good and the bad, but usually between the bad and the worse. It is easier to secure improvement of a system that is admittedly bad than of a system that is admittedly worse! And the clash of democratic discussion (as opposed to the uniformity of "correct" official opinion imposed in the totalitarian

states) holds out the hope of discovering more efficient ways of ordering our lives.

These reflections may seem irrelevant in an article supposedly devoted to the trade cycle, but they occur precisely because so far our analysis of depressions may have appeared somewhat negative. We have exploded some Marxist fallacies, but we have not found a sure cure for depression. To admit that trade cycles are the price that must be paid for political and economic freedom may seem a pessimistic conclusion. But we should take courage from the thought that democracy in politics and in economics enables us to sift experience, to advance knowledge, and so gradually to increase our command over our environment. We know more about trade cycles today than when Taussig wrote thirty years ago. We shall know still more in the years to come.

Meanwhile we can agree with Professor Wright that under the Capitalist system statistics show that the long-run trend of consumption parallels output closely. The long-run tendency of the Capitalist social framework to produce technical change is at least as well marked a uniformity as any statistical data that we have.

If the Capitalist system is not forced into stagnation by unwise remedies during a slump, new sources of activity and growth will emerge. The task in a depression is certainly to keep national income from falling too far but it is equally important to maintain national income in such a way as will not bring about ossification of the growth-making incentives of society.

THE END IN SIGHT

Next week will see the final article in this series begun twelve weeks ago, on Free Enterprise and State Controlled Economies. It will be entitled "Forward Comrades, With the Revolution!". Odysseus hope that his friends have saved these articles up because although each is complete in itself, the argument as a whole will emerge more forcibly from a collected reading.

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SPECIAL ARTICLES:

REVISING THE RAILWAY CONVENTION

A COMMITTEE appointed by Parliament at the end of the last budget session has been charged with the task of carrying out an investigation into the working of the railway financial separation convention. The committee is to tender its report by the end of November next, sufficiently in advance for a full discussion of the subject, before Parliament finally decides to introduce any changes and modifications in the new convention that is to come into operation from 1st April, 1955. The principle of separation of railway finance from the general finance has, however, come to stay; and now in view of the magnitude of the size of the integrated railway system of the entire country, there is no question whatsoever of going back on it. The terms of reference of the committee are, therefore, simple enough; hardly any complicated issues are expected to arise during the next few years.

The major questions which the committee has to examine are whether any modifications are necessary in the provisions in the current convention relating to the rate at which railways have to pay a dividend to the general revenue, in the special appropriation of an extra amount of Rs. 15 crores to the Depreciation Reserve Fund, and in the disposal of the net surplus by allocation between the Revenue Reserve Fund and the Development Fund. On a balance of considerations, it is possible to hazard the opinion that no case has been made out for a change.

It is possible to argue the contrary point of view; and it is pertinent in this context that the principle of separation should not be pushed too far. The precise purpose of the policy of financial separation is not usually appreciated as fully as it should be. A needless element of confusion has been imported by emphasis on the financial autonomy of the railways which it is supposed to have introduced. The preamble to the original resolution on the separation convention adopted by the Central Legislative Assembly on 22nd September, 1924, makes it clear beyond doubt that the objects of separation are,

(i) to safeguard the general revenues from uncertainty and,

(ii) in particular to enable the railways to make a definite contribution to the general revenues on account of the capital advanced for their requirements.

Strict priority has been assigned from the very start to this contribution as the first charge on the net revenue of the railways, but the result, as was intended, has been to stabilise the civil revenue budget—not the civil capital budget. Indeed, the capital budget of the Government of India cannot be immune from the influence of trends in railway earnings and expenditure, so long as railway balances although they are pro forma separate are banked with the general revenues. Any status of autonomy that the separation convention is believed to have conferred on the railways is thus more notional than real. Railway finance has always derived sustenance and nourishment from the general finance and without it its capacity to supply resources to development projects would have been seriously weakened. The basis of self-sufficiency, or near self-sufficiency, which the conception of autonomy implies, has always been lacking in the case of the railways.

Railways constitute a commercial enterprise of the biggest magnitude owned by the Central Government

and they derive their exceptional importance from the key position which they play in the nation's economy. In the planned development of the economy, railways surely claim a place of prime importance; and the risks involved in a maladjustment between railway development on the one hand and the development of rest of the economy on the other are grave enough. A reasonable correlation between the two is indispensable for a smooth functioning of the development plan; and the task of allocating funds in rational proportions to competing claims of the development projects devolves naturally on the Finance Minister. It is he who judges relative needs on an integrated assessment of claims and is finally responsible for providing those resources. It is, therefore, of the utmost importance that railways should place at the Finance Minister's disposal the maximum contribution they can provide from their net revenues.

It is undeniable that this should be the long-term objective which the Convention Committee should keep in view. But this is, as has been said, a long-term objective. A convention based on this principle—special credits to the Depreciation Fund being ruled out, for example, and the policy regarding open line works being changed together with the rules of allocation—will, however, be suitable only when normalcy prevails; normalcy should mean particularly that arrears of replacement have been overtaken. It may be doubted whether this is yet the case.

During the five years that the present financial convention has been in operation, the net revenues of the railways have been allocated, in terms of the provisions of the convention, as indicated in the following two tables:

TABLE I.

PAYMENTS FROM THE RAILWAY NET REVENUE TO THE GENERAL REVENUE

(In crores of rupees)

(1) Year	(2) Capital-at-charge	(3) Dividend at 4% of (2)	(4) Net contribution
1950-51	827.04	32.51	6.50
1951-52	850.11	33.41	6.93
1952-53	857.38	33.99	7.11
1953-54	875.16	34.46	7.50
1954-55	909.09	35.50	7.37

TABLE II.

DISTRIBUTION OF THE NET SURPLUS BETWEEN THE RAILWAY RESERVES

(In crores of rupees)

(1) Year	(2) Net surplus	(3) Payment to revenue reserve fund	(4) Payment to development fund
1950-51	15.05	10.00	5.05
1951-52	28.34	18.34	10.00
1952-53	13.19	1.19	12.00
1953-54	3.18	..	3.18
1954-55	5.14	..	5.14

Comparisons with some earlier years would be interesting, subject, however, to certain important

servations. The annual net contribution during the period of the current convention would have been much higher but for the special extra appropriation of Rs. 15 crores to the Depreciation Reserve Fund charged to working expenses. The route mileages during the three periods—pre-partition, immediate post-partition and the present convention period coinciding with the integration of the entire railway system of the country—vary, causing variations in the levels of net revenues. The net contribution during 1950-51 to 1954-55 is considerably below the net contribution of Rs. 32 crores in each of the two years 1944-45 and 1945-46. But it approximates the amounts of Rs. 7.34 crores and Rs. 7 crores contributed respectively in 1948-49 and 1949-50. A higher rate of dividend above the present rate of 4 per cent of the capital-at-charge is possible only at the cost of appropriations to the Revenue Reserve Fund and the Development Fund and of the special appropriation to the Depreciation Reserve Fund. This course is clearly ruled out. With a closing balance of Rs. 38.36 crores estimated at the end of the current year, the Revenue Reserve Fund makes an inadequate provision for insurance against any possible deficiencies in the payment of the dividend. The Development Fund provided an appreciable amount of Rs. 44.15 crores during the present convention period to finance social expenditure on staff welfare and passenger amenities, which had been consistently deferred over a long period and on March 31, 1955, it will be left with a lean balance of Rs. 13.67 crores. Nor can the extra allocation to the Depreciation Reserve Fund be touched for some years more. In the result, the rate of dividend should be left unaltered at 4 per cent.

The case of the Depreciation Reserve Fund warrants particular examination. It is an outstanding feature of the railway capital expenditure programme that outlay on open line works, construction of new lines, and so forth, which largely comprise expansion projects, does not account for more than 30 per cent of the total expenditure. Broadly, about 70 per cent of the allocations in the resources for the Five-Year Plan are intended for replacements and renewals. It will be optimistic to expect that this preponderance of rehabilitation will terminate with the present Five-Year Plan in 1955-56. The actual progress in the execution of the Plan is a safe indicator of the probable trends in the next plan period and the major components of progress are summarised in Table III.

TEN-YEAR PLAN FOR PEPPER

THE drastic fall in the prices of black pepper per candy makes the survey of this industry's problems, just published as part of the Spices Enquiry Committee's report, a matter of more than ordinary interest. Current market rates, ruling at about Rs. 1,000 per candy, indicate an astonishingly steep fall from the peak levels which prevailed about two or three years ago. But yet the process of adjustment to these price fluctuations has not been too happy—with the result that an important dollar-earning commodity is as insecure about its position today as it was when prices were astronomically high. This is a state of affairs which is unsatisfactory in the extreme.

The two main defects which the enquiry has shown up are both familiar ones, namely, the failure of production to respond to prices and the range of price fluctuations which makes anything except speculation almost uneconomic. Pepper, as the table below will show, is one of the few commodities the production of which has been not only stagnant, but has also been falling.

Production of Pepper in India and the Rest of the World		
	(In tons)	
	Pre-war	Post-war
India	18,500	21,500
Rest of the World ..	75,000	22,000

TABLE III.
PROGRESS OF MAJOR COMPONENTS OF THE
RAILWAY FIVE-YEAR PLAN

	(In crores of rupees)	
	(1)	(2)
	Expenditure during the first four years 1951-52 to 1954-55	Balance left for the final year 1955-56
Rolling stock and machinery	168.82	39.14
Track	46.86	18.01
Bridges	3.24	2.36
Other structural and engineering works ..	37.78	5.63

These four groups of projects between them account for nearly 82 per cent of the total outlay. Structural and engineering works which are allotted about 11 per cent of the finances constitute the major expansion programme here, and their progress may be considered satisfactory. Track and bridges show considerable deficiency in execution, and track renewal in particular will extend a long way during the next plan period. The pace of expenditure on rolling stock and machinery has been accelerated in recent years. But budget provision is likely to conceal the vital time-lag in physical delivery of stock.

In real terms, 3,600 locomotives, 9,900 passenger coaches and 73,400 goods wagons will be overaged at the end of the First Five-Year Plan in March 1956, which in terms of percentages means that over 40, 50 and 35 per cent of the three types of stock respectively will be due for replacement. The current rules of allocation which authorise the charging of expenditure on the entire actual cost of replacement or renewal of existing assets to the Fund is also a source of heavy drain on this reserve. The process of replacements and renewals will have to continue on a large scale, making heavy demands on the Depreciation Fund. In the absence of emergency contribution to it out of current revenue, it is impossible to save it from serious depletion; and the extra allocation of Rs. 15 crores per year provided for this Fund can be withdrawn only at the risk of grave repercussions on its holdings.

In sum, the present financial convention has proved sound in operation and it should be given an extended lease for a further period of five years.

Post-war prosperity is explained by these figures. Internal consumption in India has been reduced to little more than one-half of what it was in the pre-war period, and this, even allowing for the notorious unreliability of all these estimates and adjustments for Pakistan, reveals price-resistance on the part of the consumer. But whatever internal conditions may be, whether the crop itself has been good or bad, windfall profits were available so far because of the prevailing prices. Speculation and price fluctuations have been in fact the inevitable result of the peculiar statistical position of the crops.

The two main defects, being interrelated, are also chronic in view of the nature of the crop. It takes seven years for example, for the pepper plant to begin to yield a fair crop. Its life can vary, moreover, from twenty-five to sixty years. Neither replanting nor new planting can, therefore, be a short period measure. Individual cultivators and village merchants preponderate in this trade, besides. Production and marketing are done through atomistic units in consequence; and this makes a change in the basic organisation of cultivation difficult and the role of middlemen correspondingly important and difficult to control.

These facts mitigate, but they do not altogether excuse the failure to think of planning for this indus-

try earlier than at the present time. Now that prices have toppled, but not enough for anyone to write off interest in this crop, the suggestions made by the Spices Enquiry Committee can and should be soberly considered.

The most important of these suggestions is what seems almost to be a casual one, namely, that the co-operative movement should be fostered. As the Committee has pointed out, there is a great deal of unnecessary pessimism regarding this matter; and the problem of replacing the village merchant should not only not be difficult but in view of various alleged evils—like customary deductions, variations in weights and fairly heavy commissions and dues—the co-operative movement, as an alternative marketing agency, should actually be in a position to attract membership. The fact that it has not done so far must be attributed to lethargy and lack of interest.

The Enquiry Committee has wisely recognised that the basic problem is thus one which has to be dealt with at a fairly low level and the recommendations which have been made are quite consistent with decentralised administration. Responsibility, as a matter of fact, is to rest largely with the State Governments. It is only a change in the present atomistic production and marketing, however, that can make quality control, regulation of forward markets, and agricultural extension work possible; and it is only after the crop has been stabilised and standardised over a period of years that large-scale attempts to improve salesmanship abroad can be thought of. As it is, the conditions in which the crop is grown, transported and marketed leave a great deal to be desired.

The yields vary for example from 100 to 350 lbs. per acre. Malabar varieties can be, but have apparently not been, adopted on a large scale, although this could result in an increase in production by 5 to 10 per cent; the supply of reliable planting material could be increased; and manuring, which is now practically non-existent, could be popularised. Grading is

now done on the basis of 'Chamber surveys' by trade associations; and obviously this should be replaced by local Agmark grading. Moisture content has to be regulated within ten per cent at the most; in order to avoid detention in the course of transit to export markets or disputes as to quality and fitness for consumption, and adulteration through the mixing of the small fruits of jungle shrubs and trees has to be eliminated. If the market for the crop is to be expanded at all, all these problems should be tackled at once.

Once these improvements have been brought about, it will be possible to introduce an Indian standard contract—which can allow for arbitration in India and reasonable arrangements by the Food and Drugs Administration of the United States—and propaganda in all meat packing countries through modern media like documentaries can be undertaken. The essential preliminary to all this, however, is co-operative organisation, failing any other suitable alternative, and whatever action is or is not taken now on the Spices Enquiry Committee's report, local governments can no longer be indifferent to this problem.

Pepper is not destined any longer to be as important as it was in the middle ages. But there is no reason why its future should be uncertain and precarious at a reasonably prosperous level of production and exports. It is still an important spicing and preserving medium, although synthetics have begun to threaten it. Its future will be precarious only if the Indian trade does not organise itself to overcome inertia on the part of buyers and competition from, say, chillies and liquid compounds. The action which is necessary in order to overcome the threat from substitutes has been indicated in some detail by the Enquiry Committee, and the rewards of implementing these recommendations should be great. It is too soon, therefore, to accept the fact that this commodity, which became so unexpectedly important in the post-war period, cannot any longer play a considerable role in maintaining India's export earnings, or in sustaining the economy of the relatively poorer States in which the crop is or can be grown.

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THE BUSINESS WORLD

RECIPROCAL TRADE

The recent debate in the United States Congress regarding the future of the Reciprocal Trade Agreements Act, 1934, is interesting for more reasons than one. In the first place, this rather tame sequel to the Randall report is relevant as indicating the American stand that if convertibility is coming within a year, it should be brought about without positive extra aid from the United States. This, however, is also the twentieth anniversary of the passage of the original Reciprocal Trade Agreements Act on June 12, twenty years ago. In the interval since then, the character of the American tariff has changed out of recognition. The controversies between Democrats and Republicans and low tariff and high tariff interests are, therefore, of more than ordinary interest at the present time. Some of the facts relevant to these controversies will be dealt with in the following paragraphs.

THE LOBBIES

Protectionist interests are led by the manufacturers of chemicals, watches, woollens, worsteds, pottery, glassware, cutlery, woodscrews, fine wire mesh, bicycle wire spokes and pointed textile wires, scissors and pruners—small business, as distinguished from large and mechanised industry situated in the towns. Piquet's estimates, it will be recalled, placed the gain in imports as a result of a wholesale liberalisation of the American tariff at between \$1.2 and \$2.6 billions concentrated in these and similar items.

Industries organised on a mass production basis, like automobile plants and manufacturers of typewriters, calculating machines and office equipment have, however, supported free trade.

The National Association of Manufacturers is evenly divided.

EMPLOYMENT

The President of the United Steelworkers of America has estimated that if tariffs are reduced 50 per cent from their present level—which is more drastic than the Randall Commission's recommendation—about 100,000 workers may be displaced. Piquet's estimates are that the maximum unemployment in the event of free trade might be about 300,000. Jessup and Heilperin regard the tariff as protecting less than a million; but protectionist interests place this figure as high as five millions.

SLUMP IN MANGANESE

By
CROESUS

I don't know if I am the last in the list of those who have ventured to write about the slump in the manganese ore export business, but I don't mind it, if only because I know so little about the subject and I believe it is just as well to wait till what the knowledgeable and those who think they know—the latter are always more in number with us—have to say about it, then discuss it with someone who really knows the subject and finally record one's views with an air of audacity, if not authority. Time was, I am told, when the P.W.D. (Public Works Department, not purposely wasteful department, as a wag whispers to me) thought manganese ores provided very good road metal. But, since 1891, and particularly after the great strides made in the development of the iron and steel industry in the U.S.A. and the Continent, it is being regarded as

BALANCE OF PAYMENTS

Theoretically, an increase in American productivity at a faster rate should be no bar to trade. Hicks' assumption of an import-biased increase in U.S. productivity has been challenged by Nurkse; and the doctrine of comparative costs should hold. Except if the increase in American productivity is so great and takes place on such a wide front covering so many industries that the rest of the world is confused—which state of affairs as Robertson has pointed out is possible—no theoretical argument can really be found against the liberalisation of the tariff in the United States.

In concrete terms, Piquet's estimates, quoted already, provide some idea of the benefits which may be looked for from trade liberalisation, but it is doubtful if the maximum additional imports need be regarded only as \$2.6 billions, for simplified customs and diversification of the American economy may easily lead to imports which cannot now be foreseen.

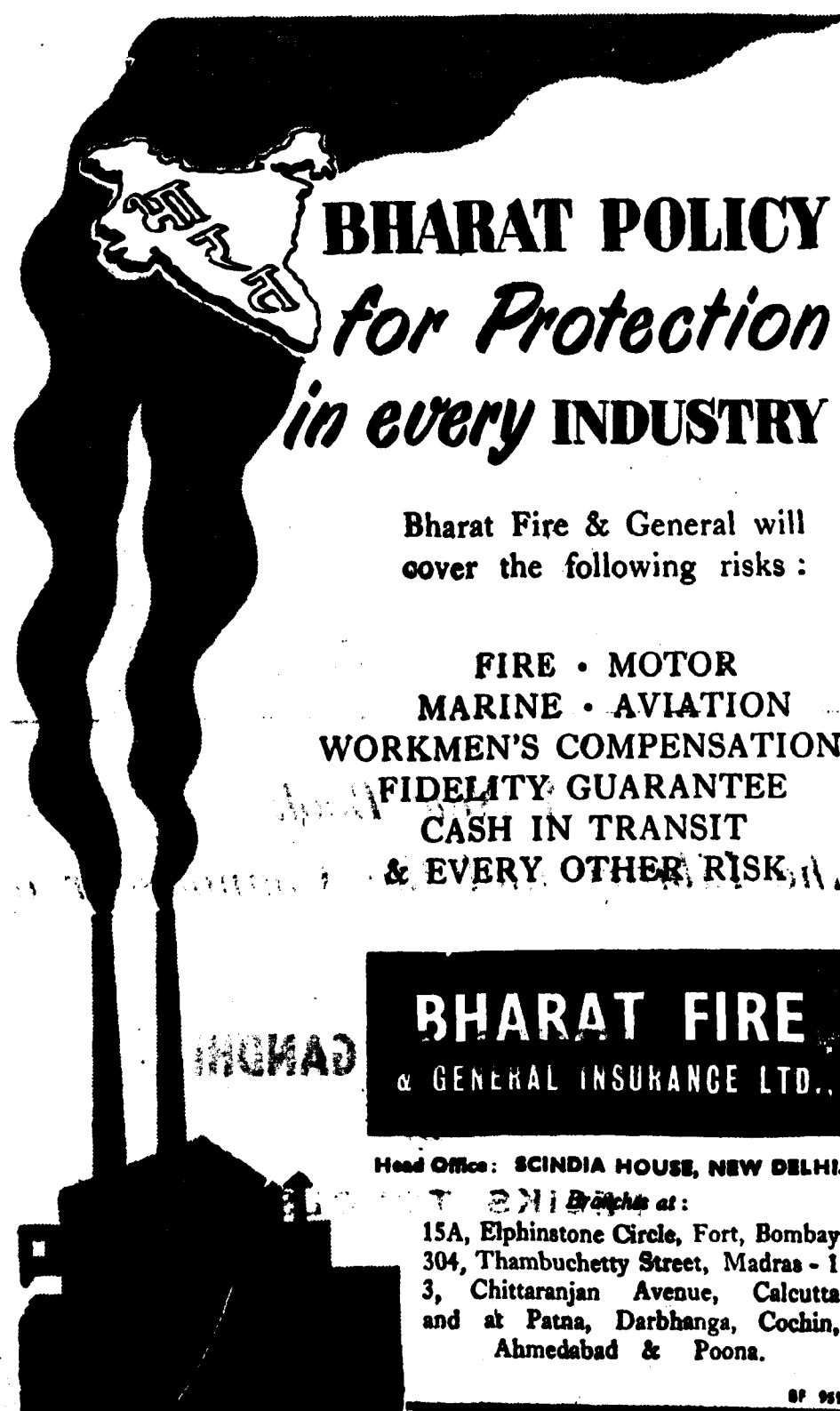
PUBLIC OPINION

Public opinion within the United States is on the whole about as favourable to liberal and fair trade practices as may be expected. The Council of Foreign Relations' survey of opinion in twenty-five cities last year showed that a majority were in favour of tariff reduction. The results have been confirmed by the Research Institute of America; and what is most relevant, the representatives of American labour have been in favour of the Hull programme of tariff reductions.

The general background is thus one of liberalism and free trade. It is a disappointment, though it was not quite unexpected, that nothing more than the usual year's extension of the 1934 Act emerged as a result of the Randall report; the basic law of the United States should be and could with some difficulty be made more permanent and less dependent on what other countries are able to do, and the Democrats' fight to establish this principle will be watched with interest, though not with excessive hope. Whatever conclusion is ultimately arrived at in Congress, however, one thing should by now be quite certain. It is that the Reciprocal Trade Agreements Act, although outwardly it seems to have a precarious life, is acceptable in fact to the vast majority of Americans. From the point of view of countries which are contemplating convertibility, things could easily be worse.

a valuable material, carefully mined and, for the most part, exported to earn for this country valuable foreign exchange.

India is known to have large deposits of manganese ore, far larger, in fact, than the panicky and premature cry for conservation in the country seems to suggest, but even the Planning Commission has made no secret of the fact that there are no reliable estimates of reserves and has actually suggested an immediate survey of the deposits. However, a veteran in manganese business assures me that, even when India begins to produce all the quantity of steel targeted for under the Five-Year Plan and for years thereafter, she can safely afford to continue to export the quantity she has been exporting, subject, of course, to the pursuit of a more realistic policy by the powers-that-be. One



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must hope that, in the meantime, India's customers would not lose their patience and turn to other sources as they have begun to do. The sands are no doubt running out, but there is still time to save the situation, if the authorities are so disposed, as I would like to believe they are.

What then is the trouble and what has brought it about? Several reasons have ere now been advanced, but as a man in the manganese business pithily put it to me, "some of these reasons are correct, others are of minor importance and perhaps the most important reason of all has not been made public, presumably because nobody knows about it". Accounts of the manganese slump that have so far been published speak of, among others, the entry of Russia and Brazil into the world markets, railway wagon shortage, bottlenecks at the ports, notably Calcutta, fear of recession and the falling off of the U.S. demand, and the export duty.

To take these in the same order in which they have been listed above. It is true that, since August 1953, when Russia did enter the export market, she has sold to the U.K., Belgium, and Germany about half a million tons, but surely that cannot, itself, be responsible for all the present misfortunes of India's manganese export business. For, in the first place, it is by no means an excessive quantity; secondly, it was sold by Russia only at prices that were not far below the peak prices of the boom period, and, thirdly, Russia did not export much to America, the world's principal consumer of manganese. The effect, therefore, has really been psychological. As for the competition of Brazil, it has been and still continues to be potential. No one knows as yet whether the Bethlehem Steel Corporation and the U.S. steel, which are exploiting the recent discoveries of manganese in the Amapa district, have put the ore in the market. Latest expectations, however, are that the ore from the Brazilian deposits will be available in 1955-56.

Statistics of wagon movements, I have made sure, don't reveal any greater wagon shortage from the main high grade ore-producing area—Madhya Pradesh—making due allowances for the Government of India's known intention to route the wagons via Bombay rather than via Visakhapatnam. The bottleneck in the Calcutta port has been a veritable headache, but, in so far as our export business in manganese is concerned, this cannot be regarded as a very serious handicap. For the ores produced in Bihar and Orissa which require to be despatched via Calcutta, if at all, are low grade ores for which there is no market today. An exporter of manganese told me in this connection that the same party to whom he sold low-grade ore only last year at Rs. 120 per ton is not prepared to offer for the same quality of ore even Rs. 30 per ton today. Obviously, with the falling off in demand there is no longer the need or the urgency for the foreign importer to pay a fancy price for any grade that may be available.

It is, no doubt, true that the foreign demand, especially the U.S. demand, for our manganese has fallen off, and, as the U.S. is also our largest customer for manganese, this decline cannot but have an adverse effect. Now, two factors are responsible for America ceasing to buy on the same large scale as hitherto. One is that she has discontinued to stock-pile, and, secondly, the reduction in steel output occasioned by fears of depression has, in turn, led to a shrinkage in the demand for manganese. Fortunately, these fears are proving to have been unfounded and one may expect America to resume steel production at the old rate, or at least up to say 90 per cent of capacity. When this happens, the U.S. demand for manganese also is bound to rise correspondingly.

By far the most important factor responsible for the crisis in the manganese export business undoubtedly is the avoidably unhealthy psychological atmosphere created by the manner in which the Government of India has been handling the export duty on manganese

ore. Everyone, including the Socialist leader, Mr. Asoka Mehta, has been urging the removal or reduction of the 15 per cent 'ad valorem' export duty on manganese, and the very unanimity of public opinion thus is itself sufficient proof that the demand is fully justified. But even more than the export duty, the villain of the piece, I gather, is the manner in which the duty has been and is still being assessed. According to an exporter the method of assessment of this duty is "illogical and unbusinesslike, nay even unethical", and it is this, more than anything else, that has been responsible for the growing resistance of the foreign buyer, especially the U.S. buyer. As everyone knows, by themselves, export duties not only act as a hidden subsidy to competitors, —our competitors in this field are Africa, Morocco, etc., many of whom have a freight advantage over us to boot—but also encourage foreign buyers to look out for alternative sources of supply, as witness the American buyers' keen interest in exploiting Brazilian deposits. The two large steel corporations I have named earlier have received a loan of \$66 million from the Export-Import Bank and are exploiting the deposits in the Amapa district with the help of Brazilian business interests. It is estimated that this new source of supply will provide the U.S. about 500,000 tons a year and, to this extent, India has perforce to lose its market in that country. India's other markets too would be adversely affected, should the studied search for manganese in other areas, such as West Africa, also prove successful.

The export duty of 15 per cent, imposed in the year 1948 itself was bad enough, but the position was rendered worse, and hopelessly so, by the instructions issued by the revenue authorities to the customs people to assess this duty not on the basis of the contract value of each consignment but on that of arbitrary market valuations made by the latter. As a means of bringing in more revenue, this may be all right, but one should not overlook the fact that it is capable of giving rise to unforeseen abuses and irrevocable harm, as has, indeed, happened in the event. Today, when prices have dropped sharply, one would ordinarily expect the customs to stick to the same formula in fairness to the shippers, but no; the authorities now prefer to assess on the basis of the contract rates. Here is a striking illustration of "heads I win, tails you lose". Considerations of exchequer apart, this is a great hardship to those long established shippers who have entered into long-term contracts which, incidentally, is one of the measures suggested by Mr. Asoka Mehta of all people, in order to remove unemployment in manganese mines.

There is another ugly aspect of this cupidity of the revenue authorities. They don't seem to be anxious to dispose of appeals against unjust assessments for years together. From the complaints I have heard, there must be at least hundreds of pending appeals, which are not less than a couple of years old, that have yet to be disposed of. Not only that, the shippers find to their dismay that even high-ranking officials of the department make promises, following prolonged discussions and after being fully convinced of the justice of the demand, and, it is alleged, forget all about the promises no sooner than they return to their headquarters. Now, here is an export commodity which is capable of yielding rich harvests by way of foreign exchange, and that in the form of much needed dollars—still a hard currency—and yet, for some reason best known to itself, the Commerce and Industry Ministry does not seem to have lifted its little finger. It is either blissfully oblivious of what is happening or has not apparently cared to look into the muddle. Be that as it may, if this country wants to solve the present crisis in the manganese export business, it is here that a start needs to be made, and not with conservation, nor even with costly beneficiation or the costlier still manufacture of ferro-manganese, about which facile and uninformed assumptions are so readily made.

COTTON AND CONTROL

By

CROESUS

The problems and prospects of raw cotton in India formed the theme of the Presidential address of Mr. Madanmohan R. Ruia, at the 17th Annual General Meeting of the Cotton Buyers' Association, on Wednesday (June 30, 1954). The main problem which confronts cotton, according to Mr. Ruia, is the existence of control. It is his thesis that, when the price control on textiles has been totally removed for nearly a year now and the control on food, which is the most essential article of consumption, also has been lifted, cotton also should be free from all controls. In this connection, he referred to the fact that, barring a few occasions, during the present season, cotton prices have been ruling much below the official ceilings. Statistically also, as he pointed out, the position marks no change over that of last season. Taking all factors into consideration, therefore, it is the considered view of Mr. Ruia that cotton control should go.

A reference has been made about the statistical position of cotton and a few words on the subject, therefore, may not be out of place. The season 1953-54, it will be remembered, began with a carry-over of both Indian and foreign cotton of about 17.96 lakh bales as compared to 24 lakh bales in the previous year. During the 1953-54 season, the commercial crop of India, according to the latest revised estimate, must be 42.5 lakh bales. Although a lakh and a half lower than what was estimated at one time, even this production represents an increase of about 7 lakh bales which is the initially targeted increase under the First Five-Year Plan. Estimated imports during 1953-54 have been placed at about 6 lakh bales. The total available supplies, accordingly, work out to about 66.5 lakh bales. On the distribution side, at the rate of an average monthly consumption of 3.1 lakh bales, the mill consumption, assuming that the same rate will continue during the next few months, would amount to over 37 lakh bales. It is not expected that consumption of foreign cotton will exceed 7 lakh bales, as against 8.5 lakh bales in 1952-53, so that the total mill consumption, both Indian and foreign, would amount to about 45 lakh bales. This, together with the exports of 1.75 lakh bales, assuming that the entire quantity permitted for export is shipped before the end of the season, brings the total distribution of cotton to 46.75 lakh bales, thus leaving a carry-over to the 1954-55 season of about 19 lakhs bales, which is more or less the same as that at the beginning of the present season.

It is not possible to say, and Mr. Ruia also pointed this out, what the crop next year will be. But a crop of 40 lakh bales should not be an overestimate. Similarly, it is difficult to determine what the total quantity of imports of foreign cotton would be. But, for purposes of calculation, we may assume the same quantity of imports as in the current season, namely, about 6 lakh bales. In other words, the total available supplies at the beginning of the 1954-55 season also would be about 65 lakh bales, which is more or less the same as the supplies during the present season.

Prima facie, the supply position of Indian cotton cannot be considered quite healthy. If the increased demand for cotton textiles that is already manifesting itself—a development which is to be welcomed—continues, the country needs very much more cotton than the fore-

going statistical position indicates. It is because of this that Mr. Ruia has thought it fit to reiterate his demand that an agreed target of 60 lakh bales of cotton over the next five years should be our endeavour. It is only in this way, he thinks, that the Indian cotton economy could be lifted from its present subsistence level which, if allowed to continue, he says, will jeopardise the country's basic raw cotton industry. Although only last year a target of 60 lakh bales seemed to me to be a little on the high side, I am now inclined to think that it is not only within the realms of practical possibility, but also desirable. According to an estimate of the Punjab (I) Government, the extra yield of cotton as a result of the completion of the Bhakra-Nangal project alone would be some 8 lakh bales, while the revised target of the First Five-Year Plan is an overall increase of 12.6 lakh bales. But, in the light of what Mr. Ruia has been urging and also the increased tempo of cloth consumption in the country, thanks to the good monsoon that we have had—and we expect it to repeat this year also—a 60-lakh bale target for cotton production deserves to be viewed more seriously. In this connection, I am told the authorities are already finding themselves in a rather embarrassing position as a result of the increased cloth consumption lately and are considering seriously if they should not keep a closer watch over exports of textiles from this country.

As regards the raw cotton import and export policy of the Government of India also, the President of the Cotton Buyers' Association had something to say. It is a long time since I have heard so much of fulsome praise for the import control authorities as I did on this occasion. Mr. Ruia was completely satisfied with the Government's cotton import policy. As regards its export policy, on the other hand, he felt that the authorities were not equally helpful. He was sore that the Government had failed to keep up its promise, namely of fully assessing the crop prospects and then deciding the Government's cotton policy. According to him, the Government has failed to do this and, as an illustration, he drew attention to the 50,000 bales of rough (unspinnable) Bengals lying in the country, without any domestic demand. He was at a loss to explain the Government's adamant attitude in regard to permitting further exports of Bengal deshi and appealed to the Government to reconsider its stand even at this late stage.

I shall conclude with a word about Mr. Ruia's reference to hedge trading. In a brief and businesslike way, he complimented the Union Government for having renewed its permission for hedge trading this season and he wanted it to be continued. In doing this, he was not unaware of the weaknesses in the working of hedge trading that have come to light. But he maintained that, so long as the contract had to work within the limitations of the cotton control, this could not be helped. It is significant that the Cotton Buyers' Association President is opposed to any major change in the existing hedge trading until the control on cotton is lifted. Evidently, Mr. Ruia was keen on avoiding all speculation about possible changes in the existing hedge trading. The difficulties that beset the cotton futures market as it is, thanks to the conflicting interpretations of the existing bye-laws, are bad enough, and one can understand Mr. Ruia's anxiety to refrain from saying anything to add to these difficulties.

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BUSINESS NOTES

THE TOBACCO DELEGATION

The government-sponsored tobacco delegation to the countries of South-East Asia which left this country on Sunday last has to assess the full and varied nature of the demand for tobacco in that region. The slump in tobacco trade in India this year is partly due to the condition of the crop affected by weather and the incidence of the excise duty, but corrective action taken in respect of the duty may now help to stimulate the domestic demand to a certain extent. Out of the total average crop of 500 million lbs., about four-fifths or 400 million lbs. is absorbed at home. The problem of the slump is, therefore, likely to be solved fractionally. But on the export front also there has been a progressive deterioration in the last two years. It will be the task of the delegation to find outlets for larger exports to arrest this state of affairs and secure expanding markets abroad, if possible.

Exports of tobacco fell steeply from 125 million lbs. in 1951-52 to 85 million lbs. in the next year and there was a further decline to 68 million lbs. in 1953-54. About 80 million lbs. out of a total of 100 million lbs. of virginia tobacco grown in the country has to seek markets overseas. Britain is the largest consumer and her off-take of Indian virginia tobacco is on the increase, the April figure being 1.6 million lbs. This can be pushed higher provided a careful study of market preferences and requirements is made. A sales officer has recently been appointed in London. The delegation has to explore the possibilities of exports of virginia tobacco to China which is said to be making intermittent enquiries about the Indian commodity. Its scheduled long stay in that country seems to be intended for this purpose. Other countries of South-East Asia offer a good market for export and here India's share is only 15 million lbs. out of a total of 55 million lbs. Rhodesia has recently emerged as a big competitor, but other supplying countries include the U.S., Canada, and Nyasaland. Payment in dollars to the U.S. and Canada is not now a difficult problem for these importers since the improvement in dollar availability last year. The main factors to be considered in finding larger sales in these countries are quality and price. On both the scores, Indian tobacco has by no means insuperable difficulties to surmount.

CASTOR OIL EXPORT QUOTA

The Government's announcement of last week declaring an additional quota for export of castor oil makes a concession to the persistent representations of trade, of which the pressing request made by the Bombay Oilseeds Exchange was the latest. This third instalment in this year's quotas comes rather late, when the accumulated stocks were forcing prices down due to fractional home demand, in spite of the fact that foreign enquiries, particularly from the U.S., had shown interest in buying for quite some time now after a long interval. It would appear that the delay in the decision is not too long to cost loss of foreign orders to the country. Expectations are that overseas buyers will be keen on taking advantage of the new liberalisation policy. This attitude would partly be due to the prospect of a price fluctuation in their favour.

The releases which have been announced fall short of the demand by the Bombay Oilseeds Exchange, but its claim for free export for castor oil was pitched too high. The trade's reaction to the announcement shows that the quarrel now is not with the quota granted—50 per cent of the actual shipments made during 1953—but with the ceiling of 400 tons imposed in the case of an individual shipper. The limitation, apart from withholding opportunity of shipments to the fullest

extent of the potential demand by the bigger exporters, will very likely reduce the total quantity of actual shipments since medium and small licensees will hardly tap the entire demand. The actual quotas which are to be announced later in the case of exporters, who made no transactions last year but are entitled to licences on the strength of their exports in 1951 or 1952, will turn out to be smaller than those now granted. In view of the request of the Bombay Oilseeds Exchange to extend the period of availability up to December 1954, the time limit now granted till October next will very likely prove inadequate.

TWO ISSUES IN GENERAL INSURANCE

With the adjustment of general activity to conditions of normalcy it was but inevitable that the course of progress in general insurance should show a similar trend. The passing away of the inflationary phase in the economy is reflected in the premium income general insurers from various types of services. In this contraction of premium income, Mr. Laxmidas P. Goculdas, outgoing president of the Indian Insurance Companies Association, Bombay, sees no danger signal. On the contrary, he interprets it as a healthy trend leading towards conditions of stability in general insurance business. The overall prospect of expansion of the economy holds out reasonable hope for this business also, provided its growth is channelled on sound lines.

This proviso is important and of particular interest at the present time. Mr. Goculdas registers his strong disapproval and protest against Government's attempted interference with the level of premium rates—an interference which, in his view, cannot but prejudice healthy growth of the business. His direct reference is to the action of the Controller of Insurance in calling upon the Tariff Committee to consider how far, if practicable, the rates of general insurance premia can be reduced. His basic objection is to this kind of extraneous intervention, in the name of regulation, with the operation of forces influencing the level of rates and to an attempt to produce a pattern of rates to order. He has explained how even in a period of rising operating expenses the business has charged strict economic costs for its services to policy-holders. Fire rates have been reduced 35 per cent since the entry of Indian insurers in this sphere and fire losses usually tend to be heavier than other losses. Rates for cargo marine insurance are very largely influenced by international factors and recently they have been pushed down to uneconomic levels. The rise in motor insurance rates is marginal, but a significant fact about these rates is that they are below world parity. Mr. Goculdas urges the Tariff Committee to consider this reference on the strict issue of merit and not to precipitate fresh trouble for a business whose cost structure has already assumed rigidity.

The second issue relates to the proposal which seeks to cast a new liability on Indian insurers to make payments of income-tax on profits earned by their foreign treaty re-insurers, on behalf of the latter, by treating the local companies as statutory agents of their re-insurers. This would be a drastic course to adopt, and as Mr. Goculdas emphasises, while no fool-proof formula can be prepared, Indian insurers have suggested certain positive tests to determine the bona fide character of re-insurance agreements. He contends, with good reason, that a wholesale liability of this nature should not be imposed on Indian insurers.

RATIONALISING LABOUR LEGISLATION

After two years of office at the Centre, Mr. C. B. has emerged a sadder man and has reconciled himself

to the inevitability of retaining compulsory adjudication as an essential feature of labour legislation for some years at least. It is fruitless now at this stage to try to apportion responsibility for this course of action. Since a decision has been made on this issue and also because the draft of the Labour Relations Bill is nearing completion, attention should be concentrated on eliminating sources of constant friction and trouble in labour-management relations to the extent that it is possible to do so by legislation. This is one of the vital subjects to which Mr. Mohanlal L. Shah, President of the All-India Organisation of Industrial Employers, addressed himself at the annual session of the Organisation on Wednesday last. The positive recommendations which he makes for reform in the existing law, to minimise the tendency towards endless litigation in industrial disputes and to bring about wholesome changes at different levels, are not novel, but in view of their inherent importance they deserve notice while the projected legislation is still in the drafting stage.

The vague definition of the term industry in the Industrial Disputes Act 1947, and the right conferred on any worker to raise any industrial dispute for settlement are at the root of the present staggering crop of litigation and this evil needs to be cured by bringing references of disputes to a rational proportion by elimination of frivolous cases. In the interest of equitable and mature appraisal of evidence at the hearings and of expert assessment, where highly technical knowledge is required, Mr. Shah urges the appointment of a sessions judge with five years' experience as an adjudicator or chairman of a tribunal, and of independent persons intimately conversant with intricate problems of management to tribunals, where they consist of more members than one. Chairmanship of appellate tribunals, he suggests, should be conferred on a person with a rank not below that of a sitting High Court Judge. The immunity granted to employees, under the provisions of the two Central Acts, namely, S. 33 of the Industrial Disputes Act and S. 22 of the Industrial Disputes (Appellate Tribunal) Act, from disciplinary action, even for misconduct not connected with the dispute has shaken the very foundation of factory discipline and the exemption ought to be restricted to disputes directly related to the misconduct in question. A salutary check on the multiplicity of trade unions, interested in running a race for popularity rather than in advancing genuine trade union interests, is now long overdue.

RAILWAY EFFICIENCY BUREAU AT WORK

Judged by its initial enthusiasm, the Railway Efficiency Bureau, whose establishment was promised by Mr. Shastri in his budget speech, has made a start in the right direction. Its personnel has already started investigations simultaneously in all the railway systems and it has taken up operational as well as organisational problems for solutions for improvements. Transshipment at several points, which involves change of gauge and is responsible for a considerable loss of time and train speed, is among the priority subjects it has tackled. Operational problems have rightly received preference in the Bureau's investigations and numerous cases of deterioration in efficiency have come in for its review. The Bureau has a scientific approach to all the issues of which it takes cognizance and its enquiries are basically directed to a measurement of productivity in different fields of activity bearing on the general lay-out of works, equipment provided for workers, organisation of work and broad human factors involved. Statistics are collected on a large scale and application of improved methods warranted by them is expedited by cutting the red tape through personal discussion with officers on the spot. Practical methods and remedies are prescribed without formality of transmission from the headquarters after a considerable time lag.

The Bureau has a wide field to cover and its personal investigations have obvious limitations. Visits cannot be repeated except to important centres and areas, and besides new sets of problems and difficulties are bound to arise periodically. All that the Bureau can do to cope with the ever-increasing volume of work is to act as a consulting and directing authority, since with the passage of time on-the-spot enquiries may be too numerous to grapple with. The first enthusiasm needs to be sustained and there is the necessity of a follow-up machinery to verify how far improved techniques are being faithfully observed. The task would no doubt assume growing proportions, but it is essential in the interest of higher productivity and administrative efficiency. Its results can be tested only after at least a year's experiment and the real proof of its success must be reflected in financial economy.

TAX BURDEN ON INSURANCE

In view of last year's trend in the premium income of insurance companies, it is only to be expected that the structure of their expenditure also ought to be modified and in this modification the burden of taxation easily takes priority. Mr. A. D. Shroff's emphasis on this specific issue in the course of his presidential speech before the last annual meeting of the New India Assurance Company should serve to underline the urgency of early relief. His statement of the position clearly needs earnest consideration at the hands of the Taxation Enquiry Commission as well as the Government. His suggestions bear at least a brief reference. He has recommended that the prevailing limit of exemption from income-tax provided under S. 15 of the Income Tax Act of 196th of the individual's income with a ceiling of Rs. 6,000 should be raised to 14th of the individual's income with a maximum limit of Rs. 10,000. He has further urged that the rate of income-tax which is prescribed for a life assurance business should be brought as near as possible to parity with the average rate of income-tax paid by life policyholders. The present ceiling of the income-tax rate fixed at 65.4 pies in the rupee is obviously pitched very high and substantial reduction should be made to bring it in conformity with the average rate of tax payable by life policyholders. Mr. Shroff has explained elaborately why sudden and extraordinary losses make it imperative that a special treatment should be accorded to general insurers to enable them to build up strong reserves and to underwrite new business. The present limits of exemption of reserves from taxation to the extent of 50 per cent of the uncovered risk in the case of fire insurance business and 100 per cent in the case of marine insurance business need to be raised. The concessional treatment pleaded in the case of the taxation of profits earned by the foreign branches of general insurance companies is intended to stimulate their venture in, a new sphere.

PROBLEMS OF CEMENT INDUSTRY

The contribution which the cement industry has to make to the fulfilment of a host of projects in the Five-Year Plan calls for a policy towards the industry that would be conducive to its growth on a healthy basis. If in spite of the existence of such a policy on the part of the Government, the industry has struggled to step up its output, this performance emphasizes the need of genuine assistance and relief to stimulate its growth. Mr. B. D. Somani, Chairman of Shree Digvijay Cement Company, has drawn attention to some of the industry's problems which merit corrective action without delay. Referring to the Government's price policy, he has explained in some detail the injustice resulting from the rejection of the Tariff Commission's recommendation to raise the return on the gross block by 2 per cent to 10 per cent. Such kind of rejection of the Commission's considered recommendations without any weighty or justifiable ground detracts from the value of the Commission's work and removes the basis of scientific

reasoning from the policy finally announced by the Government.

The force of Mr. Somani's contention about the inadequacy of the permissible return on the gross block will be apparent from the comparative figures of the actual dividend which he has cited about cement concerns in the U.K. and Japan. As a spokesman of the infant sector of the cement industry, his forceful exposition of the anomaly in the administration of actual tax relief to new cement companies and the urgency to do justice to them is worthy of careful consideration for early redress. In his presidential address at the last annual general meeting of the company, which appears elsewhere in this issue, he has made a startling disclosure that railway capacity today is 50 per cent short of the traffic requirements of cement companies like Shree Digvijay. Access to alternative modes of transport will not be necessarily available to several companies as it is to this company which is a compelling reason to remove transport shortage.

INDIGENOUS MANUFACTURE OF TYPEWRITERS

A Press note issued by the Commerce and Industry Ministry on June 25, 1954, says that the Government of India has taken the following decisions with a view to ensuring the speedy establishment of the typewriter industry in India. (a) All firms, who are interested in the manufacture of typewriters, whether or not they have previously placed a programme before the Government, should by the end of August, 1954, submit to the Ministry of Commerce and Industry a detailed programme of manufacture indicating the progress to be made from half-year to half-year as well as the types and models to be produced. For this purpose no programme of manufacture will be considered satisfactory unless the value of the components still to be imported, on the completion of the programme, is to be less than 20 per cent of the value c.i.f. Indian Port of all components, if imported in the CKD condition. (b) In considering these schemes Government will take into account the speed with which progress will be made, the economics of production in each case, the likely volume of Indian demand and other relevant considerations. (c) Apart from any protection which the industry might otherwise receive, it is the intention of the Government to restrict their purchase of typewriters to firms whose programmes are so approved, provided Government are satisfied that the prices are fair and reasonable and that the programme of manufacture is being adhered to.

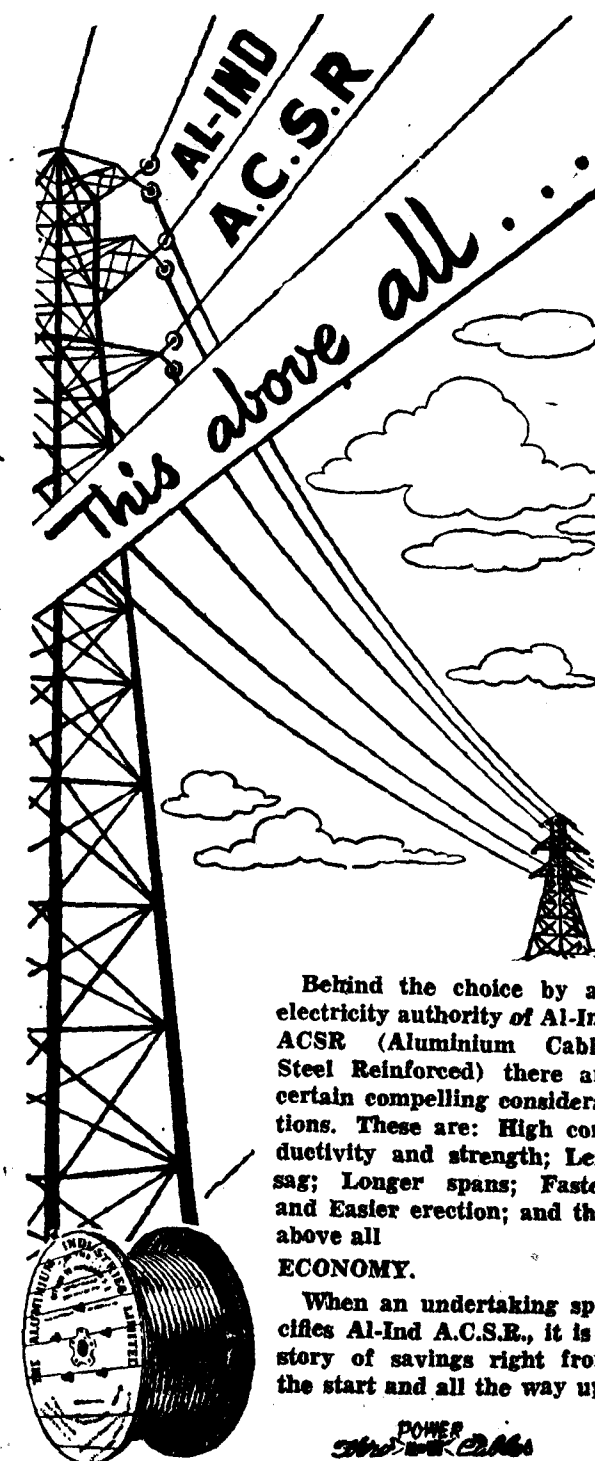
INDUSTRIAL DISPUTES IN APRIL

Provisional statistics of industrial disputes during April, 1954, show a decrease in the number of disputes, workers involved and man-days lost as compared with the previous month. The total number of disputes during the month was 88 involving 32,859 workers and accounting for a time-loss of 197,662 man-days. The average duration of disputes was 6 days as against 9.7 days in March, 1954. Ten of the disputes were lock-outs involving 7,500 workers and accounting for a time-loss of 81,150 man-days. Eight of these were in West Bengal and the rest in Bombay. Apart from strikes and lockouts resulting from industrial disputes, during the period there were 8 work-stoppages not connected with industrial disputes. These affected 5,387 workers and accounted for a time-loss of 5,485 man-days. Four of these were in Bombay, two in West Bengal and one each was in Madhya Pradesh and Delhi.

Sixty-four disputes terminated during the month. Of these, 41 did not last for more than 5 days each. Three of the disputes lasted for more than 30 days each. Wages, allowances and bonus were the main causes of dispute in 32 cases, while grievances relating to personnel accounted for 27 disputes. Twenty-six disputes ended in complete or partial success to the

workers and in 17 disputes they were unsuccessful. In 16 cases the result was indefinite and in 5 cases it was not known.

Among the States, West Bengal recorded the largest number of disputes, workers involved and time-loss during the period, though, compared with the previous month, the State showed improvement in the situation. Bombay showed a slight increase in the time-loss. Bihar recorded an increase in the number of disputes but an appreciable fall in the figures of number of workers involved and time-loss. In Madras, the time-loss was higher than in the previous month. Among the industries, the jute mill industry, which was quiet during last month, experienced labour trouble and suffered heavy time-loss.



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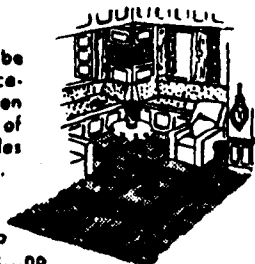
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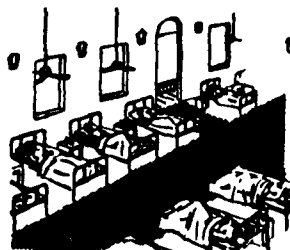
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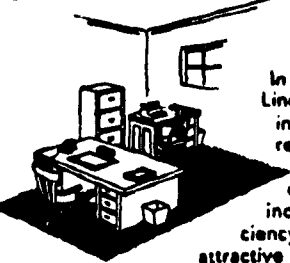
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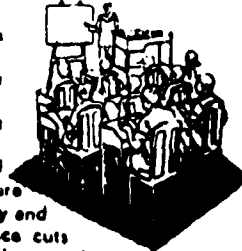
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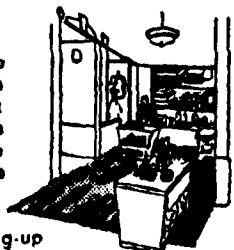
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COMMODITY NEWS AND NOTES

FINAL ESTIMATE OF COTTON

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India final estimate of cotton for 1953-54 puts the current year's area and production at 17,027,000 acres and 3,935,000 bales (of 392 lbs. each) of cotton lint, as against the partially revised estimate of 15,693,000 acres and 3,131,000 bales respectively for 1952-53. The current year's estimate, thus, shows an increase of 1,344,000 acres or 8.5 per cent in area and 804,000 bales or 25.7 per cent in production over last year. The production of cottonseed is estimated at 1,377,000 tons during 1953-54, as against 1,096,000 tons during 1952-53, thereby showing an increase of 281,000 tons. The increase in acreage during the current year, reported by almost all the cotton growing States, has been shared mainly by Hyderabad, Bombay, Madras, Madhya Pradesh, the Punjab, Mysore and Saurashtra. This increase is mainly due to timely and sufficient rains received at the time of sowing. It is, however, more marked in Bombay, the Punjab, Rajasthan, Hyderabad, Madras and Saurashtra. This increase is due partly to timely and sufficient rains received at the time of sowing. The increase in production has also been reported by almost all the cotton-growing States. It is, however, more marked in Bombay, the Punjab, Rajasthan, Hyderabad, Madras and Saurashtra. This increase is due partly to increase in acreage and partly to favourable weather conditions during the growing period of the crop. As between the different varieties of cotton, the increase in production has occurred mainly in Americans. As regards staple length, the increase is significant in the case of long staple cotton.

LAC CROP ESTIMATES

The Baisakhi Lac Crop in India for the year 1954 is expected to be 5,47,000 maunds as against the preliminary estimates of 6,45,000 maunds and the previous year's final estimates of 4,26,000 maunds, according to the revised estimates issued by the Indian Lac Cess Committee. The normal yield based on the average of 10 years preceding 1939 is 6,48,000 maunds. In Bihar, where there was no rain in the months of February, March and April, growth was retarded considerably. But in some areas around Gondia, the climate remained favourable.

DECLINE IN PRODUCTION OF CRYSTAL SUGAR

Production of crystal sugar in the Indian mills has registered a decline of 1,17,000 tons during the current season, as compared with last year, when a total of 10,35,000 tons was produced. One of the main causes of the decline was the dispute between the cane-growers and the mills over the minimum price to be paid to the growers, which resulted in paucity of cane supplies. To settle the dispute, the Government has advised sugar factories in Western U.P. and Bihar to pay an additional price of four annas per maund of cane on the minimum prescribed price of Rs. 1-7, the extra payment to be adjusted against the share of profits, which would be assigned to the growers under the profit sharing scheme for the sugar industry in U.P. coming into force at the end of the current sugar season. Meanwhile, to prevent shortage of sugar for public consumption, the Government has released a total of 5,40,000 tons for sale in the open market up to the end of March this year.

WORLD WOOL PRODUCTION, 1953-54

The Commonwealth Economic Committee in the April issue of 'Wool Intelligence' has revised its estimates of world raw wool production for the current

season (1953-54). Production is now provisionally estimated at some 4,350 million lbs. greasy basis, or 50 million lbs. less than the earlier estimate made in October last. The fall is due mainly to reductions of 30 millions lbs. and 23 million lbs. respectively in the estimates for Australia and Argentina. Australian output will still be the second largest on record amounting to 1,260 million lbs. or 3 per cent less than the peak of 1,300 million lbs. reached last season. Argentine output is now expected to total 397 million lbs., or 2 per cent less than in 1952-53. Production in the United Kingdom has in contrast been revised upwards by 7 million lbs., to 105 million lbs., and the corresponding figures for the two previous seasons have also been raised. The estimate for South Africa has been lowered slightly, from 278 to 276 million lbs., while that for the United States has been raised by 2 million lbs. to 285 million lbs.

World production in 1953-54 is now expected to be about the same as in 1952-53. Compared with the average for the five pre-war years 1934-38, however, world production in 1953-54 shows an increase of 14 per cent.

RISE IN INDIA'S HESSIAN EXPORTS

Hessian exports have looked up recently after continued decline from January 1954, and shipments during May amounted to 103,150,000 yards as against 95,840,000 yards in the previous month. With depleted stocks, the U.S.A. increased her off-take, and imported 53,000,000 yards in May, showing a rise of 6,500,000 yards over April. Exports to the U.K. and Canada also increased substantially. While the U.K. nearly doubled her imports from 8,860,000 yards in April to 17,310,000 yards last month, shipments to Canada increased by 3,100,000 yards to 12,500,000 yards. A big decline was recorded in exports to Australia which took 3,370,000 yards in May as against 12,130,000 yards in April. Exports to Argentina and Montevideo were also lower at 3,890,000 yards, showing a fall of 1,500,000 yards. Sacking shipments, however, again recorded a sharp decline from 33,900,000 bags in April to 29,340,000 bags in May.

NORTH INDIAN TEA CROP OUTTURN

The estimated outturn figure for North Indian tea crop for May, 1954, is 38,400,000 lb. as compared with 30,300,000 lb. last year. It brings the total outturn at the end of May, 1954, to 54,200,000 lb. as compared with 52,000,000 lb. last year, showing an increase of 2,200,000 lb.

RECORD OUTPUT OF CANADIAN IRON ORE

Deliveries from Canada's iron ore mines reached the record level of 5,804,518 long tons, valued at \$42,722,000, in 1953, an increase of 23 per cent on 1952. With new deposits being exploited, a further jump is expected during 1954. For the first time this century, production is greater than internal consumption and the United States is looked to as providing a valuable export outlet. Canada, now the world's eighth largest producer of iron ore, is likely to jump several places when the ambitious expansion schemes now being carried out in this field are completed.

RECORD U.K. BEET YIELD

Provisional figures for the 1953-54 sugar beet campaign show that it has broken all records for tonnage, yield per acre and sugar production. Over 5½ million tons of beet were produced. This is more than a million tons higher than the previous season's total and over 50,000 tons more than the previous record crop in 1950. The yield per acre, at just over 13 tons, was also a record for the country. The sugar produced from the crop was more than 720,000 tons, surpassing last year's total by 150,000 tons and the total for 1950 by 43,000 tons.

CEYLON TEA OUTPUT IN 1953

Production of Ceylon tea in 1953 totalled 343,033,548 lbs. compared with 316,842,445 lbs. in 1952, states the 1953 report of the Ceylon Association in London. Exports totalled 355,554,577 lbs., (compared with 314,497,708 lbs.) of which 177,781,816 lbs. were exported to the United Kingdom.

INCREASE IN JUTE MILLS WORKING HOURS WELCOMED

Jute interests have welcomed the decision of the Indian Jute Mills' Association to increase the working hours in jute mills from 42½ hours to 45 hours a week with effect from July 12. Though it did not come up to market expectations, this is regarded as a timely measure. Raw jute and gunny interests have strongly supported the Jute Inquiry Commission's suggestion that working hours should be increased to 48 hours a week. The working hours were reduced to the present level from 48 hours a week in March 1952 to reduce the mounting stocks with mills. The conditions have changed in the meantime. The stocks with the mills are at 86,500 tons at the end of May as against 1,38,000 tons a year ago. Production will increase by about 4,200 tons a month.

MECHANISED TEA CULTIVATION

Efforts are being made to introduce mechanised cultivation of tea, which employs more labour per acre than any other large-scale crop. An engineering department has been established at Tocklai, the research station of the Indian Tea Association, where necessary

facilities for designing and construction of prototype machinery exist. Mechanisation of the tea industry has been necessitated by mounting labour costs, which now account for something like 40 to 50 per cent of the total cost of tea production. Mechanisation of the tea industry will be a gradual process. There is no possibility of large-scale unemployment of unskilled labour by mechanisation because much time will elapse before any large reduction in labour requirement of tea gardens could arise and the labour force in the meantime could be diverted to other vital tasks such as agriculture and food production.

GRANT FOR AGRICULTURAL RESEARCH INSTITUTE

The Union Government has sanctioned, under the Five-Year Plan Rs. 50,000 for the improvement of the Government Institute for Agricultural Research at Jorhat, Assam. The State Government spends Rs. 3,000 annually for the maintenance of the institute which is said to be far below the minimum requirement. The institute, established in 1943, has since been conducting research in agricultural chemistry.

WORLD GOLD PRODUCTION

The world's gold production in 1953, outside the U.S.S.R., is estimated by the Union Corporation at about 24½ million fine ounces, roughly the same as in 1952. Supplies of gold to free markets are estimated at 7½ million ounces (including about 1 million ounces from the U.S.S.R.), compared with more than 12 million ounces last year.

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COMPANY AFFAIRS

THE UNITED PROVINCES SUGAR CO., LTD.

The audited accounts of the United Provinces Sugar Company Ltd. (Managing Agents: James Finlay & Co., Ltd.) for the year ended September 30, 1953, disclose profit on sugar account at Rs. 1,60,369-13-3; Sales proceeds of Motor Car and Machinery at Rs. 8,521-7-3, and E.P.T. Post-War refund (net) at Rs. 33,035-6-0. The sum of these at Rs. 2,01,926-10-6 less the Loss on Estate Account (Rs. 1,93,249-11-2), leaves Rs. 8,676-15-4 as Profit for the year. Rs. 80,000 were transferred as provision for Central Taxation, and Rs. 33,035-6-0 to Rehabilitation Reserve, leaving a debit balance of Rs. 1,04,358-6-8. Rs. 36,664-12-2 was the credit brought forward from the last year. Rs. 85,000 were transferred from Reserve for E.P.T. Deposit and Rs. 67,875 transferred from General Reserve, totalling Rs. 1,89,539-12-2. This leaves a credit balance of Rs. 85,181-5-6 available for distribution. It is recommended by the Directors that a dividend of 5 per cent be paid for the year ended September 30, 1953. (Rs. 80,000) and the balance of Rs. 5,181-5-6 be carried forward.

During the year the Income Tax Authorities repaid Rs. 1,29,077 out of the total E.P.T. deposits of Rs. 1,85,363, thereby freeing largely the reserve of Rs. 1,15,000 created for this purpose in 1944. The Directors have, therefore, transferred Rs. 85,000 of this Reserve to Profit and Loss Appropriation Account. E.P.T. post-war refunds at Rs. 33,035-6-0 (net) were received and transferred to Rehabilitation Reserve. Provision for Depreciation was Rs. 75,356-0-8.

The actual results of working of the last three years are set out in the table below:

Season	Cane Crushed (Mds)	Sugar made (Mds)	Yield per cent Cane	
1950-51	23,91,047	2,41,773	10.11	
1951-52	23,32,984	2,36,129	10.12	
1952-53	25,24,444	2,44,069	9.67	
Year ended September		1951	1952	1953
Profit (Rs.)		4,70,057†	3,18,354†	1,60,369*
Depreciation (Rs.)		68,292	54,096	75,356
Reserve Fund (Rs.)		69,857	..	..
Dividend rate per cent		20	15	5
Carried forward (Rs.)		11,907	36,665	5,181

* After providing for taxation. * No provision for taxation.

SHAW WALLACE & COMPANY, LIMITED

The Directors' Report and Statement of Accounts of Shaw Wallace & Co., Ltd., for the year ended December 31, 1953, include the Accounts of the firm of Shaw Wallace & Co., and of the firm's associates—Atlas Fertilisers Ltd., Shaw Wallace Nominees Ltd., of Calcutta, Indo-Agri Ltd., of Colombo; Madras Hide and Skin Exporters Ltd., of Madras; Shaw Wallace Ceylon Ltd., of Colombo; Shaw Wallace Pakistan Ltd., of Karachi and Shaw Pearson & Smith Ltd., of London. The Company's profits, including Rs. 3,56,616 brought forward, are Rs. 25,59,639. Rs. 7,59,885 are provided for Taxation leaving Rs. 17,99,754. The Directors recommend Rs. 2,00,000 to be placed to General Reserve Account; Rs. 1,50,000 to Investment Reserve Account; and the payment of Interim Dividends for 1953 on Cumulative Preference Shares at 3 per cent (less income tax) on July 15, 1953 (Rs. 1,65,937), 3 per cent (less income tax) on January 1, 1954 (Rs. 1,65,938), and 10 per cent (income tax free) on Ordinary Shares at Rs. 7,50,000 leaving the sum of Rs. 3,67,879 to be carried forward.

Trading conditions, difficult in the first part of the year improved during the last three months. On

January 1, 1954, Messrs. Shaw Wallace Ceylon Ltd., acquired the whole of the Ordinary Capital of Messrs. Lee Hedges & Co., Ltd., Colombo and changed its name to Messrs. Shaw Wallace & Hedges Ltd. The purchase price was satisfied by increasing the issue capital of the Company by 62,500 shares of Rs. 10 each which were issued to the shareholders of Messrs. Lee Hedges & Co., Ltd. As a result of this transaction the business of the Company's Ceylon associate has been put on a much broader footing.

Rs. 1,07,765 have been allocated towards Depreciation, Rs. 1,49,499 towards Pensions and Provident Fund Contribution, Rs. 1,40,585 toward interest on Loans Deposits etc; Rs. 7,59,885 towards taxation; Rs. 2,00,000 on Investment Reserve Account and Rs. 1,50,000 towards Dividends paid and proposed.

Sales amounted to Rs. 38,81,338. Agency and other Commissions and Allowances to Rs. 45,53,888. Rs. 3,30,900 was the share from Profits of Shaw Wallace & Co., Rs. 1,11,129 dividend on investments. Interest on Loans, Deposit etc. were Rs. 1,48,683. Miscellaneous Income Rs. 47,505.

The working of the Company in the last three years is tabulated below:

Year ended December	1951	1952	1953
Profit (Rs.)	20,17,727*	15,40,500*	17,99,754*
Reserve Fund (Rs.)	7,00,000	3,00,000	3,50,000
Pref. Dividend (Rs.)	3,31,874	3,31,875	3,31,875
Ord. Dividend (Rs.)	7,50,000	7,50,000	7,50,000
Carried Forward (Rs.)	3,47,991	3,56,616	3,67,879
Prov. for Taxation (Rs.)	12,84,221	6,92,409	7,59,885

* After provision for Taxation.

THE ASSAM SAW MILLS AND TIMBER CO., LTD.

The Directors' report of the Assam Saw Mills and Timber Co., Ltd., (Managing Agents: Bird & Co., Ltd.) for the year ended September 30, 1953, discloses a debit balance of Rs. 97,203, which the Directors propose to be carried forward. Rs. 69,978 were brought forward, Rs. 25,356 being Insurance claims received for Cyclone Damage, and Rs. 1,75,000 written back from Income Tax and Super Tax provision, an allowance for sundry charges and Rs. 1,55,049 allocated for Depreciation. In spite of the production by the reconstructed Namsol factory towards the end of October 1952, the decreased demand for Tea chests as a result of the slump in the tea trade hit the Company badly. In addition communications are in a bad and precarious condition. During April and September floods swept the despatching railhead, consequent to the change in the course of the Lohit River. The Company is in touch with N.E.F.A. authorities in connection with the improvement of communications. The Jonai Saw Mills have, as a result of bad conditions been put on a 'care and maintenance' basis.

The working results of the Company are set out in the table below:

Year ended September	1951	1952	1953
Profit (Rs.)	11,39,590½	3,26,012½	97,203
Depreciation (Rs.)	1,23,707	47,254	1,55,049
Other Funds (Rs.)	7,52,500	1,53,000	
Dividend (Rs.)	2,33,333	1,16,667	
Dividend rate per cent	16-2/3	8-1/3	
Carried Forward (Rs.)	60,887	69,978	97,203
Taxation (Rs.)	6,00,000	1,00,000	

* Inclusive of Taxation. † After crediting Rs. 19,44,859 being amount received on account of Insurance claims for damage by earthquake in 1950 and by floods in 1951, and after writing off loans on Fixed Assets to

the extent of Rs. 4,927 and charging Rs. 31,642 for adjustment and loss of Stock, Stores etc. ‡ Includes Rs. 42,911 being E.P.T. refund.

THE BURDWAN-CUTWA RAILWAY CO., LTD.

The Directors' report of the Burdwan-Cutwa Railway Co., Ltd. (Managing Agents: McLeod & Co., Ltd.) for the year ended March 31, 1953, discloses total capital outlay on Final Heads at Rs. 20,11,368 as against Rs. 20,08,635 at the close of the previous year, the increase of Rs. 2,733 being due to construction of staff quarters. Capital subscribed amounts to 17,80,000 and 3½ per cent, Debenture Capital Rs. 3,50,000 and Gross Capital Outlay inclusive of Suspense Heads at Rs. 21,55,800; the balance being met by loans from the Reserve Fund and from Revenue Reserve Fund to repay the 3½ per cent Debentures of the same amount due for redemption on March 31, 1953.

Gross earnings during the year were at Rs. 5,82,634 and working expenses Rs. 4,66,244. Net earnings amounting to Rs. 1,16,390 were carried to Net Reserve Account. Under this account, after including share transfer fees and allowing Debenture interest and other charges and also moiety of interest over 5 per cent payable to the Central Government in terms of the contract, and reserving Rs. 44,678 for taxation. The surplus of Rs. 54,259 is recommended to be distributed as dividend, at the rate of Rs. 4 per share (less Income Tax) absorbing Rs. 52,510. The balance of Rs. 1,749 held in suspense, is to be transferred to Reserve. A total of 956,517 passengers and 503,938 maunds of goods were carried during the year, as against 921,953 passengers and 503,076 maunds of goods in the previous year.

The working results of the Company are tabulated below:

Year ended March 31	1951	1952	1953
Capital Outlay (Rs.)	20,08,445	20,08,635	20,11,368
Gross Earnings (Rs.)	4,86,227	5,55,025	5,82,634
Earnings per mile (Rs.)	N.A.	5.63	5.80
Net earnings (Rs.)	-34,528†	33,520†	1,16,390
Amount received from Government (Rs.)	96,828	28,779	3,50,000*
Dividend (Rs.)	45,946	45,946	52,510
Carried Forward (Rs.)	..	..	..
Mileage run (miles)	N.A.	98,643	1,00,534

† Moiety of surplus paid to Government.

* Loan granted by Central Government from Revenue Reserve Fund.

SAUGOR ELECTRICITY SUPPLY CO., LTD.

The Directors' Report for the Saugor Electricity Co., Ltd. (Managing Agents: Martin Burn Ltd.), for the half-year ended December 31, 1953, discloses what the Directors describe as satisfactory working in the half-year under review. The results of the last three half-years are tabulated below:

Half-year ended	Units sold	Revenue (Rs.)
December 31, 1952	586,692	1,91,828
June 30, 1953	841,013	2,06,359
December 31, 1953	591,616	1,96,763

After complying with the provisions of the Electricity (Supply) Act, 1948 and making adequate provision for liabilities and setting aside Rs. 5,000 to development and extensions account, there remains a balance of Rs. 9,993-0-1, including Rs. 2,514-14-5 brought forward from the previous half-year available for distribution. The Directors recommend payment of a dividend at the rate of 5 per cent per annum free of Income Tax absorbing Rs. 7,500, and the sum of Rs. 2,493-0-1 to be carried forward to the next half-year. Rs. 8,584-13 were allocated towards Depreciation; Rs. 9,000 to-

wards Deferred Income Tax Liability and Rs. 1,600 towards Statutory Contingencies Reserve.

The working results of the Company are set out in the table below:

Half-year ended	Dec. 1952	June 1953	Dec. 1953
	Rs.	Rs.	Rs.
Profit	27,258	35,657	36,788
Depreciation	7,857	8,564	8,565
Reserve Fund	11,406	20,327	1,600*
Dividend	7,500	7,500	7,500
Carried Forward	3,249	2,515	2,493

* Towards Statutory Contingencies Reserve.

THE FORT WILLIAM JUTE CO., LTD.

The Audited Accounts of The Fort William Jute Co., Ltd. (Managing Agents: Bangur Brothers Ltd.) for the half-year ended March 31, 1953, show a Profit of Rs. 6,79,022-10-7; the previous balance of Rs. 2,911-9-6 brings the net credit to Rs. 6,81,934-4-1. Of this amount the Directors have recommended that the sum of Rs. 5,00,000 be transferred to General Reserve Account, the sum of Rs. 35,000 to be paid as dividend at 7 per cent on 10,000 Cumulative Preference Shares for the half-year ended 31-3-54 at Rs. 3-8 per share and Rs. 1,40,000 as dividend on 14,000 Ordinary Shares for the half-year ended 31-3-54 at Rs. 10 per share. The sum of Rs. 6,934-4-1 is proposed to be carried forward. Rs. 2,03,971 were allocated to Depreciation. Rs. 91,612-6-6 were paid as Interest.

The working results of the last three half-years are summarised in the table below:

Half-year ended	March 1953	Sept. 1953	March 1954
Amount set aside for reserves (Rs.)	..	1,00,000	5,00,000
Profit for half-year (Rs.)	2,77,092	9,95,437	6,79,023†
Depreciation (Rs.)	..	1,83,925	2,03,971
Dividend on preference shares (Rs.)	..	1,40,000*	35,000
Dividend on ordinary shares (Rs.)	..	70,000	1,40,000
Balance carried forward (Rs.)	-4,98,601	2,912	6,934

* Dividend for four half-years.

† After providing for depreciation.

In accordance with the Working Time Agreement of the I.J.M.A., the Mills worked 42½ hours per week with 12½ per cent of the total looms sealed throughout the period under report.

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COMPANY MEETING

SHREE DIGVIJAY CEMENT COMPANY, LIMITED.

Speech delivered by the Chairman, Shri B. D. Somani, at the Ninth Annual General Meeting of the Shareholders of the Company, at Sika, Saurashtra.

Gentlemen,

I have great pleasure in placing before you for adoption the Company's audited Balance Sheet and the Profit and Loss Account for the year ended 31st December 1953. These have been in your hands for some time now and I would, therefore, with your consent take the same as read.

As you must have observed, our production and despatches of cement have been progressively going up ever since the factory started production in the year 1949 with the exception of the year 1951 when we had labour trouble as well as other difficulties. The production in the last five years have been:

1949	..	53,692 tons
1950	..	1,10,088 "
1951	..	99,253 "
1952	..	1,20,243 "
1953	..	1,55,382 "

The drastic cut in the prices of cement which was effected at the end of 1952 continued throughout the period under review. The results obtained for the period could not have been possible but for the benefit resulting from the partial operation of the extension plant. I have no doubt that the working results shown under the circumstances will be regarded as fully satisfactory.

As regards the future prospects, the Company's extension plant has been fully in operation since November last. Moreover, the Government of India have given a modest increase of Rs. 4/8/- per ton effective from 8th February, 1954, and I am confident that barring anything unforeseen the results for the current year should be better.

RECOMMENDATIONS

It will be quite appropriate on the occasion to make a few observations on the recommendations of the Tariff Commission with regard to the price of cement and the Government's decision thereon.

The Tariff Commission submitted its recommendations long ago, but it was not until early February this year that the Government eventually announced their decisions thereon.

It is regrettable in this connection to find that the Government were unable to accept the well-considered recommendations of the Tariff Commission which were made after an elaborate and thorough enquiry and survey of the various aspects of the Industry's working.

It is certainly not conducive to the growth and development of the important industries when recommendations, made after such a scientific and thorough scrutiny by a high-powered body consisting of well known experts nominated by Government themselves, are ignored. There cannot be the slightest justification for turning down the recommendations of the Tariff

Commission to raise the return of Gross Block from 8 per cent to 10 per cent, which is subject to taxation, managing agency commission and bonus to labour.

It will be interesting here to mention what return the Cement Industry in the high industrialised countries of the world like Japan and U.K. are paying to their shareholders. According to a survey of the Cement Industry by the Tokyo Securities Exchange (the leading Stock Exchange of Japan), the average dividend paid on the paid-up capital by five of the principal Cement Companies was 39.5 per cent, compared with 13.4 per cent for Banks and Insurance Companies, 30.6 per cent, for Mining Companies and an overall average of 24.3 per cent for 481 listed companies which declared dividends for the first term of 1952.

Similarly cement Industry in countries like U.K. has paid handsome dividends to the shareholders ranging from 20 to 30 per cent. No further comments are necessary to how far our own Government is justified in enforcing a price which leaves only 4 per cent nett return to the industry. In view of the enormous need to expand the cement output, the Government should take a more realistic and practical view of allowing a reasonable return to the industry, the prices of whose manufactured goods are controlled in the public interest.

INCREASE IN OUTPUT

The production of cement has been rising continuously ever since 1948. The output which was about 1.5 million tons in 1948 has shown a most remarkable increase year by year and is expected to exceed the target of 4 million tons during the current year.

The demand also has been increasing tremendously and in spite of such a substantial rise in production the Industry is still not able to fulfil the total demand both of the Government as well as the public.

The per capita consumption of cement in this country is still so low and the potential demand of the Government for the growing and expanding needs of various development projects is so great that demand for this vital commodity is bound to increase. The basic needs of the people are food, clothing and shelter. Our Government and the Textile Industry have been able to solve the first two problems and it is natural, therefore, to expect that more provision in the Second Five-Year Plan will be made for increasing housing facilities.

It is, however, gratifying to note that the various established units of the industry have still further ambitious plans for expansion and it is expected that the industry will continue to expand its output to meet the growing demands of the country for this vital material.

The Cement Industry has played a very significant role in building our national economy and its future contribution to the building of a New India will doubt be even more significant. It is in the context of playing such a vital role in the implementation of the historical development programme of the country

at the industry can look forward to a sympathetic appreciation of its difficulties and requirements of rehabilitation and expansion from the Government.

CENTIVE

While the Government have liberalised the depreciation allowances for new industrial units. I should like to draw the attention of the Government and of the Taxation Enquiry Commission to some technical error in the wording of the Section 15(C) of the Indian Income Tax Act enacted in 1949 with the object to encourage the establishment of new industrial undertaking by exempting their profits from tax to the extent of 6 per cent on capital employed therein.

In order to give an incentive to investors corresponding taxation relief has been granted to the recipient of dividends under this Section. Since the profits to which this Section applies are computed in accordance with the provisions of Section 10, it appears that this relief is not available in the case of a Company which by reason of large unabsorbed depreciation, is not assessed to tax but declares dividend out of its book profits to the shareholders.

The relief under this Section is thus obtainable only when there are profits after deducting all depreciation allowances according to and as permitted by the provisions of the Indian Income Tax Act. It is obvious, therefore, that no Company and especially one operating under strict controlled selling prices is likely to have even a remote chance of making profits after allowing for full depreciation during the very short time limit of five years.

Since the Company has not reached the stage of substantial profits which are not liable to tax under this Section, the position of the recipients of dividends under these circumstances is rather anomalous. Indeed the literal interpretation of this Section may render the dividends that are being declared, liable for taxation in the hands of the shareholders whereas such would not be the case if the profits had been higher to the extent of 6 per cent of the Capital employed after deducting all depreciation allowances (including unabsorbed depreciation). Certainly this anomaly nullifies the intention of the Government to give necessary incentive to the investors in new industrial undertakings. The anomaly is so obvious that I should think that the Government should take no time in clarifying the issue so that the investors in new industrial undertakings may get necessary benefit according to the intentions of the Government.

TRANSPORT

The question of adequate railway transport facilities still continue to cause us a lot of concern. There has, of course, been an improvement but the fact remains that the Railways are not in a position to fulfil even 50 per cent of our total requirements. Fortunately, we have got a sea route and with our own resources we have been able to keep the Company's plant working by utilising the sea route to the fullest of our resources both for the transport of raw materials as well as for cement.

However, the position is really very unsatisfactory. Urgent representations have been made to the Railway Board and I hope they should be able to bring the necessary improvement in this region so that at least the barest minimum needs of such a vital industry as Cement are adequately met by our Railway system.

I cannot do better than quote what our Minister for Commerce and Industry, Shri T. T. Krishnamachari,

himself said in this connection: "We must have a bold and comprehensive plan for developing all forms of transport in the light of our future needs. These must be assessed with foresight and imagination. In an underdeveloped country like ours, the needs for transport facilities develop in geometrical progression and not in arithmetical progression."

It cannot be, therefore, too strongly emphasised that the Government of India must find the fullest possible financial resources which the administrative machinery of the Railways can cope to rehabilitate and expand their activity. I hope this vital question of developing our Railway resources which affects not only our factory but the entire economic structure of the country should receive the topmost attention of the Planning Commission and the Central Government so that the industrial development, of which we have so many ambitious plans for the Second Five-Year Plan may not be impeded by transport bottleneck.

STAFF HOUSING

The Company has spent a substantial amount for providing sufficient housing for its staff and labour taking encouragement from Government's move to provide low cost housing. We have already completed 50 tenements and have a tentative programme to complete the remaining 100 tenements under the above scheme costing in all five lakhs of rupees.

In the end, I would like to pay compliments to all the employees and members of the staff of the Company for their unstinted co-operation and in all directions for the progress of the Company. I have no doubt that they will continue to do so in the future.

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COMPANY MEETING

THE NEW INDIA ASSURANCE COMPANY, LIMITED.

Mr. A. D. Shroff's Annual Review

"Perhaps the most outstanding development of the past twelve months is the remarkable recovery experienced by the Sterling area", observed Mr. A. D. Shroff presiding over the 35th Annual General Meeting of the New India Assurance Company, Limited in Bombay. It seemed to him that unless a major political catastrophe overtook the world, the convertibility of the Sterling would soon be achieved, particularly if the recommendations of the Randall Commission for liberalising the trade policies of the United States were implemented.

The American economy which exercised a far-reaching influence on the economies of the whole world, was under the shadow of an impending recession, during the past year, and it was feared by some economists that this would lead to a world-wide depression; but whilst there was a slight recession in certain sectors of American economy, the latest trends were reassuring.

FINANCE FOR PRIVATE SECTOR

Turning to Indian Economy, which was now completely dominated by the Five-Year Plan, Mr. Shroff said: "The success of the Plan is not to be measured merely by the extent to which targets have been achieved but by the widespread awakening it has caused of the imperative need for a rapid development of the country, and the enthusiasm it has generated". He admitted the pace of progress had been below expectation especially in the private sector, principally due to lack of finance and expressed the hope that the recommendations of the Reserve Bank Committee on Finance for the Private Sector would receive prompt consideration.

TAXATION OF LIFE INSURANCE COMPANIES

Mr. Shroff dwelt at length on the present unsatisfactory basis of taxation of Life Insurance Companies and entered a strong plea to the Taxation Inquiry Commission and to Government to re-examine the whole question in the light of his detailed recommendations.

He recommended that the present limit of exemption from Income Tax prescribed under Section 15 of Income Tax Act, of 1/6th of the individual's income, subject to a maximum of Rs. 6,000 be stepped up to 1/4th of the individual's income, with a maximum of Rs. 10,000.

Secondly he urged that the rate of income-tax payable by a life assurance business should be, as near as possible, the average rate of income-tax paid by the life policyholders. "The ceiling to the rate of income-tax fixed for Life Companies is based on this principle. Having recognised this sound principle, it is only fair that the ceiling in the income-tax rate now fixed at 65.4 pies in the rupee should be substantially reduced so as to bring it in line with the average rate of tax payable by life policyholders".

TAXATION OF GENERAL INSURERS

Referring next to the taxation of General Insurance Companies, he pleaded that these should be treated differently from ordinary commercial concerns, because they had to build up adequate reserves to meet extraordinary and catastrophic losses, and submitted that the present allowances of 50 per cent of Fire and Miscellaneous premiums and 100 per cent of Marine premiums were inadequate.

He then proceeded to give a detailed account of the Income Tax Law in Japan as applicable to Insurance Companies and showed how the progressive and sympathetic policies of their Government enabled Japanese general insurers to build up a strong position for themselves both at home and abroad. Mr. Shroff also appealed for concessional treatment in taxing profits earned by foreign branches of Indian General Insurers.

LIFE PREMIUM RATES

Turning to the recent controversy over the reduc-

tion in Life premium rates, Mr. Shroff stressed that one of the biggest deterrents to the development of life insurance in the country was the prevailing high cost of life insurance, and that it was the urgent need of the day, to make life insurance as cheap as possible consistent with security and soundness. He explained that the basis on which the current premium rates were calculated were getting divorced from realities, in respect of mortality, interest and expenses. "We therefore came to the conclusion that it was possible for us to effect a substantial reduction in the premium rates without in any way diminishing the security offered to the policyholders".

HULL INSURANCE

Referring to Hull insurance, Mr. Shroff revealed that after prolonged discussions between the Government, the Shipping Industry and the Insurance Industry, the Government of India had stood by their decision that as far as possible and on equal terms, Indian Ship-owners should place the insurance on their fleets with Indian Insurers. He said there was no justification for the shipping interests to entertain any doubts about the ability of Indian Insurance Companies to handle this business.

REVIEW OF COMPANY'S WORKING

Reviewing the results of the Company's operations during 1953, Mr. Shroff said it was pleasing to find the total premiums earned by the Company in the General and Life Departments reaching a new high level of Rs. 8.64 crores against Rs. 8.10 crores earned in 1952. Out of this, the premium income of the General Department was Rs. 3.90 crores, and the profits at Rs. 48 lakhs were 12.4 per cent of the premiums.

Fire premiums totalled Rs. 2.33 crores showing a modest increase of Rs. 4 lakhs over 1952. After bringing interest into account, the Department returned a profit of Rs. 29.6 lakhs, equal to 12.7 per cent of the premiums. Premiums in the Miscellaneous Department amounted to Rs. 72.34 lakhs, registering an increase of Rs. 6.82 lakhs over last year. After taking credit for interest, the Department showed a profit of Rs. 14.76 lakhs, or 20.4 per cent of premium income. In the Marine Department, the premium income was Rs. 83.97 lakhs, a decrease of Rs. 7.18 lakhs compared to 1952. After taking credit for interest and providing a reserve on 100 per cent basis, the Department showed a profit of Rs. 1.34 lakhs.

PROGRESS OF LIFE DEPARTMENT

The progress of the Life Department, which completed 25 years' working in March this year, continued to be satisfactory. New Business written during the year totalled 57,479 policies assuring Rs. 19.19 crores. The premium income of the Department inclusive of consideration for Annuities amounted to Rs. 4.74 crores, as against Rs. 4.24 crores in 1952; and the interest income after deducting income-tax was Rs. 68.4 lakhs. The Life Fund had now reached Rs. 20.46 crores. The overall result of the year's working was reflected in a strengthening of the Company's financial resources by Rs. 3.36 crores which now totalled Rs. 26.64 crores. From the year's profits, after making adequate provisions for Reserve for Taxation, General Reserve and Dividend Equalisation Reserve, the Board recommended the payment of an income-tax free dividend of Rs. 2 per share.

During the year under review the Company had taken over the Life assurance business of the Kaiser-I-Hind Insurance Co., Ltd.; the latter's participating policyholders would be entitled to the same bonus as New India's policyholders, with effect from 1st January, 1954. The Company established 5 new branches and 11 new agencies in overseas territories during the year.

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49	382.9	444.8	327.3	348.1	525.2	376.2	..	..	..	..
1949-50	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53	357.4	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54	384.4	467.4	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
August 1953	407.0	488.7	364.7	370.8	706.0	410.4	90.3	100.7	87.0	92.6
September	399.0	475.3	363.8	364.4	717.4	403.8	90.3	101.3	87.1	91.6
October	385.6	448.0	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November	378.0	441.4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
April	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May	366.2	464.9	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0
Week Ending										
15-5-1954	470.3	462.2*	362.4	380.0	690.4	396.8*	90.1	100.9	88.1	103.6
22-5-1954	360.8*	462.6*	362.1	379.4*	687.1	393.2*	90.1	100.9	88.0	103.5
29-5-1954	357.2	455.4	359.7	379.6	683.2	390.4	90.1	101.0	88.1	104.3
5-6-1954	348.1	451.3*	356.9	378.4	645.5	385.0*	90.1	100.9	88.2	104.9
12-5-1954	345.4	442.6	354.9	378.7	646.3	382.4	90.2	100.9	88.5	106.2

†Economic Adviser's Series.

*Average of weeks.

††Reserve Bank Series.

*Revised.

WORKING CLASS COST OF LIVING (August 1939=100)

Period	Bombay		Delhi		Bengal	U. P.	Central Provinces		Madras	E. P.	Bihar	All India†
	Bombay	Bombay June 1934=100	Ahmedabad July 1934=100	Delhi†	Calcutta	Kanpur	Nagpur	Jubbulpore†	Madras June 1936=100	Ludhiana†	Jamshedpur†	
1939 (Aug.-Dec.)	103	—	—	—	—	196	104	—	106	—	—	—
1948	248	303	243	132	339	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	340	434	372	153	325	165	145	138
1951	314	330	261	142	370	451	391	168	334	167	160	144
1952	321	337	250	143	351	441	380	150	330	151	154	144
1953	346	363	275	140	349	453	387	147	351	147	156	145
1953 May	346	363	275	139	345	441	391	155	356	146	152	145
June	353	371	282	140	363	453	393	159	360	148	156	150
July	355	373	288	142	375	465	394	160	355	148	158	152
August	358	376	285	144	373	469	397	157	352	149	160	152
September	353	371	283	145	366	464	391	154	351	150	163	150
October	350	368	282	144	349	457	389	153	352	150	162	147
November	344	361	280	144	339	453	385	148	353	149	155	144
December	342	359	268	140	329	438	380	146	350	149	145	141
1954 January	346	363	269	139	325	442	377	144	353	151	142	142
February	331	348	257	139	316	432	—	143	353	151	141	—
March	332	349	257	138	319	416	—	—	345	150	—	—
April	—	355	255	141	—	426	—	—	—	—	—	—
May	—	—	—	—	—	—	—	—	—	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED											
	26-6-1954			19-6-1954			12-6-1954			5-6-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola)	83-14	83-6	84-13	84-15	83-0	83-14	87-4	84-1	85-10	88-2	86-6	87-7
Silver (per 100 fine tolas)	150-10	147-15	149-12	150-2	148-2	151-0	158-4	154-7	156-13	160-6	157-14	159-4

By 2, 1954.

THE EASTERN ECONOMIST

33

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupce Coin	Rupce Securities	Total Assets
1938-39*	182,36	28,28	210,64	44,42	36,95	111,37	52.91	67.11	32,16	210,64
1947-48*	1,227,82	47,12	1,274,95	44,42	1,135,32	1,179,74	92.53	32,36	62,84	1,274,95
1948-49*	1,231,84	22,02	1,253,86	42,49	907,47	949,96	75.43	42,96	265,62a	1,253,86
	(5,58)	(—)	(5,58)					(90)		(5,58)
1949-50*	1,125,94	24,00	1,152,94	40,02	647,04	687,06	59.59	50,53	415,36	1,152,94
1950-51*	1,163,21	17,19	1,180,40	40,02	624,70	664,72	56.31	57,21	458,47	1,180,40
1951-52*	1,189,34	27,78	1,217,62	40,02	625,27	665,29	54.64	63,98	488,36	1,217,62
1952-53*	1,114,84	27,87	1,142,72	40,02	564,40	604,40	52.89	80,22	458,08	1,142,72
Average of Fridays September 1953	1,084,45	31,89	1,116,34	40,02	558,15	598,17	53.58	95,01	423,16	1,116,34
October	1,083,47	32,94	1,116,42	40,02	558,15	598,17	53.58	96,83	421,42	1,116,42
November	1,104,00	22,16	1,126,16	40,02	568,15	608,17	54.00	96,00	421,39	1,126,16
December	1,121,08	12,28	1,133,35	40,02	575,65	615,67	54.32	96,30	421,38	1,133,35
January 1954	1,151,24	15,34	1,166,58	40,02	610,15	650,17	55.73	95,03	421,38	1,166,58
February	1,174,68	16,15	1,190,83	40,02	635,65	675,67	56.74	93,80	421,35	1,190,83
March	1,190,15	12,48	1,202,63	40,02	648,15	688,17	57.22	93,12	421,34	1,202,63
April	1,220,38	13,08	1,233,33	40,02	674,15	714,17	57.90	97,81	421,34	1,233,33
May	1,220,27	25,62	1,245,89	40,02	688,15	728,17	58.45	96,40	421,22	1,245,89
Week Ending										
14-5-1954	1,228,83	16,76	1,245,58	40,02	688,15	728,17	58.46	96,19	421,22	1,245,58
21-5-1954	1,215,56	30,31	1,245,86	40,02	688,15	728,17	58.45	96,47	421,22	1,245,86
28-5-1954	1,202,92	43,28	1,246,21	40,02	688,15	728,17	58.43	96,81	421,22	1,246,21
4-6-1954	1,211,54	33,90	1,245,44	40,02	688,15	728,17	58.47	96,05	421,22	1,245,44
11-6-1954	1,208,60	36,71	1,245,32	40,02	688,15	728,17	58.47	95,93	421,22	1,245,32
18-6-1954	1,190,33	36,91	1,227,24	40,02	688,15	728,17	57.75	96,95	421,22	1,227,24

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS**	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14,90	..	16,19	75	31,84	1,28	43,12	28,38	1,53	4,21	1,72	2	6,36	90
1947-48*	866,79	16,93	102,47	34,21	1,010,40	14,55	1,024,95	47,24	2,62	406,95	1,57	21	91,53	485
1948-49*	222,17	6,62	80,58	56,52	365,29	15,33	380,62	22,12	4,28	307,78	1,71	3,34	75,06	414
	(14,33)	(3,04)								(1)				
1949-50*	141,19	23,12	67,00	64,39	295,69	16,76	312,45	24,12	4,30	280,91	3,35	8,39	96,54	4,34
1950-51*	148,60	17,71	62,22	62,29	290,82	18,14	308,97	17,31	3,04	107,70	2,37	6,77	70,72	5,06
1951-52*	181,30	15,93	58,68	69,22	325,15	18,62	343,77	27,92	6,31	187,14	5,00	19,42	95,10	11,91
1952-53*	136,40	7,79	52,89	61,93	258,02	23,69	281,71	28,03	6,64	133,56	2,85	19,03	89,77	12,83
Average of Fridays														
September 1953	132,38	19,68	50,33	57,21	259,59	12,94	272,53	32,09	2,88	143,09	8	11,43	86,76	6,20
October	116,59	26,25	54,67	57,36	254,88	16,74	271,62	33,14	1,90	143,44	5	11,25	85,29	6,55
November	98,60	27,90	57,14	57,14	240,77	17,72	258,50	22,40	3,74	141,08	73	11,48	82,44	6,93
December	99,75	22,33	52,81	57,44	229,82	20,19	250,01	12,46	8,83	141,01	1,41	11,61	70,07	7,32
January 1954	10,382	20,24	41,98	58,29	224,33	22,07	256,41	15,57	16,49	121,22	1,02	20,14	74,15	7,82
February	80,53	21,74	40,14	61,95	213,36	22,49	235,85	16,37	12,76	105,10	75	31,19	71,29	8,41
March	80,90	42,08	40,44	42,99	206,41	24,92	231,32	12,72	10,46	99,86	1,12	30,88	68,70	8,64
April	64,51	30,52	42,16	45,21	182,41	27,95	210,36	13,35	12,48	78,55	1,21	40,01	65,17	8,08
May	93,14	20,81	43,30	46,10	203,15	28,47	231,62	25,91	10,11	85,23	1,12	57,84	71,92	9,51
T A T U L														
Week Ending														
14-5-1954	89,12	20,74	43,09	45,73	198,59	29,19	227,78	17,02	10,46	67,38	1,71	63,19	69,63	9,48
21-5-1954	97,59	20,11	44,96	46,94	209,60	28,70	238,30	30,62	9,96	65,30	1,05	56,23	75,70	9,46
28-5-1954	101,08	20,56	43,70	46,16	211,58	28,19	239,78	43,64	8,96	63,00	87	48,02	75,65	9,64
4-6-1954	103,89	19,54	40,10	45,66	209,19	28,57	237,76	34,13	9,10	62,35	1,47	45,56	85,43	9,71
11-6-1954	106,03	15,41	43,60	46,14	211,68	28,43	240,11	36,94	10,65	62,47	1,18	43,81	85,39	9,67
18-6-1954	115,37	18,80	44,17	41,84	220,18	28,29	248,46	36,27	9,89	78,54†	1,43	37,41	85,27	9,74

BUDGETARY POSITION OF PART A STATES ON REVENUE ACCOUNT

State and year	R E V E N U E								
	(In lakhs of rupees)								
	Income-tax	Land revenue	Sale tax	Excise including union excise duties	Stamps	Other tax revenue	Total tax revenue	Non-tax revenue*	Total revenue
ASSAM									
1951-52 (Accounts)	248	181	76	121	29	76	731	398	11,29
1952-53 (Accounts)	247	204	81	186	30	75	823	605	14,28
1953-54 (Revised)	225	210	96	176	31	80	818	622	14,40
1954-55 (Budget)	201	214	72	166	31	81	765	677	14,42
BIHAR									
1951-52 (Accounts)	710	145	409	519	224	142	21,49	12,81	34,30
1952-53 (Accounts)	645	238	371	675	237	174	23,40	12,82	36,22
1953-54 (Revised)	638	319	372	664	213	189	23,95	12,65	36,60
1954-55 (Budget)	602	393	272	673	207	190	23,37	874	32,11
BOMBAY									
1951-52 (Accounts)	10,99	614	1,188	92	414	10,48	44,55	18,15	62,70
1952-53 (Accounts)	10,67	600	1,064	277	387	973	43,68	18,82	62,50
1953-54 (Revised)	10,76	712	1,511	269	406	11,82	51,56	18,91	70,47
1954-55 (Budget)	10,22	740	1,661	248	412	11,93	52,76	19,62	72,38
MADHYA PRADESH									
1951-52 (Accounts)	314	439	232	256	107	147	14,95	865	23,60
1952-53 (Accounts)	319	516	214	362	107	154	16,72	749	24,15
1953-54 (Revised)	318	527	195	345	114	157	16,56	917	23,73
1954-55 (Budget)	312	558	195	349	114	158	16,86	11,97	28,83
MADRAS									
1951-52 (Accounts)	915	657	15,59	41	454	863	44,89	14,54	59,43
1952-53 (Accounts)	942	600	13,23	338	452	906	45,59	12,83	58,42
1953-54 (Budget)	895	736	14,00	332	548	10,08	49,19	16,56	65,75
1953-54 (Revised second half-year)	307	313	490	93	130	350	16,83	834	25,17
1954-55 (Budget)	558	471	950	200	300	684	31,63	12,97	44,60
ANDHRA									
1953-54 (Second half-year revised)	168	263	160	53	85	135	864	331	11,95
1954-55 (Budget)	324	335	315	111	187	280	15,52	551	21,03
ORISSA									
1951-52 (Accounts)	170	103	111	200	69	44	697	499	11,96
1952-53 (Accounts)	214	114	112	255	76	44	815	447	12,62
1953-54 (Revised)	217	144	110	237	79	45	832	415	12,47
1954-55 (Budget)	210	140	130	225	79	47	831	581	14,12
PUNJAB									
1951-52 (Accounts)	288	198	168	278	59	106	10,97	720	18,11
1952-53 (Accounts)	206	191	171	294	62	170	10,94	780	18,74
1953-54 (Revised)	208	211	188	290	61	215	11,73	798	19,71
1954-55 (Budget)	202	222	214	299	63	211	12,11	10,08	22,19
UTTAR PRADESH									
1951-52 (Accounts)	10,42	758	480	632	234	527	36,73	18,83	55,56
1952-53 (Accounts)	10,27	11,61	446	917	248	523	43,22	21,61	64,83
1953-54 (Revised)	10,21	18,92	505	847	265	645	51,75	21,79	73,54
1954-55 (Budget)	972	19,22	525	855	268	659	52,01	25,15	77,16
WEST BENGAL									
1951-52 (Accounts)	770	210	562	672	293	528	30,35	824	38,59
1952-53 (Accounts)	747	205	526	702	285	561	30,26	720	37,46
1953-54 (Revised)	755	213	480	632	273	562	29,15	967	38,82
1954-55 (Budget)	730	215	460	630	273	563	28,71	11,22	39,93
TOTAL									
1951-52 (Accounts)	55,56	33,05	47,85	28,11	18,83	34,81	218,21	97,39	315,60
1952-53 (Accounts)	54,14	38,29	43,08	40,04	18,84	35,80	230,19	99,03	329,22
1953-54 (Revised) ||	53,53	49,64	48,57	37,92	19,90	40,83	250,39	107,10	357,49
1954-55 (Budget)	51,33	52,10	47,94	37,56	19,34	40,66	248,93	117,84	366,77

* Includes Grants-in-aid, Extraordinary Receipts, Superannuation, Transfers from Revenue Reserve Funds etc.

†† Revenue and Expenditure include gross receipts from and Expenditure on State Transport Services.

|| As revised figures for Madras for 1953-54 are not available budget figures are taken into account.

BUDGETARY POSITION OF PART A STATES ON REVENUE ACCOUNT
EXPENDITURE

State and year	(In lakhs of rupees)						
	Direct demands on revenue	Debt Services†	Civil administration†	Civil works	Developmental expenditure other than works||	Total expenditure	Surplus (+) or deficit (—)
ASSAM							
1951-52 (Accounts)	97	9	232	204	358	10,93	+36
1952-53 (Accounts)	105	7	224	312	395	12,58	+170
1953-54 (Revised)	116	11	243	399	503	14,03	—53
1954-55 (Budget)	124	15	266	445	624	16,70	—228
BIHAR							
1951-52 (Accounts)	176	—9	894	650	12,84	32,82	+148
1952-53 (Accounts)	231	—13	806	510	10,60	28,25	+797
1953-54 (Revised)	341	69	862	498	15,41	35,36	+124
1954-55 (Budget)	384	96	864	774	16,20	39,73	—762
BOMBAY							
1951-52 (Accounts)	543	188	20,07	300	25,78	62,58	+12
1952-53 (Accounts)	644	163	20,18	451	20,86	68,44	—594
1953-54 (Revised)	763	232	20,37	436	28,73	72,06	—159
1954-55 (Budget)	795	351	19,26	462	29,88	72,19	+198
MADHYA PRADESH							
1951-52 (Accounts)	247	41	508	244	600	18,22	+538
1952-53 (Accounts)	252	82	520	291	606	19,50	+465
1953-54 (Revised)	273	82	557	331	10,11	25,21	+52
1954-55 (Budget)	611	94	583	399	10,78	30,68	—185
MADRAS							
1951-52 (Accounts)	594	—86††	17,93	763	29,34	64,44	—501
1952-53 (Accounts)	597	—109††	17,68	934	32,10	68,40	—998
1953-54 (Budget)	614	—88††	17,23	602	33,49	65,75	—
1953-54 (Second half-year revised)	199	—50††	594	229	12,79	24,40	+77
1954-55 (Budget)	418	—92††	11,67	376	24,06	45,18	—58**
ANDHRA							
1953-54 (Second half-year revised)	115	—46††	310	143	662	12,92	—97
1954-55 (Budget)	233	—73††	649	254	12,30	24,02	—299
ORISSA							
1951-52 (Accounts)	85	34	303	174	433	10,86	+110
1952-53 (Accounts)	109	24	305	164	481	11,52	+110
1953-54 (Revised)	190	28	350	201	607	14,87	—220
1954-55 (Budget)	199	18	370	172	619	14,86	—74
PUNJAB							
1951-52 (Accounts)	147	58	511	139	545	16,45††	+172
1952-53 (Accounts)	168	30	529	187	537	16,90††	+184
1953-54 (Revised)	210	61	531	172	666	19,55††	+16
1954-55 (Budget)	243	52	530	296	784	23,14††	—968
UTTAR PRADESH							
1951-52 (Accounts)	547	142	14,95	321	19,49	55,50††	+6
1952-53 (Accounts)	558	215	16,10	420	21,13	64,83††	—
1953-54 (Revised)	633	176	16,66	378	24,14	73,54††	—
1954-55 (Budget)	816	696	16,14	498	27,70	81,07††	—391
WEST BENGAL							
1951-52 (Accounts)	189	18	10,44	402	12,51	37,31	+128
1952-53 (Accounts)	183	39	10,57	430	13,80	38,94	—148
1953-54 (Revised)	224	58	11,04	488	20,63	50,57	—11,76
1954-55 (Budget)	316	123	11,50	618	20,89	53,31	—13,38
TOTAL							
1951-52 (Accounts)	26,25	395	87,87	31,97	119,32	309,11	+649
1952-53 (Accounts)	28,47	438	88,37	36,49	126,68	329,36	—14
1953-54 (Revised)	33,64	629	90,43	35,05	151,27	371,64	—14,15
1954-55 (Budget)	41,39	12,80	91,19	42,94	162,08	400,88	—34,11

|| Including Scientific Departments, Education, Medical, and Public Health, Agriculture, Veterinary, Co-operation, Industries, Rural Development, Labour Welfare, Aviation, Electricity Schemes, Community Development Projects.

† Including appropriation for reduction or avoidance of debt.

†† Including General Administration, Administration of Justice, Jails and Convict settlements and Miscellaneous Departments.

‡ Net receipts from Commercial Departments have converted net repayments into net receipts.

§ As subsequently revised.

** Without taking credit for receipts from new tax proposals.

Source: Reserve Bank of India Bulletin.

SEA-BORNE TRADE OF INDIA

Composition of Trade

(Rs. in thousands)

	IMPORTS				EXPORTS (including re-exports)			
	March		12 months April-March		March		12 months April-March	
	1953	1954	1952-53	1953-54	1953	1954	1952-53	1953-54
I. Food, Drink & Tobacco								
Fish (excluding canned fish)	1,18	1,15	18,83	16,05	40,39	45,13	3,86,81	4,18,90
Fruits and Vegetables	1,34,02	1,04,06	9,30,93	9,89,13	1,79,05	84,54	16,72,13	13,96,28
Grain, Pulse and flour*	9,02,00	3,60	1,53,10,32	63,64,91	—	1,40	9	60
Liquors	15,41	13,50	1,62,27	1,53,81	98	94	5,71	5,12
Provisions & Oilman's stores	36,51	72,32	5,70,57	9,41,80	16,50	16,04	1,74,22	1,54,29
Spices	28,57	39,16	3,77,73	5,59,57	3,01,73	2,68,03	20,98,70	16,64,40
Sugar	2	—	11	1,57,40	9,64	37	4,39,58	11,32
Tea	40	5	10,12	9,49	7,30,97	3,91,06	80,19,87	101,56,54
Other Food and Drink	39	36	3,65	1,97	5,30	27	1,91,23	1,97,03
Tobacco	19,09	15,58	1,79,99	79,46	1,18,55	62,19	13,86,08	11,26,81
TOTAL, CLASS I	11,37,52	2,49,77	1,75,64,51	92,73,59	14,03,10	8,97,04	143,72,41	151,35,58
II. Raw Materials and Un-manufactured Articles								
Coal	5	—	20	—	22,16	27,30	7,59,46	4,13,53
Other non-metallic mining products, etc.	43,07	51,70	7,05,11	3,44,07	92,71	84,58	9,97,98	10,02,90
Fodder, Bran and Pollards	47	69	6,75	5,41	—	61	17	2,24
Gums, Resins and Lac	10,72	5,01	85,16	1,49,30	63,19	64,95	8,36,38	7,47,77
Hides and Skins, raw	2,76	5,43	18,53	36,22	44,82	63,55	5,69,32	6,08,24
Metallic ores and scrap iron	1,23	5,71	27,14	27,85	3,85,52	2,25,25	38,84,85	36,11,98
Oils of all kinds	5,08,78	10,56,94	81,91,37	92,31,24	1,49,15	37,99	25,13,71	6,14,33
Oil cakes of all kinds	—	—	—	—	90	47	2,11	8,10
Paper-making materials	16,96	5,80	93,25	108,95	90	8,54	35,92	44,41
Rubber, raw or crude	19	57	90,18	8,64	24	—	4,28	2,79
Seeds (including nuts for oils)	15,90	33,20	2,25,10	3,83,03	87,31	4,72,32	4,79,67	2,29,61
Tallow, Stearine and Wax	11,20	14,28	76,22	1,17,57	56	20	5,72	6,47
Cotton, raw and waste	4,07,98	7,53,87	76,67,15	52,70,79	1,69,62	2,12,01	28,96,36	19,28,25
Jute, raw	77	52	7,22	7,10	—	—	1	—
Silk, raw and waste	1,69	4,16	67,37	59,20	4,88	1,77	17,43	31,93
Wool, raw and cocoons	14,54	17,75	66,02	1,63,93	94,59	48,33	9,36,49	6,72,37
Other textile materials	2,74	73,78	1,00,12	4,30,34	12,24	15,38	1,54,68	1,15,04
Wood and Timber	14,55	25,40	2,25,12	2,06,13	15,74	22,39	1,19,14	1,23,23
Miscellaneous	11,55	22,42	2,64,38	4,13,10	75,49	74,08	6,31,39	6,74,67
TOTAL, CLASS II	10,65,15	20,77,30	1,79,16,40	169,54,91	12,20,12	9,35,32	148,35,07	1,08,49,47
III. Articles Wholly or Mainly Manufactured								
Apparel	5,52	2,85	48,52	38,64	28,94	24,63	3,74,43	3,20,58
Arms, Ammunition & Military Stores	16,32	7,81	3,21,27	1,99,09	20	5	4,30	79
Chemicals, Drugs and Medicines	1,78,94	2,24,34	24,87,95	25,78,40	23,74	28,74	4,28,98	4,56,46
Cutlery, Hardware etc.	1,24,85	1,34,29	14,26,76	15,01,04	22,76	26,68	2,70,85	2,81,28
Dyes and Colours	82,25	1,73,40	10,42,04	18,86,64	7,76	8,14	1,07,29	73,17
Electrical Goods and Apparatus	1,37,53	1,06,58	13,81,42	13,03,98	1,71	4,95	38,05	46,47
Furniture, Cabinetware, etc.	6,86	2,66	1,09,15	59,81	2,18	4,38	26,69	30,01
Glassware and Earthenware	13,18	15,06	1,71,97	1,70,90	2,80	1,97	27,04	28,84
Hides and skins, tanned or dressed, and Leather	2,42	2,03	18,71	29,65	2,03,11	2,95,86	20,35,13	24,84,42
Machinery of all kinds	7,38,08	7,00,83	87,88,87	85,84,46	4,93	10,63	1,18,...	1,11,35
Metals—Iron & steel & Manufactures thereof	1,40,17	1,93,58	23,71,23	23,56,61	8,88	12,92	1,47,38	24,47
Metals, other than Iron and Steel and Manufactures thereof	1,90,20	1,66,83	19,36,97	14,50,55	19,70	14,42	3,02,67	1,99,52
Paper, Pasteboard and Stationery	92,85	1,12,12	12,79,49	12,74,06	8,39	16,32	83,04	82,94
Rubber manufactures	5,09	5,24	53,35	47,63	10,78	15,65	1,42,41	1,73,96
Vehicles (Excl. locomotives)	3,02,94	2,48,70	30,49,26	23,69,61	8,83	11,63	81,51	1,46,76
Cotton yarns & manufactures	32,97	33,32	4,98,64	3,16,40	5,22,59	6,51,96	69,00,96	71,91,56
Jute yarns and	—	4	1,17	71	10,52,18	10,67,79	1,29,62,53	1,13,92,50
Silk yarns and	17	23	8,04	12,92	4,21	71	20,75	24,74
Woolen yarns and	63,42	68,62	6,71,63	9,89,41	42,01	36,85	3,28,09	4,35,64
Other yarns & textile fabrics	1,00,39	97,75	9,51,32	13,83,99	37,00	40,64	3,17,10	3,89,42
Miscellaneous	72,00	93,62	10,19,59	10,48,22	1,78,87	1,54,26	15,44,42	16,49,44
TOTAL, CLASS III	23,06,15	23,89,91	2,76,37,35	2,76,02,73	21,91,78	24,22,27	2,63,30,02	2,56,23,19
IV. Living Animals	10,41	1,42	22,67	14,77	6,05	6,12	50,46	48,17
V. Postal Articles and baggage not specified	25,69	29,53	3,61,55	3,36,82	23,89	34,07	3,63,70	3,95,51
GRAND TOTAL	45,50,79	47,51,93	6,35,48,78	542,29,16	48,44,95	42,94,82	5,59,51,64	5,20,51,92

* Excludes the value of certain special imports of food grains and stores, full particulars of which are not yet available.

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ONE RUPEE

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Bhakra—A Symbol of Endeavour

THE festive mood which marked the occasion of the formal opening of the Bhakra canal system by the Prime Minister on Thursday was an expression of the enthusiasm for building up a new India. It was an example of the human tendency, which according to Wordsworth "sets the budding rose above the rose full blown". There survive today many great monuments which the people of this country have erected in the course of their long history which are distinguished for their artistic elegance or engineering skill. They have helped to inspire us with a faith in India's past which can be a solid foundation on which to build our confidence for the future. And yet, what is now being built today appears a great departure. The resources and skill, Indian and foreign, are now being harnessed to the creation of works which, while not less impressive in

the grandeur of design and execution, have a more intimate relationship with the people whom they seek to benefit. The imposing Bhakra dam and the very long network of canals will probably evoke more exuberant emotions than the Taj, which is only a powerful reminder of a glorious past. Bhakra is a symbol of new India's endeavour for a more glorious future.

There are many features of excellence about the various aspects of the Bhakra-Nangal project which have secured mention in the last few days. The dam when completed in 1959 will be India's highest and the world's second highest dam. The work so far has been ahead of schedule and the cost kept well within estimates, which is unusual considering the shortcomings and delays faced in other irrigation and

multi-purpose projects. The opening of this canal system in the penultimate year of the Plan is, therefore, a significant achievement in development planning which had concentrated its attention on the expansion of irrigation. But the Bhakra-Nangal system is a multi-purpose project in a different sense also. The population served by the water and the power from the project has looked up to it also as a great healer of the wounds inflicted by the partition of the Punjab.

The 3,000 odd miles of canals are not only extensive; in a country where the lining of the Bikaner canals used not long ago to be regarded as departure and an achievement, the new canal system confirms the present-day faith in thus modernising the distributaries. The Nangal canal will be the biggest lined canal in the world; nevertheless, it has been completed with more than reasonable speed. That the construction has been ahead of schedule, resulting in the saving of a few crores of rupees, is the result of a new sense of urgency regarding multi-purpose river valley construction. The project has employed far and away the largest number of workers since it was begun in 1946; mercifully, it has been saved from the frustrations of official indecisions, but some credit is also due, and should be given, to the Punjab Government.

That the Bhakra dam will be the biggest of India's projects, with an estimated capital-at-charge of more than Rs. 150 crores in the early sixties, is not the only reason why on the completion of this the first stage in construction the country can look back with satisfaction on the record of the last few years. There are also other reasons. This is a project on which Indians and Americans have collaborated on a fairly large scale. The leading United States expert on high dams, Mr. Slocum, has been employed, for example, on altogether special terms and assigned initially to the Bhakra dam. Inter-State co-operation on a large scale has also been necessary but has been possible.

The Bhakra Control Board has been neither unpopular in some circles as the D.V.C. quite unfortunately became, nor has its work been impeded by tensions internally within the Board, as in the case of Hirakud. Above all other things, however, it is necessary to recall at this stage the fact that silently, but nevertheless effectively, those in charge have managed to meet Pakistan's unreasoning opposition, which if it had been taken at its face value, might have impeded the construction work of the last eight or nine years.

The issues in the controversy with Pakistan have been clouded by emotionalism. They have also been obscured by an attempt to establish the fact that when a unified canal system is divided and disrupted as an incident of partition, one party can and should be made to owe to the other the duty of making good the incidental loss. The dispute has in consequence dragged on in some form or the other since May, 1948, and the last, perhaps, has not been heard of it. India's earlier contention that the unused waters of the Indus basin are still considerable has, however, been justified in effect. Of the waters of Indus basin in India only 24 million acre feet were to be used under the seven-year plan for irrigation leaving about 30 million acre feet still unused; but a great deal has been happening in recent years and two canal systems are now becoming independent. A clear separation has now been agreed upon.

This does not, however, alter the fact that the authorities in charge of Bhakra have had to work all these years against a background of uncertainty—although that uncertainty might not have been great.

The credit which is due for their achievements to date is, therefore, all the greater. Working against the background of this pending dispute, the engineers have fulfilled one of their major promises, and irrigation water has been made available for kharif 1954. Unfortunately, work on the main dam itself has had to be postponed by one year; but even this postponement may not interfere with progress. It is unnecessary to abandon the hope that the main dam will be completed, as scheduled, by 1959; by and large, therefore, this is a project that has proceeded according to plan.

The benefits should begin to be evident in this year's kharif crops and can be expected to increase steadily every year for one or two decades to come. According to the latest schedules, the Gangwal power house is to be ready in August; and the Kotla power house is to be commissioned next year. Long-staple American cotton, power for Delhi, which has waited for it for so long, water for the dry district of Hissar, and dry and green fodder for Punjab's cattle, are among the direct and indirect advantages, which four States commanded by the project will soon be able to enjoy.

Not everything can be taken for granted, of course. In a sense, the extension of an irrigation system creates quite as many problems as it solves. There is the question of the betterment levy, for example. The Punjab, P.E.P.S.U., and Rajasthan have all passed the necessary legislation. But the administration of the law is likely to be taxing and the realisations may be slow. There is also the question of waterlogging. Lined canals will mitigate this evil to some extent. But the water being ultimately used up in a particular area, and not all of this area being as dry as Hissar, it is doubtful if it will be possible for us really to get away from this problem.

The power potential of the project is immense. Plans have been revised radically. But even so, the practical problems attendant on the use of the two power houses which are soon to go into commission—the erection of transmission lines and the starting of industries, for example—will over-tax the governments concerned, during a period when revenue from the project could hardly have begun to accrue.

Last, but most important, there is the question of silt control. It is not premature to start thinking of this at this stage. If the main dam is to be taken later on this year, it is surely time to start thinking of regulating the flow into the reservoir, and to plan on the one hand the construction of barrages, embankments, and collection pits in the catchment area of the river, so that the volume of silt may be reduced and on the other hand to provide for deep-set sluices and other measures so as to pass the silt into the river. The Bhakra dam is going to be our major irrigation project for some time to come. It has been built at relatively high cost, and, needless to say, at proportionately great sacrifice. The benefits which can be derived from it will be dependent on the maintenance of this live storage capacity. These protective measures intended to preserve the dam should, therefore, be taken earlier rather than later.

Although a promising beginning has been made, the Bhakra project has thus still to go a long way before it can fulfil all the expectations that have been raised. This is no time to concentrate on the difficulties, however, or to be too much concerned with them. If past experience is any guide, we can meet these as and when we come to them. One of the biggest projects in the world has been taken a stage further. It is sufficient for the present that India can be proud of this achievement.

No Pattern for Public Enterprise

THE recent public controversy over the affairs of the Damodar Valley Corporation, which has subsided for the moment, has forcefully illustrated the near-impossibility of apportioning responsibility in the administration of public enterprises by corporations. The demand for the autonomy of corporations has been insistent. But the prospect on the other hand of a Minister disclaiming responsibility for the affairs of a public corporation, except on questions of policy, is not pleasant. So long as the affairs of a public corporation run smoothly, there would be no room for serious misunderstanding; but such smooth functioning is not within the range of practical politics. Neither Parliament—in particular, the Estimates Committee—nor the citizen as tax-payer can acquiesce in any autonomy which enables a board or an administrator to be as independent in the administration of public undertakings as a private entrepreneur without liability to the losses and risks which a private owner has to face. This dilemma has not been peculiar to any one country and the attempt to discover a pattern of organisation which would retain the incentives to efficient operation under private management with public enterprise has not yet been successful. The United Nations Seminar held in Rangoon in March last was engaged in a similar quest for the perfect pattern, at least for the countries of this region. After a useful survey of many aspects of this problem of organisation, the conclusion of the experts proved a typical answer to this old question. "In the final analysis, however," says the Report, "each country must seek a solution compatible with its own government structure and local needs."

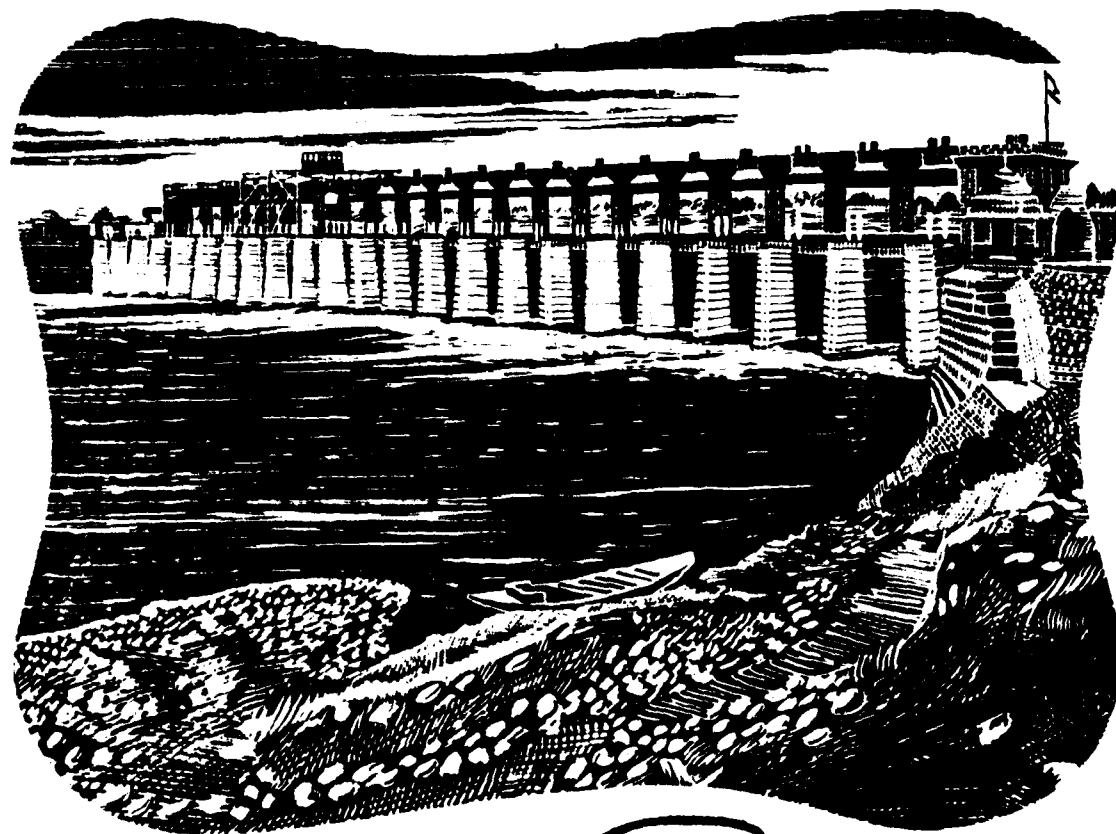
The problem of ensuring public accountability and consistency in public policy without impairing the financial and operating flexibility required for the successful conduct of a public enterprise still eludes solution. In the U.K. where the exiguous responsibility of the Minister for the day-to-day administration of corporations has not been too popular, the demand has been made for provision of better opportunities for close scrutiny. There is usually very little friction anywhere in cases where public undertakings directly managed by government departments like the postal or railway services or other public utilities are involved. Even though these services have provided a good apprenticeship in departmental administration, as in India, the extension of departmental activity to a risky or commercial type of business has not been too easy. At the same time, it is slowly being realised that in the relatively undeveloped countries of the world, the initiative for new development activity in various spheres is bound up more and more with the initiative of the governments in the initial stages.

The risk in all such areas is that any relaxation of the canons of public accountability which results in the miscarriage of schemes which the people are taught to prize greatly has unfortunate psychological consequences. If private enterprise is too weak to be able to stand up to the operations of public enterprises, as it is in many countries of South Asia outside India, considerable power could pass to the public corporations because of the effects of their decisions on the rest of the economy. This is summed up in the Report on the U.N. Seminar in the following meaningful passage. "Public corporations do not function in a political vacuum. Removal of so-called political pressures may mean, in fact, that significant political power is being placed in the hands of a small, unrepresentative, and often self-perpetuating group controlling the public corporation. Public corporations are created to serve a public purpose, and so-called business decisions made by them are likely to have important political repercussions."

Most governments start or take over public enterprises, because the prevailing political and social philosophy is Leftist or because there is lack of private enterprise coming forth or because bankrupt or uneconomic private concerns or public utilities have to be kept in operation in the national interest. In all these cases, the first need is for demonstrable efficiency in the working of such enterprises and the government becomes the residual legatee of all the reproach for inadequacies in operation. There is, therefore, a natural tendency for the Ministry concerned to acquire and utilise all powers of administrative intervention into the affairs of an enterprise, whether it is a public corporation like the D.V.C. or a mixed corporation like the Hindustan Shipyard and Steel Companies or cases of indirect control and regulation through a board or administrator. The practical economic problems relating to efficient working do not alter fundamentally merely because an enterprise is public. The difference often is that while in the public utilities, public operation may be possible regardless of commercial considerations, it cannot be so in other lines in which government has to function on business considerations in competition or co-ordination with private enterprise.

To a large extent, the discussion in Parliament of issues relating to matters lying within the discretion of the administrators of public enterprises or of their minor lapses or delays has an unhealthy effect both on the Minister who has to face them and the board or corporation concerned. Parliament has an obligation for observing the dividing line between departmentally managed enterprises and those for which a special organisation like a corporation or a private company has been found necessary to impart flexibility. Ministers cannot often convince Parliament that they have scrupulously observed the restraint which they actually claim to be exercising, when faced with awkward questions. The distinction between policy and administration has never been made clear and there is a world of difference between the Minister who is able to pick the members of the corporation or a board of management and one who does not deliberately set out to do so. Waste of public funds which is left unchecked or the incurring of losses where such losses are unexpected, can be politically disastrous to a Minister's career. The remedy should lie only in the development of checks and the growth of a tradition of prudent spending.

The experience in the running of State enterprises, even where satisfactory, has not been such as to commend nationalised enterprise as superior to private operation, except in specified spheres where the question of costs is regarded as subsidiary to the larger social purpose served by social ownership. Opinion may gain ground in due course that public operation is not often worth the political risks of failure. But in cases where such enterprises can be eventually transferred to private ownership, the costs of operation are often pushed to uneconomic levels because one of the inevitable consequences of public operation is to encourage social welfare measures which become a rigid element in relation to the production costs in comparable private undertakings. At the same time, it is possible to point out that many enterprises which are not remunerative on purely commercial considerations may have social value when they help to develop the economy and generate more activity. This social purpose may also be taken into consideration, especially when private enterprise has not been ready to undertake such ventures. There are more questions relating to public enterprises which have yet to be answered than the old battle between autonomy and ministerial interference, with the virtues assumed to be definitely one side or the other.



FOUNDATIONS OF Prosperity

The BHAKRA-NANGAL PROJECT is among the SYMBOLS of NEW INDIA — India which is developing rapidly under the Five-Year Plan.

Estimated to cost Rs. 156 Crores, the project, on its completion, will bring life-giving waters to the parched lands in the Punjab and the adjoining areas. Irrigation from the project will go towards increasing the food production of the country to a substantial extent. Hydro-electric power will be available for distribution to the Punjab, PEPSU, Rajasthan and Delhi.

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INVEST IN INDIA'S FUTURE

THE WEEK'S NOTES

GUATEMALA: MEANS AND ENDS

Mr. Dulles was quite frank in his radio address on the Guatemala situation last week. He declared that the Kremlin had been seeking footholds in the Western hemisphere all along and had finally chosen Guatemala in which to breed subversion—involving a direct challenge to the Monroe Doctrine of the United States pronounced in 1823. Declaring that ex-President Arbenz was manipulated by the leaders of Communism in the name of reform, Mr. Dulles emphasised that Guatemala was only sought as a base to extend Communist penetration to other peoples of other American governments. Guatemala voted against the Caracas declaration last March that "the domination or control of the political institutions of American States by the international Communist movement would constitute a threat to the sovereignty and political independence of the American States, endangering the peace of America." It was followed by a series of events involving import of arms and subversive activity in which the Foreign Minister of Guatemala is said to have connived openly with the Foreign Minister of the Soviet Union. Whatever the origin and development of the rebellion which ended in the overthrow of this pro-Communist Government of Guatemala, there is now satisfaction that a potential menace was nipped in the bud. In an area where such petty revolutions have been endemic, this particular one was nothing unusual.

Mr. Dulles incidentally stressed the question of preserving a balance between regionalism and internationalism on the question whether the Security Council or the Organisation of American States should have dealt with the matter. What Mr. Dulles called a "triumph" in the Security Council for such balance was regarded by others as by-passing the larger body, which is more universal in character. The abuse of the veto by the Soviet Union has compelled the United States and other Western Powers to seek alternative methods as suggested by the "Uniting for Peace" Resolution and a similar tactical resort to the O.A.S. to avoid the use of the veto may be understandable in this case also. But the doctrine that American States alone should deal with a problem of the Western hemisphere in the first instance in view of the importance of regionalism would involve that the same principle should be conceded for other regions, especially in Asia. Recent American policy has been responsible for excluding the participation of Asian countries in vital issues of political settlements in this area mainly because the independent countries have just emerged from colonial rule and have hardly had opportunity to organise themselves separately. This 'inconsistency' cannot escape notice in connection with the moves for S.E.A.T.O. in disregard of Asian opinion.

CONCILIATION IN KENYA?

The policy statement issued this week in Nairobi describes the objectives in all spheres of development in Kenya, as approved by the Council of Ministers established in April last. It makes a commendable declaration that the Government will not be deterred by the sedition of one section of the population from pushing on with schemes for the advancement of all loyal members of all races in Kenya. It has been said that the Asian community has been loyal on the whole and co-operated freely with the government. It is also estimated that four-fifths of the African population have rejected the Mau Mau. In the ultimate analysis these are people who have to be conciliated and it should not prove too difficult if they are convinced that through co-operation they will be able to achieve their aspirations. They have now been subdued by the fear

of force on one side and the terror from their own men on the other. It is hardly likely that the mere provision of a system of election of their own representatives in 1956 would give them a sense of participation.

Unfortunately the statement contains little that can capture the imagination of the African. All the generalities about improvement of land use and good husbandry will not seem tangible enough to obscure the eye-sore of reservation of the White Highlands for the Europeans. Some more assistance in the African areas is likely to be forthcoming, though even here there may be a tendency to be cheese-paring. "But the ability of the government to do more than it is now doing must depend on an early end to the emergency, followed by a period during which its exhausted financial reserves can be restored and it can build up the economic strength necessary to carry through these plans." The 18-point objectives of the Kenya Government on agriculture, education and housing may be good in themselves but if their object is not mere acquiescence in European rule but racial harmony, they are bound to be imperfect since they seek to protect existing rights of property. But in any case, if there is an end of the Mau Mau menace, the atmosphere can be cleared for a more objective discussion about the future needs of the Africans.

GERMAN REARMAMENT

While the urgency of securing a West German contribution to Western defence is being discussed in London, in the light of the Churchill-Eisenhower talks at Washington, the German Federal Chancellor's statement that a German national army is the only alternative to the E.D.C. has caused speculation over the possible nature of this rearmament. It is said that the French may never agree to ratify E.D.C. and that further delay in giving effect to the Bonn treaties would damage Western solidarity. The main objection to this view at the present time may arise from the fact that the French have already done something unexpected by choosing M. Mendes-France and the latter may find a way out if he is able to succeed on the question of Indo-China. The French Premier is reported to have instituted a discussion on the pros and cons of the E.D.C. among its partisans and opponents. If a compromise is to be reached, possibly with some definite guarantees about British participation, the prospects for French ratification are likely to be better than at present.

It is considered that a solution must be sought, if French delay continues, through the direct association of Western Germany in NATO to enable the building up of a German army as part of the Atlantic Defensive Alliance. Dr. Adenauer did not directly suggest this because it would create ill-will in France; but his major concern was only the defence of Germany. This statement follows the failure at Berlin six months ago to persuade the Soviet Union to agree to a German settlement. There has been no fundamental change in the position; but the German people are quite realistic about the dangers to their security and would not like to delay their contribution to their own defence, within a European defence system. Outside France, there is a consensus of opinion that in the long run German rearmament would be inevitable and that it would be better to have it integrated to a European system even now than let the Germans rearm in spite of France. Once the main problem of Indo-China is put out of the way, there may be sufficient readiness among the French to play a full part in the E.D.C. joining it.

REVELATIONS ABOUT RUSSIAN ESPIONAGE

The inside story of the Russian espionage system revealed by Vladimir Petrov before the Australian Royal Commission is becoming more vivid. On July 1, M. Petrov outlined the set-up of the secret service. On July 2 he gave details of the service in action as he knew and practised it himself in Australia. He told the Commission how his first assignment in Australia had been to mix with Latvian immigrants and plant agents among people newly arrived in Australia. The agents posed as anti-Communists. He related the case of the captain of the Russian ship 'Dmitry Donskoy', which visited Australia in 1950. The ship's captain had committed three unpardonable offences: he had given an unauthorised interview to an Australian journalist, met the Australian people socially, and gone uninvited to Canberra to see the Russian Ambassador. The agents among the captain's crew had given this information. As a result, the captain was dismissed and recalled to Moscow. M. Petrov said the Russian secret service had its own courts which met in secret and could pronounce the death penalty. Their decisions were not announced. In the course of his evidence he referred frequently to the Committee of Information on Foreign Affairs, known as "K-1", which had wide control over Russian espionage. He said that this committee had formerly been under the control of the Russian Foreign Ministry and had had M. Molotov himself as its head. More recently, the chief of K-1 had been M. Ignatyev, who had been dismissed at the time of the "doctors' plot" scandal.

First-hand evidence on the activities of the MVD in Russia has come from another source. Lieut.-Colonel G. S. Burlitsky, formerly of the MVD, who has sought asylum with the American authorities in Germany, has told the U.S. House of Representatives Committee at Munich of the scenes he personally witnessed when the entire population of the Chechen-Ingush Republic—Moslems long established in the Caucasus—numbering more than half-a-million, was deported to Central Asia in February 1944. He said the people of Chechen-Ingush had been suspected of having been too friendly to the Germans during the occupation. Accordingly, MVD forces were brought into the territory under the guise of Red Army units. Then, on February 22, a grand fete in celebration of Soviet victories was organised, attendance being compulsory. Suddenly the jubilation was cut short by an announcement by an MVD officer that it had been decided to deport the whole population.

All the inhabitants, including local Communist leaders, were arrested, pushed into trains and carried off to an unknown destination in Central Asia. It is known that some 50 per cent died of cold, starvation, or disease en route. Over two years later, on June 26, 1946, a decree of the Supreme Soviet laconically announced the abolition of the Chechen-Ingush autonomous Republic and "resettlement" of the inhabitants "in other regions of the U.S.S.R." In 1941, the entire German community of Volga, numbering about 600,000, was deported to Central Asia. There is evidence to suggest that the Karacha, Balkars and Kalmyks—ancient Moslem and Buddhist peoples of the Caucasus—have met with a similar fate. There is also the authenticated case of the people of a Korean colony near Vladivostok who were deported en masse to Central Asia before the last war.

SOCIAL RESEARCH FOR DEVELOPMENT PLANNING

One of the chief deficiencies in the state of our knowledge for purposes of planning is the lack of data on problems of social dynamics. The last two decades have brought about many changes due to the conditions created by the war and the slow but perceptible changes in social customs all of which have an important bearing on the question of the capacity of the nation to dis-

cover new motives and incentives for economic progress. Urbanisation was only one among many new trends the effects of which percolated gradually into the rural areas. If on the one hand it deprived agriculture of the more enterprising and younger elements, more urbanised people came to be on visiting terms with the rural folk and to exert new influences on them. There have been significant social consequences such as a distinctly perceptible higher age for marriage and better availing of public health facilities especially for maternity cases. War-time and post-war prices for primary agricultural products encouraged an interest in business methods of farming though not to the extent that can be considered satisfactory.

The data on these contemporary changes have not been collected. Attempts to assess them have been few and the factual approach of most surveys puts a premium on the crude figures collected in sample surveys. Their collection and interpretation often show a great lack of imagination. More importance is attached to percentages and averages collected by improperly trained enumerators than to the general information which a trained eye can discover. In view of the paucity of trained sociologists in the country one can hardly view with great optimism the 43 different surveys that have been entrusted by the Planning Commission to various research organisations, mostly academic. They relate to three main subjects: land reform and management, small-scale industries and the trends in urbanisation in various regions of the country.

Except indirectly, it is unlikely that these surveys would throw much light on the main questions of social dynamics. Some evidence may be forthcoming from the community project areas but that again will not be of value because they will not reveal any long-term trends, and are bound to contain a large element of propaganda to sustain enthusiasm. There is, for example, no survey of the effects of prohibition in the States in which it has been implemented. The effects of the cinema and community radio facilities where they exist can be judged by sample surveys in order to utilise these media for dissemination of new ideas. Changes in food and clothing habits and decline of the influence of social or religious customs or taboos among particular groups could also convey much value in detecting future trends.

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WORLDGRAM

TRADE

Export of Pakistan Cloth: Pakistan cotton textile industry has been making good progress, and it is expected that Pakistan will soon be in a position to export substantial quantities of cloth. To enable this industry to explore and develop foreign markets, the Government of Pakistan have decided to permit the export against licences of a portion of the production of all textile mills. The Government of Pakistan has decided to permit the export of mill cloth in limited quantities. This step is said to have been taken to popularise Pakistan products and capture markets in the neighbouring countries when Pakistan's textile industry attains its peak production in about two years. The export of handloom cloth has been on open general licence all along.

Persian Orders With Britain: A £5-million contract has been signed by the seven-year plan organisation in Persia with British makers of permanent way materials. The contract provides for the delivery, over three years, of 100,000 tons of rails and 4,000 tons of fishplates, fish bolts, washers and turnouts, and is the largest single post-war order secured by Britain. Recently, a £1.6-million contract was signed by the Persian Government for the purchase of 1,000 British Ferguson tractors and other agricultural equipment.

India's Adverse Trade Balance Reduced: According to figures released recently the improved supply of food grains and raw materials in the country has helped to reduce the adverse balance of trade to Rs. 46,00,00,000 during 1953-54 as compared with Rs. 88,45,00,000 in the previous year. The improvement was the result of greater reduction in imports as compared with exports. The total value of imports of merchandise by sea, land and air in 1953-54 amounted to Rs. 573,86,00,000 as against Rs. 664,04,00,000 in the previous year, the decline being more than Rs. 90,00,00,000. The total value of exports during the same period declined by Rs. 49,72,00,000 to Rs. 527,94,00,000.

Guatemalan Economy Rests on Coffee: It is reported that Guatemala's economy rests principally upon Guatemalan-owned and operated coffee plantations. Coffee is the most important single source of Guatemala's foreign exchange and 80 per cent of the Guatemalan coffee industry is in the hands of Guatemalans. In terms of money, about 77 per cent of the amount obtained last year by Guatemala for her total exports came from coffee, which reportedly is commanding record prices in the U.S. market. This was more than double the value of all other Guatemalan exports combined, including chicla, abaca, lumber, and bananas.

INDUSTRY

Rs. 3,00,00,000 Jute Mill for Burma: A modern jute mill, with a capacity of 24,00,000 gunny bags per year, will come into operation in Burma by January, 1956. Plant and buildings will cost about Rs. 30 million providing employment for some 3,200 labourers, skilled workers and technical personnel. The plant, equipment and other materials are expected in Burma within 14 months.

West German Chemical Industry: Chemicals now represent the second biggest industry in West Germany and are still growing strongly. Manufacturers expect overseas sales to remain high, but do not expect a jump during 1954 to compare with last year's figures. During 1953, 500,000,000 marks were invested in the industry and a similar sum is expected to be put up in 1954. Foreign competition calls for expensive new plants and

ambitious research programmes. German chemical firms are campaigning for the Government to grant them tax reliefs.

AGRICULTURE

New U.N. Agency to Solve Farm Surpluses Problem: The U.S., struggling with its domestic wheat surplus, has joined other States in setting up a new international body to seek means of disposing of surpluses. The new agency will function under the aegis of the U.N. Food and Agriculture Organisation as subsidiary body of F.A.O.'s Committee on Commodity Problems. Its first meeting, according to reports, will be held in Rome during July. The establishment of the new sub-committee reflects the concern of Governments at the mounting difficulties encountered in absorbing excess agricultural stocks in wheat, dairy products, cotton and some oils.

Extending Better Methods of Cultivation: Among subjects on the agenda of the Conference of State Ministers of Agriculture, Co-operation and Animal Husbandry, being held at Srinagar on July 14 and 15, 1954, are (1) resettlement of landless labourers, (2) progress of land reforms in the States, (3) provision of agricultural information to farmers, (4) extension of the Japanese method of paddy cultivation to other crops, (5) publicity campaign in respect of paddy and sugarcane, (6) requirements of fertilisers, (7) production and distribution of improved varieties of seeds, (8) plant protection and locust control, (9) co-operative marketing, (10) provision of agricultural finance, (11) social conservation, (12) cattle, poultry and fishery development and (13) the formation of farmers' organisations in the States on an all-India basis.

Intensifying Compost Work in States: The Government of India have called a Conference of State Biochemists and Compost Development and Agricultural Officers at New Delhi to be inaugurated by the Union Minister for Agriculture, to discuss problems connected with the intensification of compost work in the States. The agenda includes (1) the report on compost and sewage development in India, (2) extension of legislation making it obligatory on the municipalities for preparing night-soil compost, (3) present position about the supply of motor-trucks for the distribution of urban compost, (4) fixation of initial targets for 1955-56 and for 1956-57 to 1960-61 for urban compost schemes, (5) research work for improving quality, and (6) need of sample surveys for estimating the present level of manure production in the villages.

FINANCE

U.N. Technical Assistance Allocations: India gets more, Pakistan and Ceylon less, in the allocations under the United Nations Technical Assistance Programme, according to the annual report of the Technical Assistance Board of the United Nations. The report discloses a scaling down of activities to stabilise finances. Despite increases in total contributions on the part of 71 nations who pledged well over \$24,000,000 in 1954, insufficient amounts have been paid up to meet all legitimate requests for help. For 1954 the financial allocation rises to \$986,000 involving 148 experts, while for 1955 schemes costing \$850,000 using 78 experts have, so far, been approved.

Rs. 25,00,00,000 Aid for East Pakistan: Pakistan Government officials who visited East Pakistan to suggest relief measures are reported to have submitted their report to the Central Government. The relief suggested is expected to cost the Central Pakistan Government Rs. 25,00,00,000.

West German Defence Contribution Talks: Negotiations between the three occupying Western Powers and the West German Government ended recently in a provisional agreement, applying similar economic and other criteria as was applied to members of N.A.T.O. The earlier agreement had assessed the West German monthly contribution at 950 million marks. Though it is not stated how long the new provisional agreement is to last, it is likely that the defence contribution will be kept at 950 million marks a month and the occupation costs 600 million marks a month.

U.K. Industrial Insurance Figures: The number of persons insured under the National Insurance (Industrial Injuries) Act, 1946, during the year ended March 31, 1953, remained static at 20.5 million; women accounting for about one-third of the number. Benefit increased by £5 million during the year, partly due to increases in rates of benefit and to the continued growth of the annual cost of disablement and death benefit.

Scholarships for Backward Classes: The Indian Government has sanctioned Rs. 75,00,000 to continue its scheme of awarding scholarships to Scheduled Castes and Tribes and other Backward Classes during 1954-55. Subjects in which the candidates will pursue studies include: medicine; nursing; engineering and architecture; agriculture, forestry and veterinary science; technology, science; education and social service; the arts, social science, fine arts and languages; commerce; law and library science.

Japan Plans Action on Indonesian Trade Debts: 'Drastic measures' are planned by Japan against Indonesia if she does not repay trade debts due worth \$11,070,000. These measures are reported to include a drastic restriction of Japanese exports to Indonesia to restore the balance of trade between the two countries. The debt is due for payment under the August 1952 Agreement. Japan's trade surplus with Indonesia is estimated at \$150 million including the sum due.

France to Repay U.S. on 1945-50 Loans: France was expected to have turned over during June about \$70 million to the U.S.A. as its regular semi-annual reimbursement for loans contracted from the U.S. in 1945 and 1950. No difficulty is foreseen, since stabilization fund has reserves amounting to \$400 million. A similar payment is expected sometime in December. Out of the \$785 million voted by Congress for Indo-China (\$400 million to finance French participation and \$385 million for the Viet Nam National Army), France has received only \$80 million. The stabilisation fund will receive substantial sums in free dollars, unlike those earmarked in traditional economic programmes. It is possible, therefore, that French economy may recover completely.

Sweden's Currency Reserves Down, But More Gold and Dollars: The total currency reserves of the Swedish Riksbank and the commercial banks decreased by (Kr. 222,000,000 to Kr. 2,402,000,000 (£165,600,000) during the first three months of 1954. The gold and foreign currency reserves of the Riksbank declined by Kr. 165,000,000 to Kr. 2,456,000,000, while the net foreign claims of the commercial banks of Kr. 3,000,000 on January 1, turned into a debt of Kr. 54,000,000. The gold and dollar reserves proper, excluding gold and dollars obtained through E.P.U. transactions, increased by Kr. 75,000,000 while payments under E.P.U. resulted in a deficit of Kr. 243,000,000. The group "other currencies" decreased by Kr. 54,000,000. Through these changes the composition of the currency reserves was improved in so far as the relative share of gold and dollars increased from about 50 per cent at the beginning of the year to about 58 per cent at the end of March 1954.

MISCELLANEOUS:

Progress In Indonesian Secondary Education: According to figures released recently, substantial progress is recorded in the field of secondary education provided by the Indonesian Government. The report reveals an increase of 600 per cent as compared to the figure before independence. Pre-independence figures as against the current figures are: Lower Secondary 114 and 720, Higher Secondary 29 and 141. Total number of students on Government school rolls is 5,300,000.

Indian Women to Train in Japan for Social Work: Fifteen women workers are being sent to Tokyo for four months by the Government of India for training in village-level social work. The emphasis of the training is to be on agriculture, combined with intensive courses in village hygiene, rural uplift and nursery and domestic science. The team is expected to leave for Tokyo by the middle of August.

Occupational Structure of Yugoslav Population: Estimates made by a sample survey, and supplemented by the General Census held in March 1953, reveal that in a total population of 17 millions, 10,134,000 earned their means of livelihood in agriculture, 1,165,000 in industry, 336,000 in mining, 167,000 in forestry, 505,000 in the building industry, 477,000 in transport, 573,000 in trade, banking and catering, 818,000 in the trades, 143,000 in the services, 1,072,000 worked in government administration and the free professions, while the 'extra-professional' group pensioners, invalids, etc., with their families) included 1,488,000 persons, while the group 'unknown' numbered 49,000 persons.

Health Insurance Protects 60 Per Cent of U.S. Population: Voluntarily-purchased health insurance protection is expanding in the United States with striking rapidity each year. More than 91,000,000 persons, representing almost 60 per cent of the population, have insurance protection against the expenses of hospitalisation; 73,000,000 have surgical expense coverage; 36,000,000 are protected against medical expense, and about 1,000,000 against medical expenses arising from serious illnesses or accidents. In addition to the voluntary health insurance, there are statutory programmes. Workmen's compensation laws in every State require employers to insure certain employees for disability incurred in the course of employment. Also some 5,000,000 employees of governmental agencies are paid disability benefits under special public retirement systems.

1953 Safety Award for U.S. Airlines: Scoring the best safety record of the 39 Trunk Airlines of the United States during 1953, Trans World Airlines received an Aviation Safety Award from the U.S. National Safety Council. Below are given U.S. airlines which received the Safety Award for flying more than two billion passenger miles without fatality: Trans World Airlines 8,005,182,000; United Air Lines 6,002,632,000; Braniff Airways 3,021,010,000; Pan American World Airways 2,889,332,000; Capital Airlines 2,416,052,000; North-West Airlines 2,264,735,000.

Tin Agreement to Come into Force: The draft International Tin Agreement which India with a number of other consumer countries has already signed, has now received sufficient signatures to enable it to come into force, subject to ratification. The agreement has also been signed by the main producing countries with the exception of Thailand which was also due to sign. The agreement, drafted in Geneva last year, provides for maximum and minimum prices and for the operation of "buffer stocks" to ensure a price stability.

NEWS IN BRIEF

INDIAN

The Indian Aluminium Company announces its expansion programme, involving the increase of ingot production capacity from 2,500 tons to 5,000 tons per annum, and rolling capacity from 4,200 tons to 7,000 tons of alloy products per year has been substantially completed.

Total receipts since the creation of the Prime Minister's National Relief Fund in November 1947, up to May 31, 1954, amount to Rs. 62,02,322-5-3. Contributions received during the period May 1, 1954 to May 31, 1954 total Rs. 15,289-13-5.

According to the Union Minister for Industries the Nepa Mills will start production by December 1954. The project is reported to be a sound one and is expected to yield 30,000 tons of newsprint a year.

The Andhra Government has asked the Centre for a Rs. 3-crore aid towards urban water supply and drainage schemes. Aid is also sought for organising medical units to combat filariasis, leprosy and yaws.

It is reported that India recently placed orders worth £132,000 towards the purchase of eight narrow-gauge diesel locomotives with manufacturers in West Germany.

A Rs. 4.5-crore State managed cement factory in U.P. with a daily outturn capacity of 700 tons recently began production. During trials it has crushed 2,000 tons of lime stores, and is expected to go into production shortly.

An integrated plan to 'find' 30,000 acres of land in Kashmir for paddy cultivation to make Kashmir self-sufficient is being prepared. Plans for large-scale canal construction are also under consideration.

The Government of Bihar has approved five irrigation schemes at an estimated cost of Rs. 146 lakhs. These schemes are to be implemented during the period of the first Five-Year Plan.

A Nepal-U.S. agreement provides for the opening of 1,050 primary schools and a teachers' training institution in three years; of these 200 schools are to be started shortly. U.S. contribution will be \$2,20,000 and Nepal's Rs. 7,00,000.

Bilaspur, with an area of 450 square miles and a population of 1,26,000 has been merged with Himachal Pradesh following the enforcement of the Himachal Pradesh and Bilaspur Act, 1954.

According to information released by the Government of India it is revealed that out of the Five-Year Plan's total outlay of Rs. 2,224 crores, the amount spent so far is about Rs. 945 crores.

Press Information Bureau, Government of India, reports that India's Integral Coach Factory located in Perambur (Madras) is scheduled to begin production about the middle of 1955.

It is officially estimated that in respect of the Five-Year Plan target of rice production of 27.2 million tons, India is now short by about 1.20 lakh tons.

FOREIGN

It is reported in Athens that Greece, Turkey and Yugoslavia have exchanged drafts of the text of the military alliance prepared by their three respective national committees.

The Foreign Operations Administration is to provide 18 experts in civil engineering, housing, public health, community development, transport and agriculture, for the British Guiana development plan.

It is reported that the Annual Meeting of the Consultative Committee of the Colombo Plan will be held in Ottawa from October 4 to October 9, 1954.

Japan has been admitted to full membership of the United Nations Economic Commission for Asia and the Far East, of which she had been an associate member.

The U.S.A. is to purchase \$5.4 million worth of 'Sea Hawk' aircraft in Britain for N.A.T.O. forces, according to an announcement made in London recently.

A \$10 million U.S. loan to Rhodesia and Nayasaland was signed recently. The loan is intended to provide adequate railway transport facilities to copper, chrome, asbestos, coal and other mineral mining districts.

Mr. Maurice D. Kilbridge, a famous Engineer of America with a wide experience of factory planning, plant layout, management policy, quality control, inspection system and methods of wage payments, has joined the Pakistan Planning Board as Adviser on Industrial Engineering.

The International Cotton Advisory Committee ended its Conference in San Paulo after deciding that further efforts to reach world cotton agreement were "unwarranted". A study of means to raise consumption was recommended by the Conference.

A wage increase of 2½d. an hour has been awarded by the Industrial Disputes Tribunal in U.K., to adult male workers in the vehicle building industry, with proportionate increases for female and juvenile workers.

Iceland recently signed a trade protocol with the Soviet Union to supply 40,000 to 50,000 tons of fish during the next eighteen months in the form of frozen fish fillets and salted herrings, taking one-third of Iceland's entire frozen fish production.

The International Bank for Reconstruction and Development announced a \$19,110,000 loan for the Aberdeen-Laksapana hydro-electric scheme. The twenty-five year loan at 4½ per cent interest will enable Ceylon to start the second stage of the project.

The West German Federal Republic recently became the eighty-sixth member of the World Meteorological Organisation—a specialised agency of the U.N. The organisation's membership includes sixty States and twenty-six territories.

Denmark's National Bank recently increased its discount rate from 4½ to 5½ per cent. Rediscount rate increased to 5 per cent and the rate of interest to 6 and 6½ per cent, as a result of the fall in Currency Reserves from 400 million to 100 million kroner.

A Polish-Israel Trade Agreement provides for the supply of oranges, lemons, footwear, watches, non stockings, razor blades and phosphate by Israel in exchange for Polish machinery, textiles, chemicals, pharmaceuticals, sugar, malt and food.

A Window On The World

FORWARD, COMRADES, WITH THE REVOLUTION!

BY
ODYSSEUS

OUR MAIN ARGUMENT, stripped of qualifications, has been that depressions arise because, in a growing and expanding economy, capital equipment is durable, yet wears out and needs replacement or scrapping in favour of new plant for new inventions, and consumers' tastes change and their rate of consumption varies, not in a fixed pattern but jerkily. A growing national income necessitates constant modification and revision and new ideas and inventions in the means of production and in the re-allocation of workers and resources.

This constant life-renewing re-organisation can only be halted at peril of sinking back to a static agricultural society—such as India has known since an immemorial until it began to be modified within the past few decades—whose wealth and total population is strictly governed by what the land will produce virtually unaided by any national, and still less by any international, division of labour.

But expansion must mean some insecurity for the individual. Short-run insecurity can be remedied by such unimpeachable social legislation as unemployment and health schemes and old age pensions, which can tide individuals over a period of transition while some process of economic re-organisation—the elimination of the obsolete and the inauguration of the new—is working itself out, but no legislation can prevent economic revision from taking place. To hear some people talk, you would think that unemployment pay for those out of work, old age pensions for those too old to work, and high wages for those left in work, are an infallible recipe, a sort of mantra for salvation.

What is more, I submit an idea so unorthodox that it will cause some people's hair to stand on end in horror: we must not remove all insecurity from the individual (even if we could). Here is a concrete personal illustration of this point: however impossible it may be to calculate it arithmetically, there is a relationship between my fear of insecurity and the interest that you take in this column. If social security measures gave me a roof, food, clothes, and medical attention, sufficient for all my needs, do you think that I would give myself all the trouble of research among learned tomes, all the effort of reflection and the fatigue of pounding my typewriter? No, I would be taking the dog for a walk. But my need for money and my fear of insecurity is such that I am driven to try to keep you interested week after week on pain of losing my livelihood. The average worker in the Welfare state today has come to think of "job security" as his right, and by this he means a guarantee that he will never be thrown out of the particular job that he is in. Such a guarantee is directly opposed to change and growth. So let us have some social security but not enough to damp the incentive to work.

Another unorthodox and hair-raising submission: we must not tax the citizen so highly that he cannot save and tax the investor so heavily that he has no incentive to invest. We must not deceive ourselves into thinking that "corporate savings" can entirely replace individual savings. "Corporate savings" is another self-hypnotic mantra (like "collective security") which some people murmur when they are up against a tiresome reality. "Corporate savings" means either a government official in a sub-section of a planning

board who is called upon to find so much money for some "priority" and who has at his disposal a limited number of ways of finding it, all of which imply indifference to the consumer's sovereignty which, we have repeatedly agreed, must be preserved at all costs if the word "freedom" is to mean anything; or else it means a director of a firm who will only save if he is allowed to envisage the prospect of those marginal profits that mean expansion, which, we have equally repeatedly agreed, must be preserved at all costs if the words "full employment" are to have any meaning.

THE RENEGADE CAPITALIST

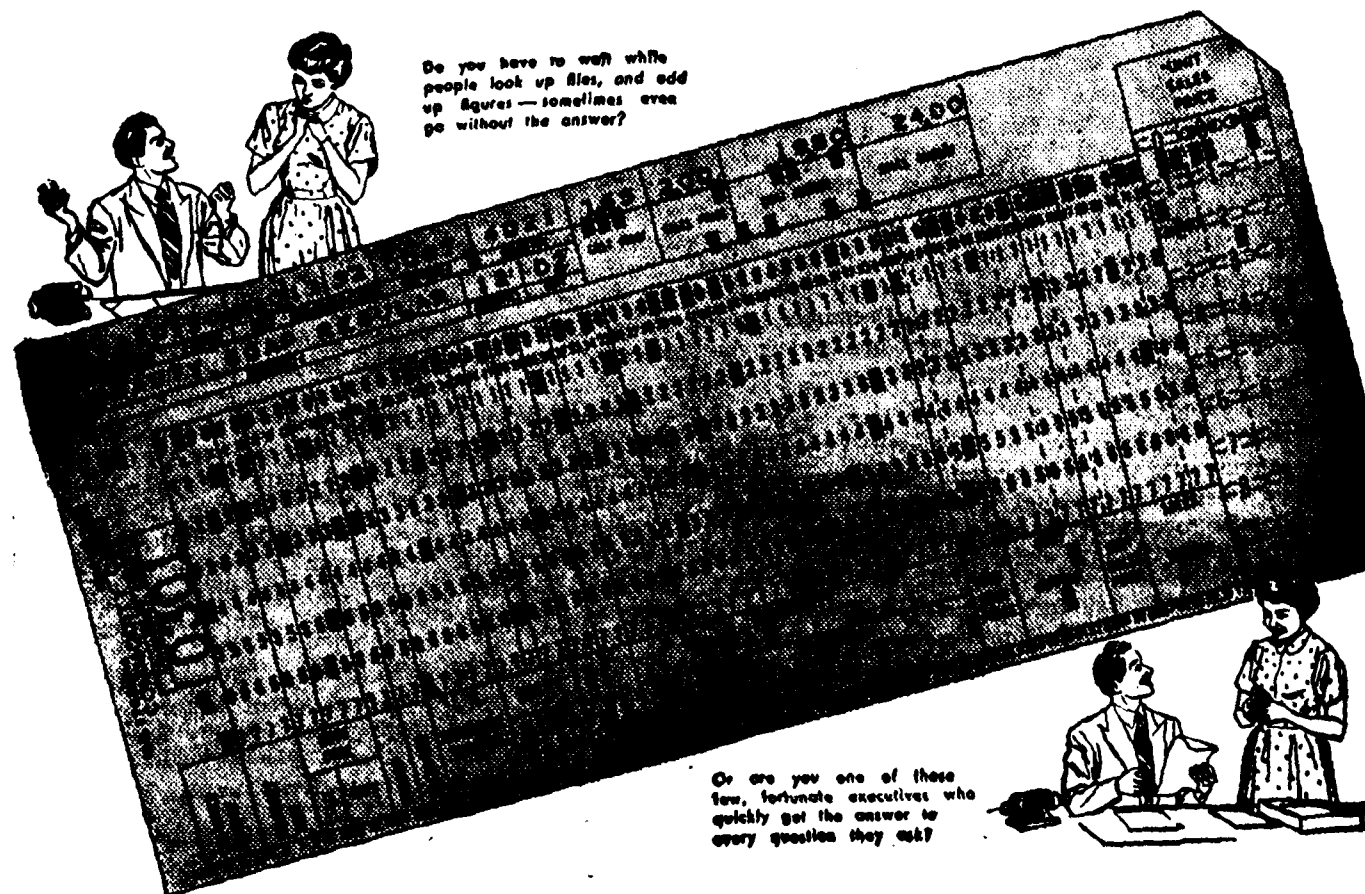
The Capitalist system ensures that entrepreneurs do their best to meet consumers' wishes, and offers lavish rewards to the entrepreneur who works hard and shows initiative. But what the average entrepreneur longs for is a system which does not keep him on his toes all the time, which does not insist that the price of his wealth shall be eternal vigilance in thinking up cheaper ways of doing old things or new ways of producing new things. What he would like to do, if he were allowed to, is to stick to the same old routine and just keep his business ticking gently over.

Now the Socialists offer a way in which the Capitalist can sink into a comfortably recumbent position: the Welfare state! The Capitalist has been quick to seize his chance. He points out to the government that he is threatened by "unfair" foreign competitors employing low-waged workers and that his industry is one of "national importance" (like farming in Britain or steel in India). The Welfare state is only too ready to grant him tariffs, quotas, and subsidies, which enable it to intervene more and more in the industry until "waste" (a mantra for "competition") has been eliminated and the industry "integrated" with the aid of funds kindly supplied by the direct and indirect taxes paid by the consumers. The next step is to work up a scheme of "rationalisation" whereby the industry manufactures government orders on a "cost plus" basis; with this, the entrepreneur has achieved the Capitalist's paradise: that Nirvana where he can look his lower-cost competitor indulgently in the eye, knowing that he has nothing to fear from him.

While I believe in the Capitalist system, do not think that I hold any brief for the average entrepreneur—he is a slothful type who deserves all the Socialism that is coming to him. Nor do I sympathise much with the consumer. Why? Because if he is ready to accept without thought of manning the barricades, nay, without even a murmur, the avoidable rationing, shortages, and high prices that the slow strangulation of the Free Enterprise system imposes on him—he too deserves all the Socialism that is coming to him.

THE REVOLUTIONARY FAITH

Professor D. M. Wright points out that Welfare and Capitalist entrepreneurs initially get together in the following terms: no property will be confiscated outright; the direction of industry will remain in the same hands, but questions of "broad policy", and all new growth, will be planned by some kind of a board made up of representatives of entrepreneurs, government, and labour (and, may be, just for the lack of the thing, consumers). The only subjects of argument



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will be the amount that will be distributed to labour, the amount that the so-called rich will be taxed, and the amount of welfare and subsidies. But as for independence, opportunity, growth, and competition—no body on the board will be remotely interested, and if one of the consumer's representatives so far forgets himself as to mention them, he will either be put off by soothing mantras about "social justice", or shunted off the board in favour of someone in touch with "modern" thought. Entrepreneurs who accept such an unholy partnership should be under no illusions about their future: they will steadily be reduced to the status of salaried officials and the nominal ownership of their plants will ultimately be taken from them as surely as their remaining privy purses will be taken from or "voluntarily surrendered" by the princes. What must the long-term result be? Growing unemployment, because you cannot have full employment unless new enterprises and new plants are being built.

As long as the democratic state ensures that Capitalism sticks to the rules of its own competitive game, its basic advantage is that economic power, initiative, and leadership, are dispersed so widely that there is a multifarious variety of competitive planning that brings out originality. As long as the Socialist state sticks to the rules of its own game of centralised control, its basic weakness is that economic power, initiative, and leadership are conferred on fewer and fewer individuals, who, in the interests of departmental order, cannot encourage originality or new ideas—you remember my anecdote of the British Admiralty which spent twenty-two years in tests, reports, and conferences, before scrapping the obsolete muzzle-loading gun in favour of the breech-loader.

We have reached the end of our enquiry and, once more, I repeat that I am conscious of the questions that I have raised without answering. But my object has been to stimulate discussion and to encourage you to consult, in original, the authorities whom I have so frequently quoted here.

In conclusion, let me agree with Professor D. M. Wright in proclaiming that a Capitalist society is the only truly revolutionary one, because it offers hope of release from the age-old evils of political and economic tyranny. In such glimpses of my personal life as I have occasionally given in this column, I have, I hope, shown that I do not have one doctrine for others and another for myself—I am not afraid to live in the economic insecurity that I believe to be necessary for progress. It is not I, the professing supporter of Capitalism, who am the reactionary, frightened of change. I stand for political revolution in accordance with the votes of the majority expressed in the ballot box, and for economic revolution in accordance with the votes expressed by day-to-day consumers' buying. The ideal of rule by a self-perpetuating minority is not mine. The ideal of a static, authoritarian system of controls is not mine. These are the ideals of the Marxist reactionary who wants, whether he realises it or not, to go back to the ancient systems of government that prevailed throughout history prior to the development of democratic Capitalism—either planned despotisms (as in the Roman Empire), or bureaucratic despotisms (as under the Moghul emperors), or oligarchy (as in seventeenth pre-democratic Europe).

FREE ENTERPRISE AND STATE CONTROL

This is the final article in Odysseus' series on Free Enterprise and State Control. Previous articles were: Middle Class Illfare, April 16; Capitalism and Socialism: A Readig List, April 23; Whither (or Wither) Away the State? April 30; Harmony in Growth, May 7; Your Votes Control Production, May 14; The Clue to the Maze, May 21; Economic Independence and Democracy, May 28; Profits for Progress, June 4; Change and Growth, June 11; Karl Marx and I, June 18; Causes of Economic Instability, June 25; and Down in the Slumps, July 2. While each of these articles was complete in itself, Odysseus hopes that his friends will find time for a collected reading when the thread of the argument will be more apparent.

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BOOK REVIEWS

INDIAN AGRICULTURE

Between Us and Hunger: By C. Mayadas: Oxford University Press, Bombay-1. Price Rs. 10/-: (Pp. 157).

"Between us and hunger" is the rather grim title of a book throughout which there runs a strong current of optimism about the potentialities of Indian agriculture. The author's own long experience in the Indian Agriculture Service for 31 years combined with the practical knowledge acquired by him after retirement in turning a patch of waste into a profitable private farm (near Lucknow) gives this book a special status. The greatest virtue of this little volume of about 150 pages is that it is readable because of its style and get-up; it presents in a nutshell the science and common-sense about Indian agriculture.

The author has discussed a variety of problems relating to land utilisation (conservation, land reclamation, water resources and dry farming), land fertilisation, livestock and mechanisation and problems of organisation and avoidance of waste caused by pests. The treatment could not be exhaustive on all the subjects chosen; and the author's practical experience was presumably also limited to a few North Indian States.

The problem of surplus cattle, for example, has been too summarily treated. The author repeats the theory that the sanctity attached to the cow has been responsible for half the trouble. A breakdown of the livestock numbers, showing milch cows, buffalos and bullocks needed for ploughing, transport, water-lifting, and oil-crushing operations, in relation to the net area sown, population and distances under present systems of utilisation, would show the problem of surplus cattle in a different light. Like the land and the men in India, the problem is one of low productivity and if productivity is increased by improving breeds and nourishment, the problem of surplus cattle would prove easier to deal with than the land and the men.

The author warns that mechanisation should not be avoided in large farms cultivated privately or by Land Development Corporations on the plea that human labour may be displaced. He has rightly pointed out that the scale of operations in a large farm leaves a great deal to be supplemented by human labour. Like most writers on the subject, the author has given a large place to State action, and stressed the importance of a Land Army as "a volunteer force of educated men and women." There is only bare mention of the Community Projects, which may or may not be due to the author's want of faith in effecting changes by changing the outlook of farmers towards agriculture. The author's suggestions for sanctions for breaches of the rules of good husbandry are plentiful; an extreme example of it is seen in his view that the village people who do not use movable latrines to save organic manure should be fined.

Herein lies the core of the problem of our agriculture. There would be very few differences on the techniques now needed to improve agriculture. Fragmentation is obviously unhealthy, though Mr. Mayadas makes the mistake of calculating its disadvantages in the American way, according to the loss arising through waste of time on distances travelled by men and bullocks. Since they are unemployed for the major part of the year, and most of the holdings are small in such cases, it cannot be established that they are uneconomic for that reason. When the pieces of land differ in fertility or in access to water, the individual farmer's crop risks are better spread. Ultimately it is not legislation but the capacity of the agencies established to work with

the cultivators that can hope to make progress with the consolidation of holdings through mutual exchange or co-operative farming. The translation of good and desirable methods into practice is hardly as simple as laying down a series of Do's and Don'ts for the State.

The book is, however, a very useful introduction to these problems to administrators, politicians and outsiders interested in Indian problems, and deserves to be widely read.

JOINT CONSULTATION IN INDUSTRY

Your Works Committee Manual: By P. S. Chohan, Associated Industrial Services, 29, Noble Chambers, Parsee Bazar Street, Fort, Bombay, Published March 1954.

Joint consultation as a technique of harmonious industrial relations has been accepted in principle in this country and as an expression of its approval in principle it has been incorporated in the Industrial Disputes Act, 1947, enacted by the Central Legislature. Appropriate rules, which have been framed by various governments in this country in pursuance of the Act, have enlarged the area of the provisions governing the procedure of works committees, and it is in order to bring within a brief compass all the relevant parts of the Act and rules of procedure that this manual has been brought out. An exhaustive introduction seeks to explain the merits of the machinery of joint consultation and makes broad reference to the trial given to it in the industrialised countries of the West. In India, works committees have not taken root so far and their actual functioning has fallen considerably below reasonable expectations.

This verdict, which is endorsed by Mr. Shantilal H. Shah, Minister for Labour, Bombay Government, in his foreword to the book, underlines, in his view, the need to appreciate the theoretical aspects of this problem. For the time being, compulsory adjudication has come to stay and earnest efforts made by Mr. Giri to place the entire question of settlement of labour-management disputes on the enduring basis of consultation and conciliation have not borne fruit. Nevertheless, all reasonable sections in the community, who refuse to subscribe to the philosophy of class conflict and inherent irreconcilability of the interests of labour and management, will find final solution in establishing accord between the two parties by means of joint consultation. Useful chapters have been included on the constitution and conduct of meetings of these committees as well as on the functions of those called upon to serve on them. They will find the book a serviceable guide.

INCOME TAX LAW

The Law of Income Tax in India: By V. S. Sundaram: Seventh Edition, 1954: The Madras Law Journal Office: Pp. 1544: Price Rs. 37-8.

Between the sixth edition of this well-known commentary on income tax law which appeared in 1947 and the present edition, there have been extensive changes in law both through legislation and interpretation. The Orders of extension of income tax to the merged States and the changes made by the several Finance Acts have been incorporated along with all amendments till 1953. The most glaring omission in an otherwise exhaustive compilation concerns the law and procedure of the Income Tax Investigation Commission, which has lately attained prominence. All the relevant provisions on the subject, including those for double taxation relief and clearance certificates, are reproduced. This book a useful guide.

LETTER TO THE EDITOR

"BUSINESS AND EMPLOYMENT"

Sir,

Mr. B. M. Birla occupies a position of importance and distinction in the world of industry and business. His opinions and statements, therefore, have more than ordinary value and significance. I must, however, confess that the figures quoted by him in regard to employment in India do not correspond to facts. This is unfortunate. "Croesus" waxes lyrical in "The Eastern Economist" about Mr. Birla's claims at the Press conference in Bombay that business men all over the country employ about 6 crores of people directly and at least another 4 crores more indirectly via the channel of the directly employed. Does "Croesus" mean to say that all those who are looking for jobs and are unemployed, are looking for jobs under the Government? Not even a tyro in social and economic matters would expect the Government to absorb the whole of the unemployed working force in the country. Government is, after all, an administrative instrument for regularised management of the affairs of the community. Those it can employ come under the category of administrative personnel. In a country with a working force of about 143 million people it is absurd to expect the Government to provide jobs for all of them. It is no discovery of "Croesus" or of Mr. Birla that the Government cannot employ at any time now or in the future more than half a crore of people. The actual employment by Government today does not exceed 38,86,000.

Mr. Birla, that is to say, would have us believe that trade and industry employ directly and indirectly about 10 crores of people. He could have done a great service for the cause he advocates if only he had tried to break up in employment categories the 10 crores employed in business. He could have indicated the source for his statistical information and assertions. For, nowhere can one find figures approximating the 10 crores said to be employed by business men. Fortunately for the student of economics, the Census Commissioner has worked out the census of working population and the pattern of its employment. The total working force in the country is stated to be about 143 millions, which is about 40 per cent of the total population.

Of the 142.5 millions who constitute the working force, only 40.4 millions come under the description of 'non-agricultural classes' who are self-supporting and have earning dependants. Of this total 21.8 millions belong to the rural sector. Self-supporting persons with earning dependants in the urban areas number 18.6 millions only. 'Industries', i.e., factories, employ hardly three million people. To be exact, the employment here works out to be 2.9 millions. Active employment in 'mines and manufactures including even handicrafts' does not exceed 15.3 millions. Commerce, transport and communications together employ 11 million people. (It is important to note here that much of transport and communications are Government-owned.) Thus total employment in all business undertakings, viz., in all industries, comes to only 26.3 million people, that is a little over 2½ crores. In this figure is included what is generally known as employment created through the rippling effect of large-scale industrial operations as also over 1½ crores of self-employed people who certainly do not belong to business employment. Does Mr. Birla suggest that trade alone employs directly and indirectly about 7½ crores—shall we say 9 crores—of people? The claim, to put it respectfully, is fantastic and cannot stand scrutiny.

Referring to the need for a change in India's import policy, Mr. Birla is reported to have said that the total annual value of the import trade of India is about

Rs. 400 crores and that goods worth at least Rs. 300 crores,—goods which are at present imported—can easily be manufactured in India. It is contended that an outlay of Rs. 300 crores would mean additional employment to some 15 lakhs of people earning on the average Rs. 2,000 per annum. For a period of five years capital investment required will be of the order of Rs. 1,500 to Rs. 2,000 crores, which constitutes very nearly the total investment under the National Five-Year Plan. He omits to mention that an investment of this order will have to be supported by the investment of an equal amount for transport and communications. Where is all this money to come from?

He admits that this investment capital is not available in the country, and cannot be raised within it. It is an admission that the country is poor and the bulk of its population is poverty-stricken and has not the means even for small savings. "Hence we must", says Mr. Birla, "be prepared to have foreign aid, foreign aid without strings to be sure. The advanced countries of today—for example, U.S.A.—did not feel shy of foreign aid when the need was there. Has not Japan been doing her utmost even today to secure foreign aid?"

What he, however, forgets is that, in the context of the world politics of today, foreign aid raises a multitude of problems and pressures. When he says that even countries like U.S.A. had to depend on foreign aid for their industrial development, he forgets that those aids were conditioned by two considerations, viz.,

(1) racial affinity and similarity of interests of the people and the countries concerned; and

(2) the aid came at a time when social and class consciousness had not developed to the extent that we find today.

Mr. Birla and the Federation for which he speaks seem to hold the view that on account of various factors such as labour policy and the spate of welfare legislation which are unrelated to the present stage of industrial development, high rates of taxation, inadequate return on capital, transport bottleneck, etc., the private sector has been working under considerable handicaps. In other words, Mr. Birla and those who think like him, look for 19th century conditions of "business piracy" in the 20th century world clamouring for social and economic equality. What they forget is that "the Western countries industrialised during a period when the pressure on the Government to introduce welfare legislation came at the fag end of the process of Industrial Revolution." But today backward countries on the road to rapid industrialisation come, at the very start, face to face with the conflict between expenditure on capital formation and that on social services and welfare. Mr. Birla's own experience must show how true is this statement.

He quotes the case of Japan as a country which is doing its utmost even today to secure foreign aid. Indeed, Japan today is a classical example of the consequences of foreign aid, and it is accepted by knowledgeable persons the world over that Japan has been virtually reduced to the position of an American colony! It is obvious that foreign aid under present conditions must necessarily carry implied obligations. Where these obligations are not rightly understood and accepted, aid does not flow in as one desires. To accept foreign aid, therefore, is to agree to shoulder foreign burdens. Do Mr. Birla and "Trade and Industry" in India suggest that India should shoulder this foreign burden? Do they seriously suggest that a mess of pottage is worth more than the freedom of the country?

Yours faithfully,

C. K. NARAYANSWAMI

["Croesus" replies on page 56.—Ed.]

SPECIAL ARTICLES:

AN INTERNATIONAL ECONOMIC SYSTEM

A RECENT book* by Mr. J. J. Polak, Deputy Director of the Research Department, International Monetary Fund, bears the title, "An International Economic System". Not, indeed, that there is much new in the title or in the general concept of 'One World' in economics. What is new is the formulation of international trade analysis essentially in a 'One World' pattern. Mr. Polak describes the purpose of his new international economic system in a paragraph on page 4 of his book which deserves to be reproduced in full:

"For a few countries dynamic economic models exist which describe the mechanism of fluctuation of the domestic economies of these countries. One might conceivably arrive at an international economic model by pushing further along this road, constructing for one country after another a similar dynamic economic model. Through the foreign trade relationships in each such model, these various country models could then ultimately be tied together into an international model. But anyone who has had any experience in the construction of a model of this nature for the economy of one country will know that this course of action would be both long and unrewarding. It would take years to construct even tolerably adequate models for, say, a dozen individual countries; and unless these models had been specifically constructed to reflect the countries' foreign relationships they might not be sufficiently reliable to be used for international linking, even though they gave a reasonably good description of the economy of the country concerned. For the great majority of countries, moreover, any attempt to construct a complete model would falter for lack of statistics. It would seem more profitable therefore at the present stage of statistical knowledge to construct directly an international economic model. In doing so we can benefit from the fortuitous fact that the indicators of the most important international relationships, namely trade statistics, have been recorded with much greater

accuracy and detail for decades and sometimes centuries, than statistics on almost any other economic phenomenon of similar importance."

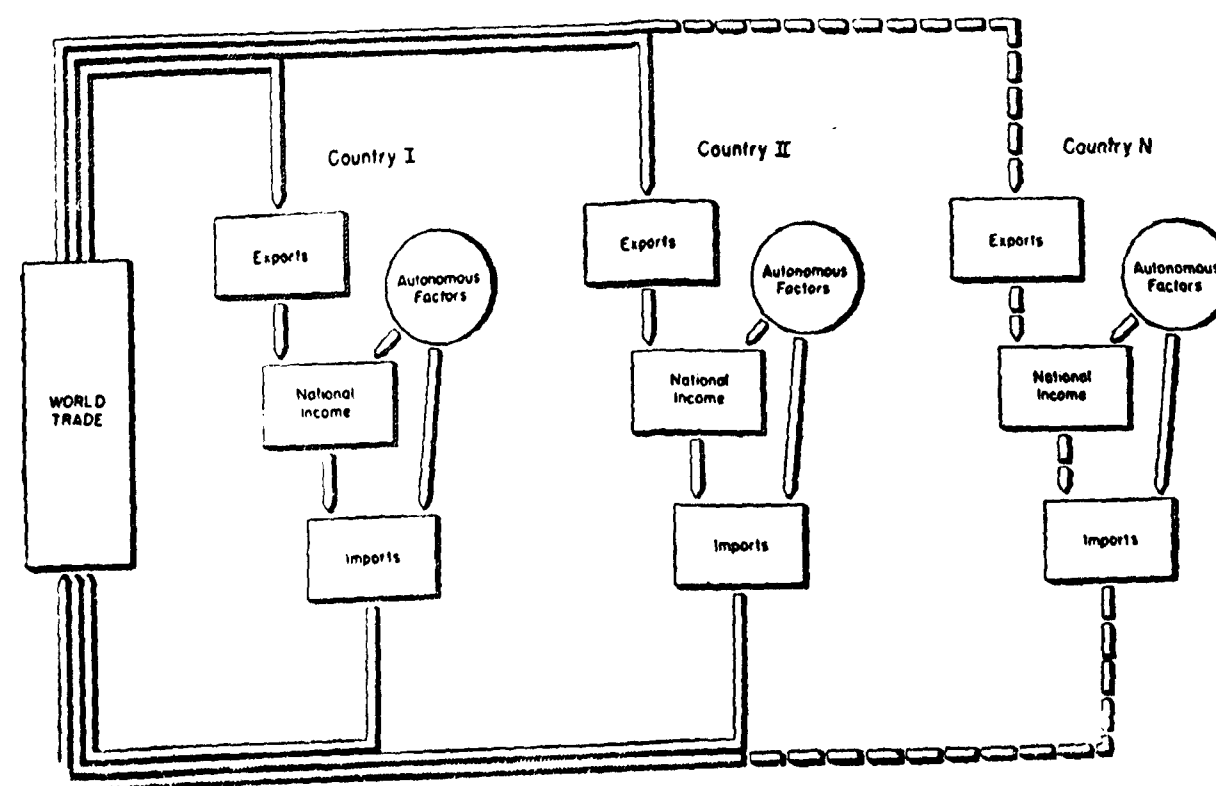
The international economic system is described graphically by a chart on page 16 of the book which is reproduced below and from which it will be seen that "autonomous" factors, which are described elsewhere as the prime movers of the system, are taken to operate on national income and imports directly while exports are treated differently. This is not a difference of substance but of method, since all exports are in fact imports to some country or another.

The whole of the theoretical study which follows in Chapter II makes use of the concept of the foreign trade multiplier and a mathematical discussion then establishes the ground work of a general theory which sets together the components of an international economic system.

A theoretical model can thus be set up in which exports appear as the dependent variable and this system permits of statistical verification in respect of a large number of individual countries. In the main the problems raised will suit only mathematical students, there being an abundance of correlation, coefficients and multipliers which may leave the non-mathematical reader in a state of dazed confusion. Nevertheless, there is here perhaps one of the most penetrating studies of the way in which the international economic system works itself out in respect of particular countries; and Indian students cannot afford to neglect the method employed.

The results in respect of India are not, however, very satisfying. Only one equation appears which relates Indian exports to the volume of world trade in primary products, an index number of the volume of export crops, and what Mr. Polak has described as a

THE INTERNATIONAL ECONOMIC SYSTEM



* An International Economic System—J. J. Polak. George Allen & Unwin. 21sh.

trend break between 1930 and 1931 which is "T". The relevant equation is reproduced below:

$$X = 0.48X_{wp} + 0.22h - 12.6T$$

In this formula, 0.48 represents the elasticity of demand for India's exports, X_{wp} represents the world

trade in primary commodities, h represents the harvest, and T represents a trend break (loss of markets in manufactured goods on account of Japanese competition, for example).

The importance of the influence of foreign factors is given in the formula below:

$$m = 0.65f$$

In this formula, m equals imports, f represents the foreign factor, and 0.65 is the 'international reflection ratio,' that is to say, the ratio between the change in

the volume of India's exports and the ensuing change in the volume of imports. The international reflection ratio represents the intensity with which a country transmits back the impulses which it receives from the rest of the world. The figure 0.65 indicates that the international reflection ratio in the case of India is very poor.

Certainly, the matter cannot be allowed to rest here. There should be enough data now to attempt an evaluation of the foreign trade multiplier. The fall in India's imports today is probably connected with autonomous factors, but there is certainly need for a new examination of the world trade factors which are also involved. A study of India's international trade in recent years might possibly indicate that world trends are much more powerful than is at present supposed.

MANUFACTURE OF SEWING MACHINES

SEWING machine manufacture ranks prominently among the engineering industries which have been established on a solid foundation in this country with a reasonable prospect of expansion at a fast rate. The high degree of precision required in the finish of the parts to ensure absolute interchangeability and smooth operation makes it a specialised manufacture and considering this basic factor the headway which the indigenous industry has succeeded in making despite acute competition from imported machines demonstrates the validity of its claim for measures of active encouragement. Normally, the utility of a sewing machine in a middle-class family ought to ensure an expanding market for the industry, but the inhibitions of purchasing power and fluctuations in the cost of living have tended to restrict domestic demand. It is a remarkable feature of this industry that it has secured conditions of progress and expansion by a policy of price reduction and export. These factors need special consideration at the hands of the Tariff Commission which is engaged at present in conducting an investigation into the industry's claim for protection.

All possible benefits from war-time restricted availability of imported machines were denied to this industry due to a switchover to the production of munitions, but in the succeeding period of seven years during which the policy of protection has been in force its expansion has gone on at a rapid rate. The annual installed capacity of the industry on a single shift basis jumped from 8,000 machines in 1946-47 to 66,700 at present and of this increase the substantial share has been accounted for by the premier unit, Jay Engineering Industries, which has raised its capacity from 6,000 machines per year to 40,000 machines. The other old unit, Messrs. K. C. Mullick and Sons, devoted solely to treadle machines, has also had a good share in expansion, considering its original size and investment. Unlike several important mechanical engineering industries in this country, the gap between installed capacity and actual output has always been kept to a narrow margin by the sewing machines industry. Actual production has registered an impressive increase, in a span of seven years, from 7,000 machines in 1946-47 to 64,139 in 1953. And full utilisation of capacity, coupled with a continuous process of improved efficiency, has enabled the industry to effect fair reductions in production costs as reflected in selling prices. Jay Engineering's reduction of Rs. 20 in the selling price per machine in July last year is the latest vindication of unremitting efforts at higher efficiency and productivity and it gives promise that the policy of bringing prices in closer alignment with the consumer's purchasing power will be pursued within maximum limits of overall costs.

The confidence of the investor in the potentialities of reasonable development of the industry in the com-

ing years needs to be accepted as a safe indicator of its future. One more unit—Laxmi Narayan and Company—has gone a long way in installing a factory at Bombay in collaboration with a Japanese firm of reputed standing. The addition of this unit should be welcome for the reason that its production programme will be directed exclusively to the manufacture of industrial machines—a sphere in which the indigenous industry has made no appreciable penetration, except primarily for the manufacture by Jay Engineering of the type analogous to Singer's 35-K-15 model. The case of the two assembling units is not strictly relevant to the growth of the manufacturing component of the industry, unless their assembly is confined exclusively to home produced components and parts. Information about these two units is too meagre to sustain any real claim to recognition. In addition to the three producers engaged in the manufacture of complete machines, a vital sector of the industry is represented by manufacturers of parts who have set up five units so far. This varied expansion underlines the necessity of effective protection in a market that is becoming increasingly competitive in recent months. The present classification of sewing machines, for the purpose of protection, into domestic machines with a price ceiling of Rs. 300 per unit irrespective of the fact whether they are really domestic or industrial machines, on the one hand, and machines costing more than Rs. 300 per unit as industrial machines, on the other, may look unscientific and adopted as a matter of expediency. But since the question of classification has been raised by the Tariff Commission, it ought to be emphasized that whatever the basis of classification, protection cannot leave out any types of machines that are being actually manufactured in this country.

The two pioneering units—Jay Engineering and K. C. Mullick and Sons—now manufacture in their own factories all the parts with the vital exception of needles. This high degree of self-sufficiency, however, is likely to conceal a source of great dependence on outside resources which is to be traced to the procurement of raw materials. Broadly, the proportion of imported raw materials that go into the production of sewing machines is large. Five out of the eight vital types of steel that are required for manufacture are obtained from overseas, which is a significant fact about this industry. Leather belts for treadle machines, half of the quantity of black enamel and over 70 per cent of abrasive paper and cloth required are again to be purchased from abroad. It is uncertain how soon and at what rate indigenous sources can replace these basic imports, but assuming the present position to remain practically unchanged in the near future, the Tariff Commission will have to examine the specific ways in which procurement of raw materials can be facilitated and rendered easy and assured by governmental assistance, instead of leaving matters to be arranged by the units by individual negotiations.

This aspect of the structure of the industry recalls another important requirement of the industry. During the last three years in particular, the industry has intensified its export drive and in each successive year the volume of exports is increasing. In the absence of a separate record of exports of sewing machines in the trade and navigation accounts, the data about Jay Engineering's shipments may be taken as representing the trend of total exports. From 6,161 machines in 1951, the quantity rose to 8,119 in 1952 and to 10,863 in 1953. The exporters' grievance about the higher burden of shipping freight costs which they have to bear than the burden shared by exporters from other countries bears careful examination. Such differentials are not a rare phenomenon in overseas shipping freight tariffs and the hardships resulting from them can be minimised by concessional rates on domestic railways for transport to port towns. In addition, in view of the amendment to the Sea Customs Act an agreed and comparatively simple procedure can be evolved for the grant of rebate on imported raw and semi-manufactured materials used in machines to be shipped for export. The initiative in this matter must come from the exporting units.

Estimates of internal requirements of sewing machines of the two varieties are bound to show variations due to the angle from which the probable trends in demand are assessed. But as between the Commerce and Industry Ministry's estimate of the home demand of the order of 124,000 machines in the near future and the import traders' estimate of 200,000

machines, the former appears to be realistic. The net quantity available for domestic supply has declined from 68,759 machines in 1951 to 64,169 in 1953. This decline is also reflected in the fluctuations in imports which fell from 28,470 machines of both varieties in 1951-52 to an annual rate of 15,173 machines in the first seven months of the financial year 1952-53. This contraction in imports is attributable only in a partial degree to the progressive sales of home manufactured machines. It will be some time before the indigenous products are raised to a level of quality comparable with that of imported machines. While no case can be regarded as having been made out for a total ban on imports of domestic machines, and there will continue to be a volume of demand for industrial machines and also components and parts, the greatest obstacle which the home industry has to encounter is the disadvantage of consumer prejudice. The gap between the prices of the two will need to be adequate to help to minimise the impact of this disadvantage. With the rapid stabilisation of competitive conditions in markets everywhere, the present rates of protective duty on machines, namely, the preferential rate of duty at 25-1/5 per cent ad valorem and the standard rate at 37-4/5 per cent ad valorem will undoubtedly have to be raised and simultaneously with them also the rate of duty on components. The precise measure of increase must be left to the assessment of fair ex-works prices of the indigenous products and the c.i.f. as also landed costs of imports, which is a matter of factual examination of data that are now placed before the Tariff Commission.

PUT DRIVE INTO INDUSTRY WITH

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THE BUSINESS WORLD

COST OF LIVING INDEX NUMBERS

The Labour Bureau of the Ministry of Labour has just released a monograph on the "Cost of Living Index Numbers" in India. This official publication deals with the subject in a very comprehensive way and highlights the defects from which the Indian cost of living index numbers suffer. It brings out clearly the obsolete character of the indices and recommends undertaking of fresh family budget enquiries.

There are in all 60 cost of living index numbers in India, tabulated below in the order of the base period.

BASE PERIOD	CENTRE
August 1926 to July 1927	Ahmedabad
Feb. 1927 to Jan. 1928	Sholapur
July 1933 to June 1934	Bombay City
1931-35	Rohtak
July 1935 to June 1936	Madras
do	Visakhapatnam
do	Mysore
do	Eluru
do	Kolar Gold Fields
do	Bellary
do	Cuddalore
do	Tiruchirappalli
do	Madurai
do	Coimbatore
do	Kozhikode
do	Bangalore

August 1935 to July 1939	Patna
do	Muzaffarpur
do	Ranchi
August 1939	Jalgaon
do	Kanpur
do	Calcutta (Working class)
do	Calcutta (Menial class)
do	Calcutta (Middle class)
do	Nagpur
do	Ernakulam
do	Trichur
do	Ollur, Pudukad and Chalakudy
do	Karuvannur

August 1943 to July 1944	Hyderabad City
do	Warangal
do	Nizamabad
do	Nanded
do	Aurangabad
do	Gulbarga
do	Jubbulpur
1944	Akola
do	Kharagpur
do	Berhampur
do	Cuttack
do	Ludhiana
do	Ajmer
do	Delhi
do	Gauhati
do	Assam (Rural population)
do	Silchar
do	Assam (Rice and flour mill industry)
do	Tinsukia
do	Dehri-on-Sone
do	Jamshedpur
do	Jharia
do	Monghyr

October 1945	Patiala
July 1948 to Dec. 1948	Mercara
1948	Dooars
do	Terai
do	Darjeeling
Jan. 1949 to June 1949	Plantation areas
1951	Gwalior
do	Indore

Twenty-nine out of these series of index numbers are based on family expenditure surveys conducted before 1940. The index for Ahmedabad is based upon the survey conducted from August 1926 to July 1927 while the one for Sholapur has the period February 1927-January 1928 as the base. For Bombay City also, the working class cost of living index is based on as old a period as July 1933 to July 1934. No wonder that they are out of date and do not reflect the changes in consumer habits and tastes. They have slowly lost their representative character and cry out for revision.

No hard and fast rules can be laid down for the period after which fresh surveys should be conducted for keeping the index numbers in pace with the changes in consumption habits. An interval of a decade is perhaps the maximum that should lapse between two surveys. In Canada revisions have been made five times since the consumer price indices were first published in 1910. The fifth revision was undertaken in 1949. Certain very rapid economic developments might cut down this period drastically. In the Federal Republic of Germany, for example, the real national income increased by 37 per cent in the first half of 1952 as compared with the same period in 1949. Increase in real national income meant corresponding increase in the purchasing power of the common man, which brought a drastic change in his expenditure habits. Hence the old pattern of expenditure was no longer representative and the index (which had been established shortly after the currency reform in 1948) had to be revised.

The appearance of new commodities in the market also upsets the pattern of expenditure. The 1933-34 survey in Bombay City shows that there is no provision for entertainment. It may mean that in the years 1933-34 the working class in Bombay was not spending anything on cinema-going or on radio, but now the times have changed. Quite a substantial slice of the miscellaneous expenditure is taken away by entertainment and there are a number of working class families in Bombay who own a radio set, though a cheap one, and pay the licence fee of Rs. 15 per annum. As a matter of fact, the consumption habits of the working class have undergone so big a change that the need for new surveys is paramount.

In addition to the cost of living index being obsolete, they do not measure variations in the cost of living or the standard of living of the people. What these indices measure are changes in the prices paid by the consumer. There is a suggestion to this effect, we are told, already under the consideration of the Government of India in consultation with the various State Governments.

For the sake of comparability it will perhaps be very convenient to convert all the indices to the same base, but the Working Party, set up recently by the Standing Committee of Departmental Statistics, Government of India, came to the conclusion that owing to a multiplicity of events like partition, devaluation and Korean War it was well-nigh impossible to suggest a year which may work suitably as a common base. The Working Party also recommended that "fresh family budget enquiries should be undertaken at the various centres and till the results of such surveys were known, the index numbers should be expressed in terms of the calendar year 1949". A study of the cost of living index numbers in Bombay, Calcutta and Delhi for the years 1949-1953 shows that 1949 was a comparatively stable year. The table below brings out this fact clearly:

COST OF LIVING INDEX NUMBERS

Base 1939=100					
	1949	1950	1951	1952	1953
(Highest)	301	308	321	330	358
Bombay (Lowest)	289	288	303	298	330
(Difference)	12	20	18	32	28
(Highest)	333	337	387	369	375
Calcutta (Lowest)	327	327	344	339	329
(Difference)	6	10	43	30	46
(Highest)	381	378	383	387	378
Delhi (Lowest)	366	366	349	354	351
(Difference)	15	12	34	33	27

BUSINESS AND EMPLOYMENT

By

CROESUS

One thought that the All-India Khadi and Village Industries Board, (A.I.K. and V.I.B.) which has been receiving handsome grants and loans from the Government of India—the latest grants and loans were announced only last month—would be the first to welcome the statement recently made by the President of the Federation of Indian Chambers of Commerce and Industry that India could manufacture at least Rs. 300 crores worth of goods out of the Rs. 400 crores worth of goods she has been importing every year, on an average. For any such programme necessarily means more flip to Indian industries, both big and small. But Mr. C. K. Narayanswami in his new role as the Director of Publicity of the Board has evidently other ideas. He has, therefore, thought it fit to ridicule (in his letter published on page 50) both the President and the Federation for suggesting that it is possible, notwithstanding a number of difficulties such as, for instance, finance. It was suggested by the Federation President, as C. K. N. admits, that, since this country could not find all the money needed, of about Rs. 1,500-2,000 crores, over a period of five years—Mr. C. K. N. estimates the capital outlay needed will be more, if transport expansion also is taken into account, which by the way, strengthens the case for seeking foreign assistance and not for spurning it—India should not fight shy of going in for foreign aid on perfectly honourable terms. The A.I.K. and V.I.B. Director of Publicity, in his eagerness to criticise this suggestion of foreign aid—and there is room for honest differences of opinion on this important issue—has unfortunately lost sight of the immense benefits that would accrue to the country—in all sectors—if it could produce a further Rs. 300 crores worth of goods, inasmuch as it would thereby provide not only more employment but also lead to the saving of so much of foreign exchange every year. The objectionable aspects of foreign aid to which Mr. C. K. N. refers, however, are not *prima facie* the familiar ones, but the familiar ones in a novel garb. It is, indeed, quite an original idea of his to bring in the consideration of racial affinity and similarity of interests of the people and the countries concerned, on the one hand, and the social and class consciousness at the time of the aid, on the other. This, one suspects, is deliberately done and, even if it is done by Mr. C. K. N. as the Director of Publicity of the A.S.K. and V.I.B., the public, I am sure, is shrewd enough to dismiss it as the expression of views of one belonging to a particular school of politics and not as the considered view of the Board. Mr. C. K. N. must note that the independent stand of India and even the Chou En-Lai-Nehru meeting have not stood in the way of the U.S. aid to this country. Moreover, even after attaining independence, I cannot see why our politicians

—especially those of a particular persuasion—should feel we would be so helpless as to barter away our freedom for a mess of pottage. It is, I think, to the eternal credit of India that she has proved that a country can accept foreign aid from a country which is racially different and even at today's level of social consciousness and yet retain her independence, in the economic sphere, even as she has proved, in the political sphere, that there can be and is a place, and that a respected place, for a country which chooses to remain neutral and not throw her weight on the side of either power bloc.

Mr. C. K. N. is apparently—only apparently though—on a relatively stronger wicket when he challenges the statement of Mr. B. M. Birla, the Federation President, that business men all over the country employ about six crores of people directly and at least another four crores indirectly; in other words, that, next to agriculture, it is business—trade and industry—that provides the largest employment to people in India. I don't think Mr. C. K. N. can seriously dispute the statement that, next to agriculture, business provides the largest employment opportunities. Since he wants authorities and statistical proof—otherwise he is apt cavalierly to generalise and say: "there is a tendency in India, where statistical data are defective and woefully inadequate, to indulge in fantastic assumptions to back up any cause that is sought to be advanced"—may I, with your permission, Mr. Editor, refer him to page 153 of the 'Report of the Committee on Finance for the Private Sector' published by the Reserve Bank of India in April, 1954? Appendix X to the Report appears on this page and relates to percentages of economically active population engaged in different sectors and also the percentages of income from these sources. According to the table giving this information, 68.2 per cent of the economically active population is engaged in agriculture which accounts for 47.5 per cent of the national income. Industries (including mining), construction, transport and communication, and commerce together (14.1 plus 1.8 plus 6.2 respectively) employ 22.1 per cent and account for (17.2 plus 2.6 plus 16.8, respectively) 36.6 per cent of the national income. There is then the unclassified category employing 9.7 per cent of the population and accounting for 15.9 per cent of the national income. Here then is the irrefutable evidence of a Reserve Bank of India publication to prove that, next to agriculture, business provides the largest employment.

Perhaps, the meticulous stickler that Mr. C. K. N. is, he is not impressed by Mr. Birla's casual mention of business employing six crores directly and another

four crores indirectly. I think it is necessary at this stage to point out that I and my other friends as well of the Fourth Estate are, in a way, guilty of omitting in our despatches Mr. Birla's constant qualifying remarks that he was giving only approximate estimates and not actual figures. That apart, even if it is the intention of Mr. C. K. N. to pin down Mr. Birla to the reported figures of six and four crores or ten crores in all and seek an explanation, he is entitled to do so. The explanation is simple enough. When Mr. Birla claimed that business accounted for about ten crores employed, he had a different connotation of business men to the evidently too narrow one assumed by Mr. C. K. N. By business men Mr. Birla meant—and he specially stressed this point—not only the few big business men in the cities but even the smallest shop-keeper or handloom weaver in the farthest recesses of the country and also a majority of the agriculturists who combine farming with their own petty trades. In his letter—a version has already appeared in the 'Free Press Journal'—(which has been passed on to me for my attention), Mr. C. K. N. gives the table of 'Pattern of Employment' which shows that agricultural classes constitute 249 million out of the country's total population of 357 million (in 1951). Of these 249 million, more than 102 million fall under the category of either "self-supporting" or "earning dependants". It is difficult to say what percentage of the earnings of these 102 million is derived from agricultural and what percentage is derived from non-agricultural occupations or business. But, bearing in mind that, in 90 cases out of 100, agriculture represents a sub-subsistence occupation, it would not at all be "fantastic" to assume that at least 40-50 per cent of the agricultural classes also have a supplementary source of earning of some sort or other which entitles them to call themselves as "business men". It does not matter whether they are petty business men or big business men. Adopting this basis, Mr. C. K. N. can very well find out for himself how many crores of business men there are in India today. Those who spin and weave 'khadi' and those who extract oil from the village 'ghani' may come under the purview of the A.I.K. and V.I.B., but that need not, and does not, preclude them from also styling themselves as business men. It would be interesting to know what new appellation Mr. C. K. N. has for these and for the agriculturists-cum-business men I have referred to above.

There is a more practical and realistic way of ascertaining the employment-providing potential of business men or the private sector and the Government or the public sector which may perhaps escape a tyro in social and economic studies. But Mr. C. K. N. cannot have failed to peruse our National Income Statistics. One table in these illuminating data discloses the respective shares in national expenditure, of the private and the public sectors. Let me not venture to suggest to veterans like Mr. C. K. N. that all this expenditure is equal to so much of employment opportunities. For instance, in 1948-49, the private sector, which accounted for 91.3 per cent of the national income (at factor cost), accounted for 90.8 per cent of the national expenditure (at market prices). It is axiomatic that the more a country expends, the more sources of earnings or income it has developed. This is only another way of explaining that there is more employment in such a country. On the basis of the respective shares in national expenditure of the public and the private sectors, namely 9.2 per cent and 90.8 per cent, it is possible to infer that, even in providing employment, the private sector has about ten times—it is actually many times more—the capacity that the public sector has. Mr. C. K. N. has placed a ceiling of 50,00,000 as the maximum that the State can employ at any time in this country and, even on this reckoning, the private sector should be able to absorb at least five crores of people.

Finally, in order to make his point, there was absolutely no need for Mr. C. K. N. to have a tilt at "Croesus" by suggesting that he (Croesus) is worse than "a tyro in social and economic matters". There is so much to learn in social and economic matters—even our own politicians are realising this now—that, compared to what one has yet to learn in this sphere of specialised knowledge, most of us—and I make bold to include even Mr. C. K. N. in this category—are not even tyros but pigmy-tyros. Mr. Editor, I suppose I have fully answered the A.I.K. and V.I.B. Director of Publicity.

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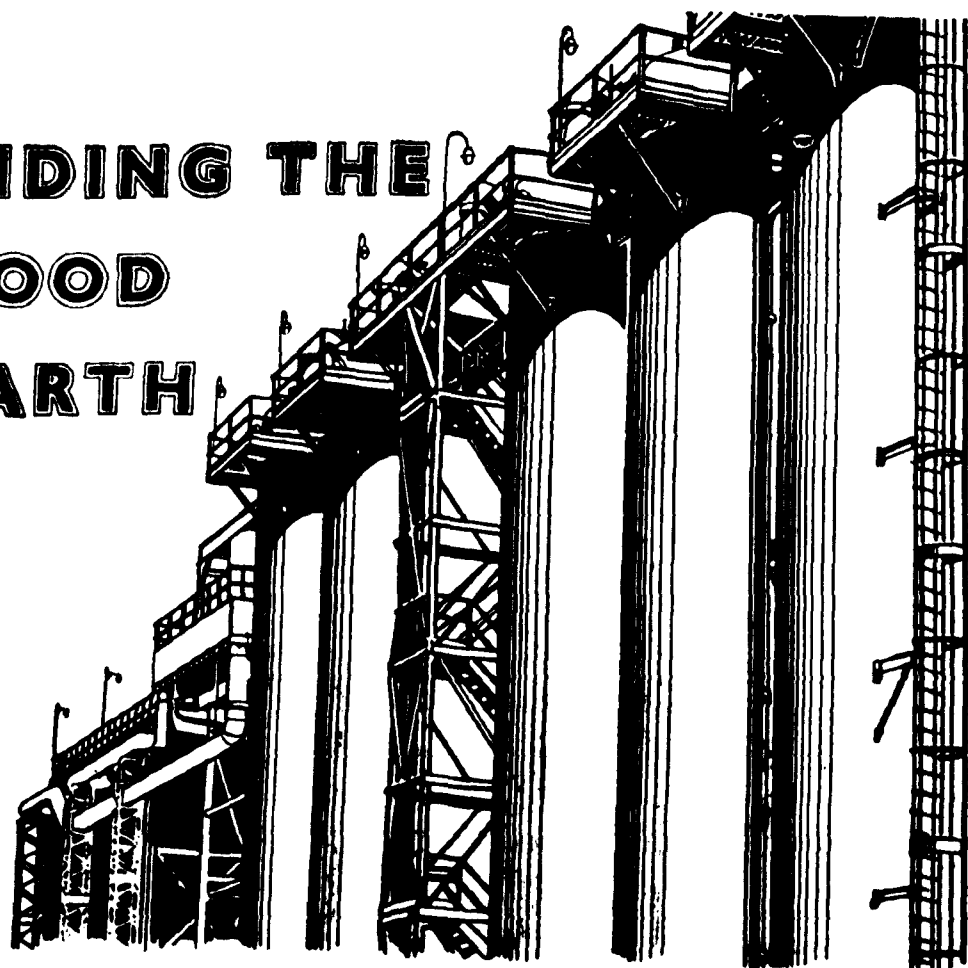


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BUSINESS NOTES

ACCORD ON EXCESS SUGARCANE PRICE

The three-party conference of the representatives of the sugar industry, sugarcane growers and the U.P. Government on the question of settling the claim of cane growers for their share in the "excess profits" earned by the industry by sales above the minimum price is reported to have come to an agreement on the lines on which the claim should be assessed. Since the principle of conceding a share to cane-growers in the so-called excess profits has been formally accepted by the State Government, controversy over its reasonableness ceases to have any force and the only logical course to be followed is to arrive at an understanding on the determination of cane-growers' share. The Naini Tal conference which concluded on Monday last has done the spade work in laying down the principle underlying the assessment of growers' share.

Acceptance of an ad hoc basis for the settlement of the share from year to year which was persistently urged on behalf of cane-growers has been rejected by the conference and commitment of the parties has been obtained on the acceptance of a formula whereby cane price in excess of the statutory minimum of Re. 1-5 will be linked with the "excess profit". The formula itself is still to be evolved and until it is evolved another major cause of divergence cannot be said to have been removed. This seems to have been regarded as a matter of detail. Necessary legislation for giving validity to the formula, it is stated, will be introduced in Parliament in a few months. Incidental questions like payment for the outgoing season and credit to be taken for the interim share of four annas per maund were paid to cane-suppliers to factories in western U.P. were also settled. Meanwhile, Mr. Kidwai is said to have emphasized, and with sound reason, that in the context of an all-round decline in food grain prices which is under way at present, sugarcane price cannot escape a downward revision. Maybe that the trend of sugar prices will render the formula operative occasionally.

SMALLER INCREASE IN DOLLAR RESERVES IN JUNE

The British Treasury's announcement of July 2 discloses that the sterling area's gold and dollar reserves at the end of June rose to \$3,017 million. This registers an increase of \$32 million above the figure for the total reserves at the end of May 1954. Of this increase of \$32 million, \$3 million were accounted for by U.S. defence aid and \$15 million were receipts from the E.P.U. either in gold or dollars and the balance of \$14 million was represented mostly by movements of gold and dollars for genuine trade purposes. This increase compares with the increases of the order of \$135 million in April and \$165 million in May this year above the preceding months. The breakdown of the increase in May shows \$8 million due to U.S. defence aid, \$39 million due to gold or dollar receipts from the E.P.U. and out of the balance of \$120 million an amount of \$40 million at least is presumed to be on account of real trade surplus.

This sizable fall in the increase recorded in June as compared to the previous two months has come out as expected, for the May and April figures represented, for the major part, a flow of money consequent on the reopening of the London gold market and the margin over the Bank Rate in the U.S. In April and the earlier part of May, widespread rumours of possible widening of the sterling exchange rate had engendered considerable speculation and encouraged the flow of funds in London. The Treasury's categorical denial of any intention on its part to approach the I.M.F. for this purpose,

coupled with the reduction in the Bank Rate, was expected to exert a healthy influence by discouraging the inflow of hot money. A reduction of something like \$100 million in the reserves is a foregone conclusion, when the U.K. finalises her separate agreements with her E.P.U. creditors. Even so, as "The Financial Times" estimates the position of the reserves, a total holding of £1,000 million is a level that the sterling area can be confidently expected to maintain. Here lies prima facie proof that the countries of the area have pursued correct policies on the lines they undertook to do.

ELECTRICITY BOARDS

Persistent demands on the State Governments for implementing the provision of the Electricity (Supply) Act in regard to the establishment of Electricity Boards to replace the electricity departments have become a common feature at the general meetings of individual electricity undertakings or their associations and it would appear that it has become a common attitude on the part of the official authorities to side-track this vital reform in a systematic manner. This reform has been very badly needed and long overdue in the interest of a rational distribution and development of electricity supply which is the reason for the incorporation of the provision in the Electricity (Supply) Act. It surpasses comprehension why the State Governments should harbour such hesitation in introducing this reform and choose to cling to the outmoded pattern of departmental administration of the subject.

This reform is so important and basic to co-ordinated expansion of the generation and distribution of electricity that repetitive references to it cannot be regarded as superfluous and on the contrary such references would be essential to induce the State Governments to be alive to their obligations in this matter. Only July 3 last, Mr. P. Natesan, President of the Madras Presidency Electricity Licensees' Association, pressed this point before the Chief Minister of Madras with a forceful plea for prompt attention. A major share of the liability for maldistribution of power in the States and lack of proper and timely planning for electricity development ought to be placed squarely on the shoulders of the present electricity departments which have now become unable to cope with the problem. Mr. Natesan rightly emphasised how in his State it had proved quite out of tune with the present increasing requirements of power and urged that the only solution out of the current unsatisfactory administration of the subject lay in setting up the Electricity Board in the State. The Board with the ramifications of regional bodies would be an adequate answer to these requirements and it would tackle the two tasks of rational planning for development of power stations as also transmission systems and correct distribution and utilisation of electricity. The technical and commercial talents which would be required for safeguarding these two aspects of the power problem would be at the disposal of the Board. In its absence, rational planning and adequate distribution are bound to suffer. The plea made by the Association's president did not evoke an assurance of early action from Mr. Kamaraj Nadar, unless his omnibus promise to examine the numerous suggestions made by the former can be taken to include it. But in this specific issue there is little that needs fresh examination. Early action is all that is required.

TRAINING WITHIN INDUSTRY

"Training Within Industry" which is one of the secrets of the high efficiency and competitive strength

of American industry has got off to a modest start in this country and the first fruits of this innovation here will be put to practical test in a short time. It will be recalled that the introduction of this scheme had gone a considerable way beyond the stage of discussion with the experts of the scheme in the I.L.O., and the textile industry was the first among organised Indian industries to take an enthusiastic initiative in this matter. Ahmedabad and Coimbatore volunteered to give an earnest trial to the scheme, and while no precise details about the experiment at Coimbatore are available according to the published resources, Mr. Kasturbhai Lalbhai's speech at Ahmedabad on June 22 last, on the occasion of awarding certificates to the officer-candidates in the first batch under training, gives a basic idea of the essential features of the scheme. At Ahmedabad 22 supervisory officers, representing one mill each from the participating mills, have come out after a course of nine months' training. In turn, these qualified officers will train the supervisory personnel in their own mills.

This scheme is being sponsored by the Ahmedabad Textile Industry's Research Association under the guidance of a team of experts deputed by the International Labour Organisation. This first T.W.I. course was divided in Ahmedabad into three programmes, namely, job methods, job relations and job instruction. The main purpose was to impart training in a rational employment of machinery, economical use of raw materials, reducing wastage to the absolute minimum, and cultivating a human and psychological approach to labour. The idea of retrenchment of the labour force is not involved in the scheme in any manner whatsoever. The main object of the scheme is to reduce production costs and step up productivity. It is because of this technique that in spite of a higher level of general wages, American industry is able to compete successfully with European industry. Higher wages which are earned by means of higher productivity are reflected in working results after the new job methods and job relations are thoroughly imbibed in the unit as a normal technique. Mr. Fee, the I.L.O. expert on T.W.I., announced that in Ahmedabad mills scope has been discovered for the introduction of 600 new production and job relations. This gives a measure of how practically at every stage the existing methods and relations can be improved on a continuous basis.

The Government of India's proposal, in consultation with the I.L.O. expert, to put the scheme on a wide basis in the textile industry in the first instance envisages selection of a small number of units in the current year. Since the scheme has already progressed some way, there is no reason why its pace should not be accelerated.

A PLEA FOR POWERLOOMS

Medium and small-scale industries have come in for hard times either because of the strain of competition which the transition to the buyer's market entails or because of government policies. The impact of these factors upon them has been severer than on large industries and it is no wonder that when the latter ask for measures of relief and assistance, the former also should seek redress. Addressing the last annual general meeting of the Mahratta Chamber of Commerce, Poona, Mr. G. L. Natu, the President, made a fervent appeal for relief to medium and small units in certain specific classes of cases. His contention was that units of this type represent local initiative and enterprise and they have a vital significance in the backward regions. In the interest of sustaining trade and employment, they need positive encouragement and at any rate protection from policies detrimental to their growth. This reasoning will be unexceptionable to the extent that it does not amount

to a plea for uneconomic and inefficient units at any cost, irrespective of their prejudicial effects as a drag upon the economy. The specific cases whose claim the Chamber's president pressed for relief do not fall within this description. Among these the case of powerlooms is important.

The present hardships of the powerloom industry, a large section of which is heavily committed to the production of large-width sarees and similar fabrics, are due to the discriminatory policy which the Government has enforced in the matter of reservation of certain types of production for handlooms—in this case dyed and coloured sarees. The prohibition on powerlooms in respect of the production of these fabrics has created a crisis for them. It was no consolation for this industry to be told, as Mr. M. C. Shah, Union Deputy Finance Minister, who inaugurated the Chamber's session, told it, that the reservation in favour of handlooms was a purely temporary and interim measure, and freedom of production would be restored to powerlooms as soon as the need for interim reservation ceases. It is difficult to anticipate the recommendations of the Kanungo Committee on this issue and again it is problematical whether the Government will take a course of action calculated to withdraw this discrimination in the near future. Meanwhile, due to inadequate staying power the powerloom industry may languish. It should be earnestly considered whether this result should be allowed to follow.

A WELCOME INITIATIVE

The All-India Manufacturers' Organisation has taken a welcome initiative in convening a conference in India of the countries of South-East Asia, at a private level, to explore the possibilities of regional co-operation and co-ordination in the intra-regional trade and plans for economic development. It is immaterial that the conference which was originally intended to be convened in April last had to be postponed for some months and is to be held, according to the new schedule, in November next. What is material is that the participation of the largest number of countries in this region should be enlisted. If a larger number than originally expected will join in this move, the delay will have been more than compensated. On this score, Mr. Morarji Vaidya, Chairman of the A.I.M.O. is optimistic. The spade-work for this regional meeting was prepared by the delegation deputed by the A.I.M.O. to tour these countries a few months back.

The meetings of the ECAFE and Colombo Plan countries also serve this purpose in a partial measure, but the essential object of the sessions of these two international organisations is to try to solve the problems in the broader global perspective. A regional perspective may have a restricted purpose, but it is complementary to the former and in no way inconsistent with it. The historical background of the political ties which the countries of this region have developed with their erstwhile metropolitan Powers has given a definite pattern to the economic and commercial relations of these countries. There are undoubtedly several advantages in fostering that general pattern, but side by side with it regional co-ordination and closer co-operation is certainly desirable and it is expected to improve the existing state of economic relations. The outstanding merit of this conference convened by the A.I.M.O. is that the captains of industry and business, who are responsible in the last resort to give practical shape to policies of regional co-operation, will offer their expert advice in formulating these policies.

A NEW SUGAR FACTORY FOR BOMBAY

Bombay State will have the addition of one unit to its sugar factories when the Chitale Sugar Works goes into production, as it is scheduled to do at an early date, at Chitalenagar, in Sholapur district. The authorised and issued capital of this unit is Rs. 35 lakhs and its installed capacity will be 600 tons of cane crushing per day. The annual crush is expected to be 80,000 tons valued at about Rs. 60 lakhs to begin with.

A special feature of the ownership of the share capital of this unit which needs mention is the allocation of shares that is to be made to cane growers in the adjoining area. This integration of cane suppliers with the factory's shareholding is expected to produce a cane supply policy, which will command a large measure of agreement between growers and factory management. The irksome friction on this issue, which is a constant source of disturbance to the operation of the industry in certain areas, western U.P. for instance, will be minimised. Since the cane growers will have a stake in the profit-earning capacity of the factory, it is worth while exploring the possibility of correlating cane price to the sucrose content of cane.

TOBACCO SEED OIL FOR PAINTS

In India, plants of indigenous types of tobacco have been topped before flowering, and there had, consequently, been no production of tobacco seed in this country until a few years ago. Lately, the Virginia type of tobacco has been introduced in the country and the area under it is being increased from year to year. Plants of the Virginia type are not topped but are allowed to flower and bear fruit, and, as a result, a large quantity of tobacco seed has become available every year. It is estimated that about 10,000 tons of tobacco seed is now produced in the country, and of this, at least half the quantity is collected.

Tobacco seed is rich in oil content, and about 25 per cent of oil can be extracted from it by ordinary expellers. The oil so obtained is free from nicotine and is edible; it is known to be used for this purpose in other countries. Tobacco seed oil is, however, one of the few important linoleic acid rich oils, like linseed oil, to which increasing attention is being paid the world over for use in paints and varnishes. It has some definite advantages over linseed oil, and attempts have to be made to utilise it for these instead of for edible purposes, as there are other Indian oils suitable for cooking purpose. The National Chemical Laboratory, Poona, has been doing considerable work on the uses of tobacco seed oil for paints and varnishes and should be able to help those interested in utilising this oil to the best advantage.

PROVIDENT FUND RESOURCES FOR THE NATIONAL PLAN LOAN

The Government of India has decided that advances from Provident Funds will be given to Government servants under certain terms and conditions for subscription to the National Plan Loan. The existing Provident Fund Rules and orders have accordingly been relaxed. The advance which has to be invested in the National Plan Loan within one month of its drawal will be recovered in not more than 24 equal monthly instalments. It will be subject to payment of interest under the normal rules.

The following are the specific conditions laid down by the Government for taking such advances: (i) In the case of I.C.S. Provident Fund and Contributory Provident Funds, the amount of the advance shall not

exceed the subscriber's one month's pay or his own subscription, whichever is less. (ii) In the case of subscribers other than those mentioned at (i) above, the amount of advance shall not exceed one month's pay or half the amount lying to the credit of the subscriber in the Fund, whichever is less. (iii) The advance shall be recovered in not more than 24 equal monthly instalments. (iv) An optional subscriber to the Provident Fund—on the date he takes an advance—should continue to subscribe at the same rate and not reduce the amount of his subscription to the Provident Fund or discontinue the subscription altogether, during the period this advance is outstanding. (v) This advance will not count towards the number of advances which a person may take from his Provident Fund under the normal rules. (vi) The advance will also be subject to payment of interest under the normal rules.

FREE EXPORT OF VANASPATI

The Government of India has decided to continue the free licensing of Vanaspati (vegetable oil products) export to all permissible destinations except French and Portuguese possessions in India, until further orders, it was officially announced in Bombay on June 30 last by the Joint Chief Controller of Exports.

Licences for export will be issued by endorsement on shipping bills accompanied by an application in the prescribed form and treasury chalan of appropriate value.



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COMMODITY NEWS AND NOTES

INDIA'S BLACK PEPPER EXPORT

Exports of black pepper since the beginning of the season in November last to the end of May 1954 have shown an encouraging performance at 2,02,044 cwts. against 1,54,184 cwts. shipped in the corresponding period last season. Exports in the month of May have totalled 21,100 cwts. as compared with 12,757 cwts. in May 1953.

CASTOR OIL EXPORTS

The Government of India have reviewed the export policy for castor oil and have decided to release an additional quota equal to 50 per cent of the actual shipments made by them during 1953, subject to a maximum allotment of 400 tons to any one shipper. The quota now released will be valid for shipment up to the end of October.

COMMITTEE TO ASSESS COST OF SUGAR CULTIVATION

The Indian Central Sugarcane Committee proposes to launch a scheme for assessing the cost of sugarcane cultivation in India. The scheme will be launched in the first instance in six of the important sugarcane growing States—Bihar, U.P., Punjab, Bombay, Andhra and Madras. At the beginning it is proposed to take 45 villages in Bihar with 540 holdings. The object of the scheme is to estimate the cost of sugarcane cultivation on cultivators' holdings in factory areas, and it is proposed to continue the scheme for a period of three years in the first instance.

INDIA'S ORE EXPORTS IN 1953-54

The progressive increase in India's ore and mineral exports was well maintained during the year 1953-54, but future prospects are gloomy owing to slack overseas demand. Total exports of ores and minerals were valued at Rs. 3,217 lakhs as compared with Rs. 2,784 lakhs in 1952-53 and Rs. 1,803 lakhs in 1951-52. The quantity exported also increased from 15 lakh tons in 1951-52 to 25 lakh tons in 1952-53 and 40 lakh tons last year. The volume of exports would have increased further but for the transport bottleneck experienced in the second half of last year. The overseas demand for these commodities, however, slackened considerably towards the end. Exports of manganese ore dropped to 77 thousand tons in March 1954 as compared with 184 thousand tons in the corresponding month of last year. There was a similar setback in respect of exports of other ores. It has created a serious problem for the mining industry, and huge stocks of ores have accumulated at mines.

PAKISTAN JUTE EXPORTS

The Pakistan Government recently announced that exports of raw jute from Pakistan between July 1, 1953, to June 12, 1954 totalled 4,831,737 bales as against 5,032,099 bales during the corresponding period of the previous year. Jute exports to India during the period July 1, 1953 to May 31, 1954 totalled 1,219,035 bales as against 1,160,881 bales during the corresponding period of last year.

CANADIAN BID FOR TITANIUM MARKET

Canadian industry and government scientists are stepping up exports to win the research race which would give Canada a world lead in the cheap and large production of titanium. No less than seven industrial plants are engaged in the research and development of processes which have as their object commercial production of this rare metal at a rate well below the present-day price of five dollars per pound weight.

WHEAT FOR BRAZILIAN COFFEE

A new trade agreement has been signed between Argentina and Brazil which provides for annual trade exchanges between the two countries worth some \$135,000,000. Included in the deal will be wheat, flour, frozen meat, hides, etc. from Argentina and from Brazil will be sent coffee, beans, cocoa, iron, steel and timber. Argentine wheat shipments to Brazil will be in the region of some 750,000 tons.

INDIA'S TOBACCO EXPORTS

The U.K. continues to be the largest single buyer of Indian tobacco. During the twelve months from April 1953 to March 1954 exports of unmanufactured Indian tobacco of all varieties to the U.K. stood at 28,625 thousand lbs. as against 33,520 thousand lbs. in the corresponding period of the previous year and 42,947 thousand lbs. in the year 1951-52. Japan comes a close second to the U.K. with a bulk purchase of 10,061,000 lbs. this year, compared with 14,507,000 lbs. last year. The third country this year is Aden with 7,214 thousand lbs. as against 3,070 thousand lbs. last year. Although a tobacco mission has gone to Singapore, Malaya and other countries of the Far East, with Mr. K. Raghubar, M.P., as leader, to explore new possibilities, as far as it can be assessed now, sales prospects for Indian tobacco seem to be better in the established markets of the Middle East and Continental countries. The main buyers of Indian tobacco in the past have been the U.K., Sweden, the Netherlands, Belgium, Aden, Pakistan, Egypt and to some extent, the U.S.S.R. The total value of tobacco exports this year has declined, being only Rs. 10,21,73,773 against Rs. 12,35,83,894 last year and Rs. 14,11,73,931 in the year 1951-52.

TEA PROPAGANDA AGREEMENT SIGNED

An agreement between Ceylon, India and Canada to carry out propaganda for the sale of all varieties of tea in Canada has been signed at Toronto. With the signing of this agreement, the Tea Council of Canada has been established to work on the same lines as the Tea Council of the United States. The agreement also provides that the participating countries—Ceylon, India and Canada—should contribute nearly Rs. 3,000,000 for the various tea promotion works to be carried out in Canada.

MANUFACTURE OF 'FINES' ALLOWED

The Government of India have decided to allow the manufacture of 'fines' namely, maids, suji and rawa, from indigenous wheat for local consumption. 'Fines', so manufactured from indigenous wheat will not be available for export from one State to another, but will be free to move within the State or the free zone in which they are manufactured. 'Fines' manufactured from imported wheat specifically issued for that purpose will, however, continue to move freely throughout India as hitherto.

FINAL FORECAST OF ORISSA'S GROUNDNUT CROP

The final forecast of groundnut crop in Orissa for the year 1953-54 puts the total area under cultivation at 80,700 acres as against 59,800 acres in the previous year. The total production has been estimated at 16,480 tons as against 18,135 tons in 1952-53. The weather was favourable for the crop throughout the State and the condition of the crop was on the whole reported to be fair.

EXPORT OF CHILLIES

The Government of India have reviewed the export policy with regard to chillies and have decided to release a small quantity for export from the ports of Madras and Bombay only during the half year July-December 1954. The details of the licensing procedure are being notified by the Export Trade Control authorities at the ports concerned.

EAST PAKISTAN TO BE SELF-SUFFICIENT IN TEA CHESTS

The plywood factory at Kaloorghat in East Pakistan will start functioning this year. Machinery worth Rs. 2,000,000 has arrived and the construction of a factory building has been completed. The works are expected to produce 1,000 tea chests daily. East Pakistan annually imports tea chests worth about Rs. 3,500,000. Now it is expected to become self-sufficient when this plywood factory starts working.

COMPANY AFFAIRS

THE KALIGHAT-FALTA RAILWAY CO., LTD.

The Directors' Report of the Kalighat-Falta Railway Co., Ltd. (Managing Agents: McLeod & Co., Ltd.) for the year ended March 31, 1953, discloses total Capital Outlay on Final Heads at Rs. 26,15,449, the increase of Rs. 21,083 being due to outlay on renewal of rails, erection of rail barrier on Diamond Harbour Road and construction of staff quarters. Capital subscribed by Shareholders amounts to Rs. 19,50,000 (inclusive of Rs. 3,00,000 subscribed by Government), the 3½ per cent Debenture Capital to Rs. 3,00,000 and Gross Capital Outlay inclusive of Suspense Heads, amounts to Rs. 28,12,125, the balance being met by a temporary loan from the Government and an overdraft from the Imperial Bank of India, secured by deposit of Bearer Mortgage Debentures of Rs. 8,50,000. Claims for Rs. 1,00,000 only in respect of 3½ per cent Debentures for Rs. 1,50,000, which were reduced on September 30, 1951 were received and paid up to March 31, 1953.

Gross earnings for the year amounted to Rs. 4,34,448 and working expenses Rs. 7,01,924. The net loss of Rs. 2,67,476 is carried as a charge against Net Revenue Account. Under this account, after including share transfer fees and meeting interest on Debentures and the temporary loans etc., there is a deficit of Rs. 3,02,652 which together with the amount required for the guaranteed interest at 3½ per cent calls for a subsidy of Rs. 3,70,902. As Rs. 10,500 of the guaranteed interest is due to the Government on their portion of subscribed capital, the net balance (together with Income Tax on their share of interest) recoverable from them in terms of the Agreement is Rs. 3,64,956. Super Tax is not allowed as an item of working expenses, and the Reserve Fund being depleted, Dividend is recommended at the rate of Rs. 2-11 only per share (less Income Tax) for the year under report. During the year 1,019,115 passengers and 252,649 maunds of goods were carried as against 1,103,209 passengers and 308,972 maunds of goods during the previous year. The Directors report that motor transport continues to offer stiff competition.

The working results of the last three years are set out in the table below:

Year ended March	1951	1952	1953
Capital outlay (Rs.)	25,55,374	25,94,366	26,15,449
Gross earnings (Rs.)	4,01,644	4,43,566	4,34,448
Earnings per week per mile (Rs.)	297	328	318
Net earnings (Rs.)	—2,75,245	—3,15,450	—2,67,476
Amount recd. from government (Rs.)	3,35,751	3,77,754	3,70,902
Dividend rate per cent*	31	2-11/16	2-11/16

* Dividend paid, less Income Tax and surcharge etc. on receipt of deficit from guarantor.

THE SARAN ENGINEERING CO., LTD.

The Audited Accounts of the Saran Engineering Co., Ltd. (Managing Agents: Begg, Sutherland & Co., Ltd.) for the year ended March 31, 1954 show a profit of Rs. 2,16,933 after making the usual provisions. From this amount the sum of Rs. 1,00,000 has been deducted towards Depreciation and Rs. 50,000 towards Rehabilitation Reserve leaving a balance of Rs. 66,933 to which the sum of Rs. 18,086, carried forward from the previous year, has been added making a total of Rs. 85,019 available for distribution. The Directors have allocated Rs. 27,580 towards Insurance, provided Rs. 1,10,000 for Taxation and Rs. 8,079 as claims paid on account of previous years.

The Directors recommend the payment of a Dividend of Rs. 0-8-0 per share (free of Income Tax) for the year ended March 31, 1954, absorbing Rs. 75,000, leaving Rs. 10,019 to be carried forward to the next year. Reference made in the Balance Sheet to outstanding commitments on account of Capital Expenditure is estimated at Rs. 1,40,000. This expenditure has been authorised and approved in connection with an extensive Capital Replacement programme.

The working results of the last three years are summarised below:

Year ended March	1952	1953	1954
Profit (Rs.)	2,21,844*	3,01,373*	2,16,933*
Depreciation (Rs.)	75,000	1,00,000	1,00,000
Reserve and other Funds (Rs.)	64,622	1,00,000	..
Dividend (Rs.)	93,750	93,750	75,000
Carried forward (Rs.)	10,463	18,086	10,019

* After providing for taxation: Rs. 1,00,000 in 1952; Rs. 1,25,000 in 1953 and Rs. 1,10,000 in 1954.

BAREILLY ELECTRICITY SUPPLY CO., LTD.

The Directors' Report of the Bareilly Electricity Supply Co., Ltd. (Managing Agents: Martin Burn Ltd.) for the half-year ended December 31, 1953, reveals a fall in the number of units of electricity sold and a small fall in the revenue over the previous half-year. The results of the last three half-years are set out in the following table:

Half-year ended	Units sold	Revenue (Rs.)
December 31, 1952	..	3,388,622
June 30, 1953	..	3,910,519
December 31, 1953	..	3,682,856

After complying with the provisions of the Electricity (Supply) Act, 1948, and making adequate provision for liabilities, and setting aside Rs. 35,000 to development and extensions account, the balance of Rs. 58,241-3-7 including Rs. 19,467-6-10 brought forward from the previous half-year, is available for distribution. The Directors recommend payment of Dividend at the rate of 10 per cent per annum (Income Tax free) absorbing Rs. 40,000; leaving Rs. 18,241-3-7 to be carried forward. The Profit and Loss Account discloses the allocation of Rs. 52,303-1-6 to Depreciation; Rs. 10,000 as Provision for Contingencies on Consumers' Account; Rs. 24,043 as Provision for Deferred Income Tax Liability; Rs. 9,918-6-11 to Statutory Contingencies Reserve and Rs. 17,166 to Reserve for Redemption of Debentures.

The working results of the last three half-years are tabulated below:

Half-year ended	Dec. 1952	June 1953	Dec. 1953
Profit (Rs.)	2,00,332*	1,99,394*	2,25,648
Depreciation (Rs.)	40,518	52,303	52,303
Reserve fund (Rs.)	..	..	..
Other fund (Rs.)	1,24,789	1,08,885	96,127†
Dividend, rate per cent	8½	8½	10
Carried forward (Rs.)	16,261	19,467	18,241

* After providing Rs. 7,021 for taxation in respect of previous years.

† Including Provision for Contingencies on Consumers' Account, Provision for Deferred Income Tax Liability, Statutory Contingencies Reserve; Reserve for redemption of Debentures and Development and Extensions Account.

THE METAL BOX COMPANY OF INDIA LTD.

The Audited Accounts of the Metal Box Company of India Ltd. for the year ended March 31, 1954, disclose that the year's working, after providing for taxation, resulted in a profit of Rs. 16,64,751. The Directors recommend the payment of a Dividend of 6 per cent on Preference Shares (less tax) absorbing Rs. 1,32,750 a 5 per cent Interim Dividend on Ordinary Shares taking Rs. 5,75,000 and a 5 per cent Final Dividend on Ordinary Shares absorbing Rs. 75,000. Of the remaining amount at Rs. 3,82,001 the Directors have appropriated Rs. 10,000 towards Provision for Doubtful Debts and the transfer of Rs. 3,50,000 towards General Reserve. The residue of Rs. 22,001 together with the sum of Rs. 12,89,212 brought forward from the previous year makes a balance of Rs. 13,11,213 to be carried forward.

The sum of Rs. 8,86,173 was allocated towards Depreciation. Rs. 9,41,139 were provided towards Income Tax and Super Tax. During the year Miscellaneous Receipts were Rs. 2,07,464 and Profit on Sale of Assets was Rs. 41,169.

The working results of the last three years are set out in the table below:

Year ended March	1952	1953	1954
Profit (Rs.)*	37,31,411	26,22,101	16,64,751
Depreciation (Rs.)	7,93,665	8,30,552	8,86,173
General reserve fund	4,00,000	2,00,000	3,50,000
Dividend (Ordinary)	11,50,000	11,50,000	11,50,000
Dividend (Preference)	N.A.	1,32,750	1,32,750
Carried forward (Rs.)	12,85,412	12,89,212	13,11,213
Allocation for taxation (Rs.)	28,05,270	12,84,835	9,41,139

* After providing for taxation.

The volume of sales was lower than in previous years as a result of restricted middle-class purchasing power, the elimination of high priced imported tinplate and its substitution by cheaper indigenous tinplate and as a result of some consumption. However, in spite of reduced turnover and lower trading profit, percentage returns on sales was virtually the same as of the last year. Considerable additions to Fixed Assets have been made, the Bank overdraft eliminated, and improving conditions in respect of Indian tinplate assured. The downward trend of sales being more or less halted, the Directors envisage favourable opportunities this year.

THE NEW INDIA ASSURANCE CO., LTD.

The Directors' Report of the New India Assurance Co., Ltd. for the year ended December 31, 1953 discloses:

	Fire Dept.	Misc. Dept.	Marine Dept.
Net premiums (Rs.)	2,33,32,060	72,33,634	83,96,927
Net claims paid and outstanding (Rs.)	1,00,50,970	37,04,272	74,20,659
Commission, expenses of management and foreign taxes	1,05,58,759	19,71,308	18,78,508
Increase to additional reserve	2,00,000	2,00,000	..
Profit transferred to profit and loss account (Rs.)	26,93,039	12,68,802	1,33,535
Reserve for unexpired risks as per cent of premium	42.0	40.1	100.0
Additional reserve (Rs.)*	61,00,000	26,00,000	41,00,000
Combined reserve (Rs.)	1,59,00,000	55,00,000	1,25,00,000

* As at December 31, 1953.

During the course of the year 66,846 Proposals were received for assurance amounting to Rs. 23,78,49,243 bringing the number of policies in force to 2,61,087 assuring with bonuses a sum of Rs. 95,16,94,699 out of which the amount reassured was Rs. 3,53,97,434. 57,479 Policies were issued for an aggregate Sum Assured of Rs. 19,90,51,571 out of which the sum reassured was Rs. 55,82,000. The net Premium (inclusive of consideration for Annuities) amounted to Rs. 4,74,03,348; the net claims paid and outstanding at Rs. 79,55,233. The Life Assurance Fund as at December 31, 1953 stands at Rs. 20,45,65,964.

Rs. 40,95,376 being credited to the Profit and Loss Account from the Fire, Miscellaneous and Marine Revenue Accounts with Rs. 2,63,031 being Shareholders' Life Profit Account, the available balance of Rs. 43,59,032 remains after providing for other income and outgo. To this is added the sum of Rs. 94,167 brought forward from the last year bringing the amount available for distribution to Rs. 44,53,199.

The Directors recommend the appropriation of Rs. 19,36,087 towards Reserve for Taxation, Rs. 9,00,000 towards General Reserve and Rs. 1,00,000 towards Dividend Equalisation Reserve. A dividend of Rs. 2 per share (free of Income Tax) absorbs Rs. 14,24,212 leaving Rs. 92,900 to be carried forward.

As a result of the year's operations the total Funds increased by Rs. 3,36,26,827. Donations amounting to Rs. 14,946 were made during the year—Rs. 6,475 from Life Department and Rs. 8,471 from General Department.

The working results of the last three years are tabulated below:

Year ended December	1951	1952	1953
Profit (Rs.)	22,35,892*	34,47,067*	43,59,032†
Transfer to reserve (Rs.)	N.A.	10,00,000	9,00,000
Transfer for taxation reserve (Rs.)	N.A.	10,65,282	19,36,087
Provision for Dividend equalisation reserve (Rs.)	N.A.	1,00,000	1,00,000
Depreciation on buildings etc. (Rs.)	N.A.	1,03,000	82,000
Provision for taxation (Rs.)	10,65,282	15,00,000	N.A.
Carried forward (Rs.)	71,120	94,167	92,900
Dividend (Rs.)	14,24,212	14,24,162	14,24,212

* After making provision for taxation.

† Provision for Taxation not disclosed.

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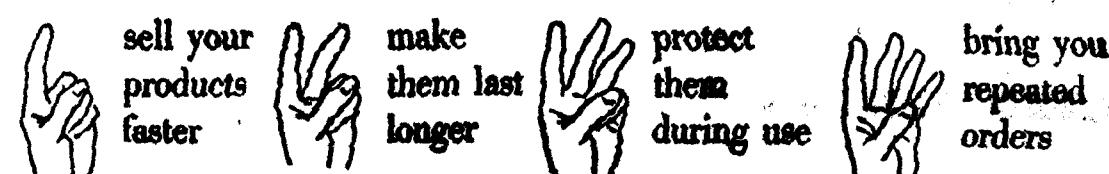
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COMPANY MEETING

THE NEW GREAT INSURANCE COMPANY OF INDIA LTD.

ANOTHER YEAR OF SUCCESSFUL WORKING

MR. TULSIDAS KILACHAND'S ADDRESS

The Eleventh Ordinary General Meeting of the Shareholders of the New Great Insurance Company of India Ltd., was held at the Registered Office at Baroda on Saturday, July 3, 1954, under the Chairmanship of Mr. Anandlal H. Sheth owing to the unavoidable absence of the Chairman of the Company, Mr. Tulsidas Kilachand.

At the outset, the Chairman referred to the sudden passing away of Mr. Chhotabhai S. Patel, one of the Directors, who had been taking keen interest in the Company's affairs. He also made some general observations on matters of current interest, such as the improved food position, the unemployment situation, and the lack of finance in the private sector of industries in the Five-Year Plan. He welcomed the Shroff Committee's suggestion that Banks and Insurance Companies should form a Syndicate for underwriting or investing in new issues of shares and debentures of sound industrial concerns. He was of opinion that by development of the industries in the private sector, additional opportunities would be opened up for employment.

Turning to Insurance problems, he referred to the recent controversy regarding reduction of Life premium rates and welcomed the move of the Life Insurance Council to evolve a certain fundamental basis which would serve as a guidance to the Companies in future. He also advocated that the bigger Companies should adopt a policy of "live and let live", and before any drastic steps were taken, there should be prior consultation amongst Offices. Dealing with the general prospects of Life Business, he stated that the Five-Year Plan, the industrialisation of the country, and the agrarian improvement should open up fresh opportunities for increasing Life Business and that Companies should spread out to every town and village. It is only by encouraging Life Insurance that small savings which are now in the hands of the industrial or agricultural worker can be canalised to the nation's use.

On the question of the Code of Conduct he felt that a stage had now been reached when certain amendments to the Insurance Act have become necessary and suggested that while the overall control of maintaining the solvency of the Companies should be continued, individual Offices should be given full freedom in the management of their business. Further, he supported the move of the Indian Insurance Companies' Association and appealed to the Government to permit Insurers to transfer 5 per cent of their yearly premiums, free of tax, until the total reserves reached 100 per cent of the premium income in Fire and Miscellaneous Insurance Business, 150 per cent in Marine Cargo and 200 per cent in Marine and Aviation Hull Business.

Dealing with the Company's affairs, Mr. Tulsidas stated that the preference capital which became a debt due to the Bombay Government was fully repaid before the end of last year. He also added that the gross premium in all the Departments amounted to Rs. 1,19,07,541 as against Rs. 1,22,24,838 in the previous year. Of this, the premium income from Life Business was Rs. 20,83,480 and from non-Life Business Rs. 98,24,061. The net premium income for 1953 from Life

Business was Rs. 17,68,188 and non-Life Business Rs. 51,90,884 as against Rs. 17,00,713 and Rs. 48,90,645 respectively in the previous year.

FIRE DEPARTMENT

The gross premium amounted to Rs. 49,00,502 while the net premium was Rs. 22,88,383. After taking the losses and expenses into account and after maintaining a reserve for unexpired risks amounting to Rs. 11,44,192 or 50 per cent of the premium for the year, the Department contributed Rs. 6,02,397 to the Profit and Loss Account.

MISCELLANEOUS INSURANCE DEPARTMENT

The gross premium amounted to Rs. 16,26,575 while the net premium was Rs. 13,91,544. After taking the losses and expenses into account and after maintaining a reserve for unexpired risks amounting to Rs. 6,95,772 or 50 per cent of the premium for the year, the Department contributed Rs. 32,145 to the Profit and Loss Account.

MARINE DEPARTMENT

The Chairman stated that during the year 1953 a working arrangement was made by this Company jointly with a group of four other Companies to pool their resources and facilities for writing Hull Business. He added that it was the earnest desire of the five Companies to do everything in their power to assist in the establishment and development of a Hull Insurance Market in India.

The gross premium amounted to Rs. 32,97,005 while the net premium was Rs. 15,10,957. After taking the losses and expenses into consideration, a sum of Rs. 5,29,938 was transferred from the Profit and Loss Account, partly to meet the claims and partly to increase the unexpired reserve to Rs. 15,10,957 against Rs. 12,43,620 last year.

LIFE DEPARTMENT

The Company received 3055 Proposals for assurance amounting to Rs. 89,73,175, out of which 2466 Proposals resulted into Policies amounting to Rs. 73,11,800. The net premium received from the new business amounted to Rs. 3,71,282 and the renewal premium Rs. 13,96,926. Total claims amounted to Rs. 1,02,590. The Life Assurance Fund at the end of the year was Rs. 58,91,777.

Dealing with the Profit and Loss Account, the Chairman said that after taking the income and expenses into account, a sum of Rs. 2,28,533 was carried forward to the Profit and Loss Appropriation Account. This amount, together with Rs. 22,678, being the balance brought forward from last year, totalled in all Rs. 2,51,212. The Directors have proposed to transfer to Taxation Reserve Rs. 80,000 and to pay Ninth Dividend on Preference Shares from 1st January, 1953 until the date of repayment, viz. 31st May, 1953, amounting to Rs. 20,833 less tax. Having regard to the fact that the Company has no liability for Preference Dividend in future, the Directors have recommended an increase in the dividend for the Ordinary Shares to Rs. 1-4 against Re. 1 per share paid last year.

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August, 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matris.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51	410.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54	384.4	467.4	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
August 1953	407.0	488.7	364.7	370.8	708.0	410.4	90.3	100.7	87.9	92.6
September	399.0	475.3	363.8	364.4	717.4	403.8	90.3	101.3	87.1	91.6
October	385.6	448.0	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November	378.0	441.4	355.5	365.6	718.2	390.6	90.2	101.4	87.2	96.0
December	367.0	439.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March	371.4	462.5	355.8	373.0	686.9	394.0	90.4	101.5	88.0	102.6
April	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May	366.2	464.9	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0
Week Ending 22-5-1954	360.8*	462.6*	362.1	370.4*	687.1	393.2*	90.1	100.9	88.0	103.5
29-5-1954	357.2	455.4	359.7	370.6	683.2	390.4	90.1	101.0	88.1	104.3
5-6-1954	348.1	451.3*	356.9	378.4	645.5	385.0*	90.1	100.9	88.2	104.9
12-6-1954	345.4	442.6	354.9	378.8*	646.3	382.4	90.2	100.9	88.5	106.2
19-6-1954	341.3	439.0	354.0	379.2	649.7	380.6	90.4	100.9	88.7	107.7

† Economic Adviser's Series.

†† Reserve Bank Series.

* Revised.

WORKING CLASS COST OF LIVING (August 1939=100)

Period	Bombay		Delhi	Bengal	U. P.	Central Provinces		Madras	E.P.	Bihar	All India†
	Bombay	Ahmedabad July 1934=100	Delhi†	Calcutta	Kanpur	Nagpur	Jubbulpore†	Madras June 1936=100	Ludhiana†	Jamshedpur†	
1939 (Aug.-Dec.)	103	—	—	—	196	104	—	106	—	—	124*
1940	288	303	243	132	339	471	372	146	309	168	138
1941	292	307	248	132	348	478	377	151	323	164	138
1942	298	313	257	132	349	484	372	153	325	165	145
1943	314	330	261	142	370	451	391	168	334	167	144
1944	321	337	250	143	351	441	380	150	330	151	144
1945	346	363	275	140	349	453	387	147	351	147	145
1946 May	346	363	275	139	345	441	391	155	356	146	145
June	353	371	282	140	363	453	393	159	360	148	150
July	355	373	288	142	375	465	394	160	355	148	152
August	358	376	285	144	373	469	397	157	352	149	152
September	353	371	283	145	366	464	391	154	351	150	150
October	350	368	282	144	349	457	389	153	352	150	147
November	344	361	280	144	339	453	385	148	353	149	144
December	342	359	268	140	329	438	380	146	350	146	141
1947 January	346	363	269	139	325	442	377	144	353	151	142
February	331	348	257	139	316	432	—	143	353	151	—
March	332	349	257	138	319	416	—	—	345	150	—
April	338	355	255	141	323	426	—	—	341	—	—
May	—	—	—	142	—	415	—	—	341	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	3-7-1954			26-6-1954			19-6-1954			12-6-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola)	86-3	83-11	84-14	85-14	82-6	84-13	84-15	83-0	83-14	87-4	84-1	85-10
Silver (per 100 fine tolas)	153-15	150-7	152-11	150-10	147-15	149-12	150-2	148-2	151-0	155-4	154-7	156-13

July 9, 1954.

THE EASTERN ECONOMIST

69

SCHEDULED BANKS

(Rs. in Lakhs)										
Period	LIABILITIES			Cash (Notes + Coins)	Balances with Reserve Bank	(5+6) as percent- age of (4)	Advan- ces	Bills Discount- ed	(8+9) as percent- age of (4)	Invest- ments in Govt. Securities in India
	Demand	Time	Total (1+2)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1938-39*	123.81	103.30	227.11	6.38	15.88	9.80	111.34	460	51.05	..
1947-48*	706.65	343.89	1,050.54	39.92	100.81	13.40	427.54	16.82	42.30	..
1948-49	674.66	303.88	978.44	37.51	79.46	11.95	424.85	16.44	45.10	..
1949-50	597.79	272.59	870.38	34.47	65.85	11.53	426.74	15.35	50.79	..
1950-51	599.13	278.45	877.59	34.58	60.78	10.88	447.03	11.87	52.29	..
1951-52	593.73	290.82	884.55	37.33	57.29	10.70	523.59	22.81	61.77	303.43
1952-53	546.28	309.26	855.49	33.33	51.82	9.95	461.64	38.47	58.46	306.34
1953-54	520.75	328.26	855.00	31.97	44.48	8.98	442.79	51.40	57.80	321.29
Average of Fridays	557.98	290.00	847.97	33.45	48.74	9.69	502.53	49.46	65.10	295.03
May	557.25	298.72	855.97	33.01	50.13	9.71	483.75	45.90	61.88	298.17
June	559.78	309.90	869.69	33.71	55.10	10.21	466.25	45.15	58.80	299.95
July	556.29	313.64	869.92	32.81	61.28	10.82	448.58	38.18	55.95	302.30
August	549.13	317.19	866.32	33.04	65.75	11.40	442.73	27.49	54.28	305.43
September	540.05	316.42	856.48	33.95	61.88	11.11	439.48	25.82	53.95	312.63
October	542.19	318.51	860.70	32.81	55.14	10.22	426.22	26.65	52.62	321.54
November	535.07	317.85	852.92	33.42	44.65	9.15	432.43	28.08	53.99	327.66
December	520.17	315.26	835.44	34.14	45.08	9.41	450.25	32.29	57.35	313.69
January 1953	526.03	315.32	841.35	32.64	43.06	9.00	459.73	40.96	59.51	303.13
February	530.19	313.43	843.61	32.58	41.66	8.80	465.93	52.18	61.42	302.29
March	541.81	317.11	858.91	32.94	44.49	9.01	469.89	58.62	61.53	301.43
April	529.18	322.18	851.36	31.91	39.92	8.44	473.64	60.87	62.77	300.46
May	527.17	324.95	852.11	33.22	39.94	8.59	464.10	58.38	61.32	309.77
June	532.42	328.21	860.64	31.86	42.99	8.70	443.69	52.83	57.69	314.39
July	527.25	329.39	856.64	30.56	44.55	8.77	430.70	49.09	56.01	323.14
August	525.51	330.22	855.73	31.12	48.48	9.30	422.67	43.68	54.50	331.04
September	527.00	332.50	859.50	31.11	53.01	9.78	417.26	39.55	53.15	336.85
October	525.93	334.01	859.94	32.18	55.21	10.15	414.71	39.76	52.96	338.57
November	523.72	332.41	856.13	31.83	51.10	9.68	412.87	42.06	53.15	337.21
December	518.56	329.04	847.60	33.11	41.00	8.74	436.63	50.08	57.42	325.85
January 1954	518.30	330.61	848.91	31.99	38.41	8.34	460.45	56.11	60.85	320.55
February	524.03	328.75	852.78	31.72	39.25	8.39	466.96	66.33	62.54	318.19
March	541.21	327.70	868.91	32.30	48.11	8.69	460.05	75.08	63.89	316.86
April	537.42	329.08	866.50	32.03	41.43	8.58	484.46	95.91†	66.98	323.65
May	542.87	332.10	874.97	33.01	41.76	8.54	472.41	87.61†	64.01	326.97
June	538.93	334.96	873.89	32.79	67.85	11.52	409.05	39.99	51.38	336.77
Week Ending										
27-11-1953	530.91	333.16	864.07	31.73	58.79	10.48	410.32	40.45	52.17	337.11
4-12-1953	528.29	333.19	861.49	32.12	53.87	9.98	408.79	40.69	52.18	338.40
11-12-1953	519.35	331.48	850.78	31.38	47.15	9.23	416.69	41.66	53.87	337.30
18-12-1953	516.31	331.85	848.16	32.08	44.58	9.04	415.67	45.43	54.36	336.04
25-12-1953	517.78	331.15	848.94	36.47	45.87	9.68	419.02	46.92	54.88	328.65
1-1-1954	513.64	329.04	842.68	32.10	39.72	8.52	431.65	50.84	57.26	329.02
8-1-1954	518.10	328.08	846.18	33.12	41.17	8.78	436.64	50.78	57.61	324.69
15-1-1954	523.20	328.98	852.18	32.12	40.24	8.49	441.54	50.58	57.74	324.16
22-1-1954	520.09	327.97	848.06	31.74	38.18	8.24	454.28	51.29	59.62	322.72
29-1-1954	516.55	329.45	846.01	32.10	37.10	8.18	459.15	52.11	60.43	322.30
5-2-1954	513.66	330.41	844.07	32.60	39.40	8.53	461.68	53.56	61.04	320.61
12-2-1954	522.30	331.20	853.50	31.96	38.84	8.41	462.46	55.88	60.73	320.14
19-2-1954	520.70	331.38	852.08	31.33	38.90	8.24	458.52	62.89	61.19	319.23
26-2-1954	522.74	330.71	853.45	32.13	37.38	8.14	461.30	66.30	61.82	318.76
5-3-1954	525.76	329.57	855.34	31.75	40.19	8.41	466.18	64.16	62.00	318.03
12-3-1954	518.74	327.14	845.88	30.93	38.60	8.22	470.51	66.51	63.49	317.10
19-3-1954	528.89	327.57	856.46	32.07	40.83	8.51	469.85	68.34	62.84	318.87
26-3-1954	541.51	325.41	866.93	31.88	50.45	9.44	472.23	73.27	62.92	318.83
2-4-1954	539.86	327.84	867.70	31.26	41.56	8.39	477.93	74.23	63.64	316.33
9-4-1954	542.20	328.06	870.26	33.00	41.07	8.51	481.61	75.13	63.97	312.36
16-4-1954	545.57	328.71	874.28	33.45	41.96	8.63	481.30	76.83	63.84	313.93
23-4-1954	536.92	328.47	865.39	32.43	40.52	8.43	487.20	75.93	65.07	322.85
30-4-1954	528.34	329.15	857.49	32.32	39.65	8.39	491.29	75.96	66.15	323.25
7-5-1954	536.75	328.60	865.35	33.64	42.01	8.74	485.31	95.92†	67.17	323.03
14-5-1954	541.35	328.95	870.30	33.04	42.93	8.78	482.86	96.72†	66.60	324.28
21-5-1954	543.23	329.64	872.87	32.73	41.12	8.46	478.37	94.21†	65.60	324.05
28-5-1954	539.45	329.62	869.07	33.42	41.60	8.63	480.44	91.96†	65.86	326.31
4-6-1954	543.30	330.94	874.24	33.19	42.23	8.63	473.09	85.03†	64.18	327.31
11-6-1954	541.94	333.43	875.37	32.40	41.84	8.42	470.47	86.51†	63.63	327.44
18-6-1954	546.80	334.40	881.20	33.02	41.83	8.49	465.64	83.95†	62.35	328.82

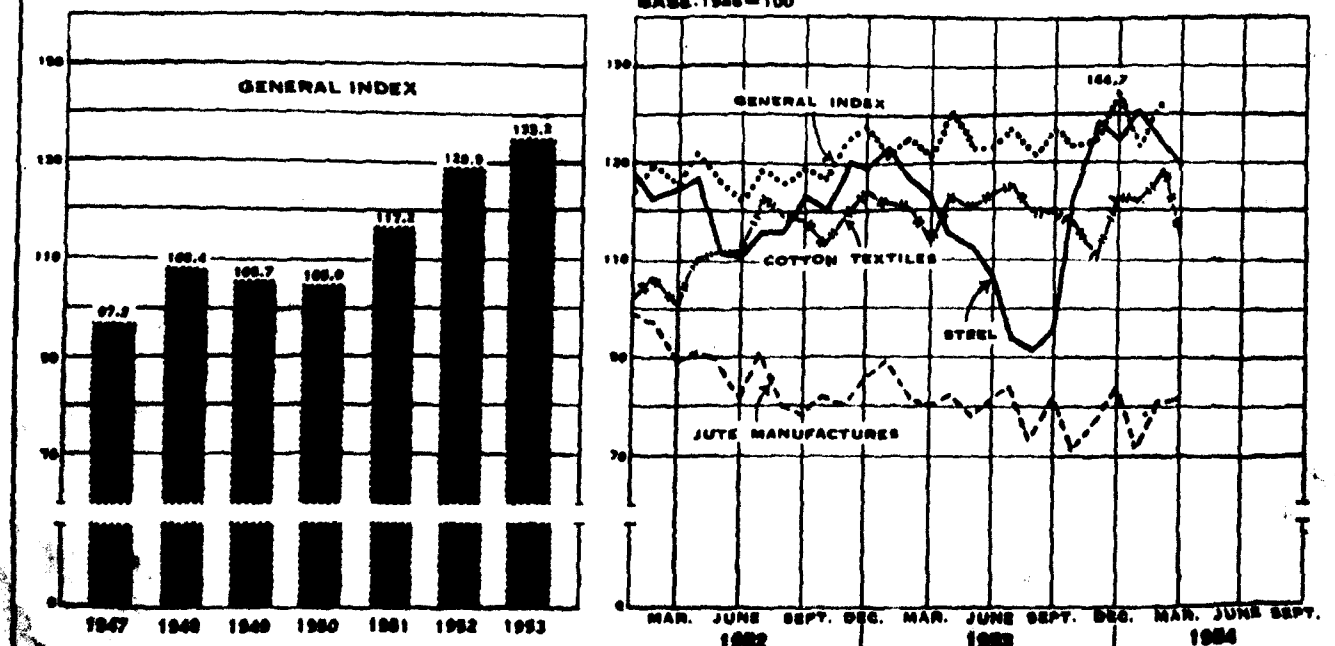
THE INTERIM INDEX OF INDUSTRIAL PRODUCTION

(Base: 1946=100)

Period	General Index	Cotton Textiles			Jute	Coal	Sugar	Paints and Varnishes	Cement	Paper	Matches	Sulphuric Acid	Steel Ingots and metal for castings	Diesel Engines
		Total	Yarn	Cloth										
1947	97.2	95.8	94.8	96.2	98.6	103.9	97.6	100.5	93.9	87.8	113.0	100.0	97.1	144.8
1948	108.4	109.0	105.9	110.5	100.2	103.2	116.5	93.0	100.7	92.4	129.4	133.3	97.1	216.7
1949	105.7	99.7	99.4	99.9	81.8	108.9	108.5	80.5	136.3	97.4	127.8	165.8	04.6	438.9
1950	105.0	91.1	85.9	93.8	76.8	110.8	105.8	72.8	109.5	102.7	127.0	170.8	111.2	971.7
1951	117.2	101.3	95.4	104.3	80.4	118.8	120.8	87.2	207.2	124.4	140.2	178.2	116.0	1,531.9
1952	128.9	113.8	106.0	117.7	87.4	125.4	101.9	83.9	229.3	120.7	147.0	160.1	122.0	897.9
1953	135.2	119.9	110.1	124.9	79.8	124.1	139.9	83.5	245.1	130.6	143.3	181.8	116.5	785.6
September 1951	118.3	103.0	97.3	105.9	74.1	122.5	203.8	91.0	213.1	120.9	132.4	178.7	116.1	1,046.1
October	111.9	98.6	94.4	100.7	74.8	113.8	211.6	74.5	218.8	126.7	119.2	177.8	118.9	1,486.1
November	123.7	102.4	99.3	103.9	91.6	123.3	313.3	70.3	230.4	130.4	140.3	186.1	111.0	1,818.8
December	128.2	103.9	100.9	105.4	91.1	125.1	154.2	83.0	233.7	134.4	132.7	211.7	123.0	2,051.8
January 1952	123.4	102.2	98.6	104.1	99.6	130.2	110.2	81.2	218.7	135.4	140.0	183.3	128.2	1,672.6
February	129.0	107.4	102.4	110.0	97.1	140.6	121.9	80.7	202.5	128.8	148.4	125.6	122.2	1,631.6
March	125.6	101.8	96.7	104.4	89.9	125.4	163.0	79.1	222.0	123.6	139.4	129.9	124.9	1,440.5
April	131.7	110.3	103.2	113.9	91.6	134.5	488.6	87.1	235.4	133.8	155.3	122.2	127.6	912.4
May	126.8	112.3	100.6	118.1	89.3	129.7	1493.3	81.1	217.7	121.5	150.0	173.2	112.6	807.3
June	121.6	112.4	101.5	117.9	82.5	120.3	2445.5	80.6	218.1	118.6	180.6	174.6	111.1	362.4
July	128.9	123.3	113.9	128.0	91.0	116.0	..	75.8	246.3	130.8	152.6	140.0	117.9	809.8
August	126.7	119.2	109.4	124.1	80.6	115.8	..	74.8	236.0	131.2	146.3	141.5	117.2	1,188.2
September	129.1	118.5	110.3	122.5	78.6	116.8	431.3	81.7	244.6	136.5	137.8	194.8	123.9	487.5
October	127.6	113.3	105.6	117.1	83.4	121.6	183.7	85.4	223.4	132.7	142.8	167.6	120.5	552.5
November	134.6	120.1	112.6	123.9	80.9	121.8	137.0	97.9	242.5	130.7	154.7	174.8	130.5	500.5
December	138.6	124.0	117.1	127.5	85.5	131.9	127.4	91.5	244.3	133.1	155.5	183.8	129.1	627.3
January 1953	131.1	121.1	113.0	125.2	78.9	126.7	107.6	98.6	224.7	129.4	152.4	173.7	133.5	311.8
February	135.9	120.8	110.0	126.2	82.0	134.1	116.8	75.6	225.3	129.9	161.7	175.7	127.3	222.7
March	131.1	114.1	101.9	120.2	80.4	125.3	168.0	76.0	225.6	126.5	153.2	130.4	123.8	495.4
April	140.6	122.6	108.3	129.8	82.9	136.6	460.1	85.5	224.0	134.2	152.1	147.6	115.9	311.8
May	132.8	120.4	107.1	127.0	78.3	130.2	370.0	77.0	247.2	122.3	150.1	161.6	113.5	344.5
June	133.2	122.9	111.0	128.8	81.2	122.6	136.4	79.6	231.4	121.6	161.0	165.8	107.8	522.3
July	136.3	125.7	114.4	131.3	84.7	112.2	..	73.5	202.8	147.0	150.7	194.1	94.6	741.8
August	131.0	119.5	109.6	124.5	73.5	111.9	..	82.5	234.4	137.7	126.4	201.3	91.2	887.6
September	137.3	119.5	111.9	123.3	81.6	125.1	12.5	88.8	213.0	147.7	138.0	203.0	96.4	1,242.0
October	133.4	118.9	111.5	122.6	72.1	119.7	32.6	93.6	251.3	136.4	119.5	214.1	121.3	1,430.7
November	134.4	109.8	105.6	111.0	77.0	112.7	176.8	86.0	266.6	124.0	133.2	193.9	138.0	1,223.8
December	144.7	123.2	116.2	126.8	84.0	128.9	127.0	85.1	282.2	109.9	134.4	212.3	134.4	1,737.5
January 1954	133.0	122.0	113.6	126.2	72.7	118.3	105.9	97.8	276.9	114.7	130.4	217.6	140.3	1,672.1
February	142.1	128.5	118.2	133.7	81.7	137.8	100.2	78.0	297.3	115.4	130.4	260.6	133.9	1,517.2
March	115.7	100.8	120.1	120.1	81.6	125.1	..	106.7	206.7	..	139.2	..	120.0	..

THE INTERIM INDEX OF INDUSTRIAL PRODUCTION

BASE: 1946=100



INDIA'S OVERALL BALANCE OF PAYMENTS—1953

A. CURRENT ACCOUNT

(Crores of Rupees)

Item	Jan.-March 1953		April-June 1953		July-Sept. 1953		Oct.-Dec. 1953		Year 1953 (Preliminary)		
	Re-ceipts	Pay-ments	Re-ceipts	Pay-ments	Re-ceipts	Pay-ments	Re-ceipts	Pay-ments	Re-ceipts	Pay-ments	Net
1 Merchandise (Exports f. o. b. Imports c. i. f.)	127.5	97.8	120.6	114.8	128.1	108.9	151.7	104.5	527.9	425.9	120.0
(a) Private	1.9	37.1	1.9	42.5	0.9	38.4	0.3	22.5	5.0	140.4	-135.4
Food and Stores (1)	..	..	..	..	..	..	..	..	..	..	..
2 Non-Monetary gold movement	0.3	2.0	0.2	3.4	0.2	3.0	0.2	2.0	0.9	10.4	-9.5
3 Foreign travel	7.4	4.1	7.0	4.2	7.7	2.9	8.6	2.2	30.8	13.5	+17.3
4 Transportation (2)	1.4	1.9	1.3	1.0	1.5	0.9	1.5	1.0	5.7	3.9	+1.8
5 Insurance (2)	4.8	7.3	4.3	8.3	5.3	6.2	4.0	8.2	18.3	30.0	-11.7
6 Investment income (3)	7.4	5.7	8.8	3.7	6.4	4.0	5.7	3.2	28.2	16.5	+11.7
7 Government, not included elsewhere (4)	6.6	2.8	6.7	1.9	0.0	2.0	6.2	2.3	25.6	8.9	+16.6
8 Miscellaneous: (5)	..	..	..	..	..	..	..	..	..	..	..
9 Donations:	2.4	..	5.7	..	6.1	..	3.7	..	17.8	..	+17.8
(i) Official (6)	5.2	1.4	4.6	1.2	4.8	1.2	4.5	1.3	19.2	5.0	+14.2
(ii) Private (7)	10.7	1.9	11.0	1.6	9.5	1.9	10.0	1.7	41.3	7.0	+34.3
9. (a) Unclassified	..	..	..	..	..	..	..	..	..	..	..
10 Total Current Transactions	175.4	161.1	172.2	182.3	176.5	169.2	196.6	148.9	720.7	661.6	+59.1
ERRORS AND OMISSIONS	..	..	..	..	..	..	..	..	..	..	0.1

B. CAPITAL ACCOUNT
NET MOVEMENT INCREASING (+) OR DECREASING (-)

(Crores of Rupees)

Item	Jan.-March 1953		April-June 1953		July-Sept. 1953		Oct.-Dec. 1953		Year 1953 (Preliminary)		
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Net Assets
Private (excluding banking institutions)	-2.6	-4.7	-2.4	-3.6	-2.5	-1.8	-2.7	-2.1	-10.2	-12.2	+2.0
11 Long-term Capital	-0.1	+5.2	..	-0.5	..	-11.7	..	-0.8	-0.1	-7.8	+7.7
12 Short-term Capital	..	..	..	..	..	..	..	..	..	..	..
Official and Banking institutions	..	..	..	..	..	..	..	..	..	..	..
13 Long-term Capital	..	+0.4	..	+0.2	..	+0.4	..	+0.7	..	+1.7	-1.7
1 Official Loans (8)	..	..	..	..	..	..	..	..	..	..	..
2 Bank Loans	..	+0.4	..	+0.2	..	+0.2	..	..	..	+0.8	-0.8
3 Portfolio Securities (9)	..	..	..	..	..	..	..	..	..	..	..
4 Amortization (10)	-2.6	-3.3	-2.1	-2.9	-2.0	-2.7	-2.2	-3.0	-9.0	-12.0	+3.0
5 Other Contractual Repayments	..	..	..	..	..	..	..	..	..	..	..
6 Other	..	..	..	..	..	..	..	..	..	..	..
14 Short-term Capital	..	..	..	..	..	..	..	..	..	..	..
1 Payments & Cler. Agreements	..	..	..	..	..	..	..	..	..	..	..
2 Liabilities to I.M.F. & I.B.R.D.	..	+5.5	..	+3.3	..	-9.9	..	-3.3	..	-4.4	+4.4
3 Other Liabilities to official & Banking institutions	+24.1	-5.0	-6.1	-4.1	-15.6	-2.5	+23.8	-4.7	+28.2	-16.3	+44.6
4 Other	..	..	..	..	..	..	..	..	..	..	..
15 Monetary gold	..	..	..	..	..	..	..	..	..	..	..
16 Total Movement of Capital & Monetary gold	+18.7	-1.5	-10.5	-7.4	-20.1	-29.0	+20.9	-13.2	+9.0	-50.2	+59.2

(1) Transactions under Government barter deals have not been included. (2) As regards Transportation, receipts cover estimated amounts for re-imbursement of freight paid in advance by exporters and disbursements of foreign ships in Indian ports etc., and payments, operating expenses abroad of Indian steamship companies and some freight payments. It may, however, be noted that the data given for this and the subsequent item Insurance give only a partial idea of the transactions on the two accounts. The two items are more or less complete on the receipts side but in regard to payments only a portion of the expenditure is entered here. Payments for imports shown under item 1 are mostly on a c.i.f. basis and, therefore, incorporate all but a small portion of the expenditure incurred by the country on "Transportation" and "Insurance". (3) Receipts include interest on investments of the Reserve Bank of India. The payments figures are estimates. (4) The payments figures represent disbursements of the Government, such as those for the upkeep of its organisation abroad and contribution to international organisations. (5) Covers mainly receipts and payments for services such as those for film rentals, technical cooperation agreement and from the Ford Foundation. (6) Represents aid received under the Colombo Plan Indo-American technical cooperation agreement. (7) Represents drawing of the I.B.R.D. loans. (8) Represents drawing of the I.B.R.D. loans. (9) Includes on the assets side changes in holdings of foreign securities by the commercial banks and on the liabilities side movement in rupees securities held on account of foreigners and small amounts of the sterling stock repatriated during the year. (10) Principal repayment of I.B.R.D. loans is entered on the liabilities side in addition to payments to Railway Annuity holders and disbursements under Pensions and Annuities. The entry on the assets side relates to withdrawals from Pensions and Railway Annuities.

Source: Report on Currency and Finance.

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ONE RUPEE

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Language and Boundaries

IT is now six months since the States Reorganisation Commission was established to investigate the entire question of the reconstitution of the States in the Indian Union, in relation to the widespread demand for the creation of linguistic provinces. This period has been marked by feverish activity in the various areas in which the movement is still vigorous, in order to present best the case for the respective claims for linguistic provinces or revision of State boundaries. Even if the enthusiasm in this matter frequently exceeds proper limits, the appointment of the Reorganisation Commission seems to have succeeded to a large extent in diverting energies to legitimate and constitutional methods of persuasion. The directive of the Congress President last week to Congressmen not to indulge in active agitation over State boundaries is an illustration both of the tendency to exceed the limits of propriety and of the restraining influences that have been exercised while the work of the Commission takes time to conclude.

This is a considerable improvement over the situation which prevailed immediately after a decision was reached on the question of the establishment of

the Andhra State. The working of the new Andhra State during the last nine months has not perhaps been a notable contribution towards the strengthening of the case for linguistic units. The political instability which has prevailed in Andhra has been greatly discouraging, though it was not altogether unexpected before the State was established. The experiment has certainly not provided support for the argument that linguistic affinities would provide a common loyalty in which local differences could be submerged. Local differences have been in this case magnified, not minimised as they had to be when Andhra was part of the composite Madras State. There has always been the danger that some of the more objectionable forms of agitation practised in Andhra for attaining separation would be repeated elsewhere because they appeared to succeed in their aim there. By and large, this has not been so. The chief exception at present is the agitation in Travancore-Cochin in the Tamil districts and the chances are that it would remain an isolated movement. The other boundary disputes and demands for enlargement of small States may make occasional headline news, but it seems hardly likely that they will be politically so powerful as to cause concern.

Opinion on this subject is likely to remain divided. There is a section which holds that the appointment of the States Reorganisation Commission has only aggravated the situation by stirring up a new and competitive enthusiasm over boundaries, contiguous areas and cities. There has been growing up, since the creation of the Andhra province, a sufficiently influential body of support for the view that the demand for the redistribution of States on the basis of language is on questionable ground and that, in any case, the acceptance of these claims should be subject to the condition that a large number of other considerations should be regarded as of greater importance. The Bombay Citizens Committee, which has submitted a lengthy and powerfully argued memorandum to the States Reorganisation Commission last month, included the most distinguished business men in that State under the Presidentship of Sir Purshotamdas Thakurdas. The case presented by the Committee against the movement for the establishment of linguistic provinces—and in particular against any move affecting the composite character of Bombay city—seems the most convincing that has been put forward on the subject which is against the prevailing tide of opinion in political circles. Clearly, in Bombay, politics and economics have diverged. It is unlikely that in other areas there will be equal interest in this question because the composite character of Bombay city is unrivalled in other disputed areas. The memorandum of the Bombay Citizens Committee would deserve close study even if it seems an overstatement of the other side of the case.

The application of historical parallels and sociological theories of language, culture and nationality to any particular political situation has never been easy. The difficulty has often been felt before in dealing with the Muslim League's demand for Pakistan. Much of it has now become irrelevant because the present demand for linguistic States, in spite of the many great virtues claimed by its supporters for their views, is still confined to the administration of the States' limited constitutional field of legislative and economic activity. There has been no real demand for any alteration in the constitutional structure which now determines the range of this activity merely to emphasise the value of cultural or linguistic autonomy in all matters. Nor is there likely to be any resistance to the uniform extension over all States, of the wide authority now conferred on the Centre in respect of residuary powers, emergency legislation, control of elastic and rich sources of tax revenue, initiative for social legislation or the development of a common system of law interpreted by a common and well-integrated judiciary. It is possible in overrating some of the recent political attitudes to overlook all this commonness which is bound to persist even after all the States have been reorganised on the basis of linguistic groupings as now proposed.

The critics of the movement for linguistic States may also take the other extreme and postulate a situation in which the common bond of language would distort every other aspect of national life, political economic or strategic. The memorandum of the Bombay Citizens Committee contains many unexceptionable statements about the real significance of language in politics and culture. They are based on international comparisons and on the authority of leading experts on nationality problems. But it is not necessary to identify a whole movement with the most fanatical interpretations of its significance. We may concede that the attitudes of various groups connected with the movements in various areas are often vexing because of the cantankerous claims about strips of territory or their obtuse refusal to see that these are not like questions about territorial claims of rival nation-states to a common disputed area. They only show how politics can, in its preoccupation with local or sectional interests, become narrow. Such local interests exist in plenty even in a country like the United States and they

generate many political pressures. The experience in Madras has shown that a composite State does not merely because of its compositeness submerge these narrow local issues. Often, a more misleading or malicious twist can be given to current issues to set two linguistic groups perpetually at war against one another and they are not less disruptive in their effect.

It is not necessary to exalt the demand for reorganisation of the States into a demand for complete autonomy or into an attempt at separation, culturally, economically and politically, from the mainstream of India's life. It has been proved till now that separate linguistic groupings are not necessary for the working of a democracy. Foreign parallels—whether of Canada or Switzerland—are only of limited application. Under a system of adult suffrage with the common man—as distinguished from the professional intelligentsia—increasingly participating in political life, it would be idle to deny some of the obvious advantages of conducting local administration in a regional language. Much of it is there already in the working of local bodies and the steady extension of State activity in the sphere of economic and social measures would only enlarge its scope.

It is not necessary that we should unequivocally reject any kind of status or importance for language, in order to counteract exaggerated political claims made on its behalf. Nor is it necessary to foresee dire consequences to the unity, strategic interests or economic well-being of the Indian people in the separate existence of linguistic groups as States. Indian unity has survived the barriers caused before by lack of means of free movement and communication. The current interest in international developments or in our foreign policy is proof of how in a state of developing political consciousness, public interest cannot be circumscribed to national, much less local, issues. The danger of the disruptive and dissipated tendencies has been exaggerated and it is asking too much if we insist that the interest in the development of regional languages should be rational, in the sense of being totally divorced from emotion.

But it is necessary that the emotions, which need not necessarily involve undesirable passions, should not be manifested in actions which are opposed to the public interest. The Bombay Citizens Committee has expressed the fear that the claim for the inclusion of Bombay city in a Maharashtrian State could affect its composite character and jeopardise its present life and growth. There may be real basis for this apprehension. There are unhealthy aspects of these claims for boundaries or cities which should be avoided. The situation is not, however, serious. The Andhra claim for the inclusion of Madras city though made with vehemence, was put out of the way while finding a solution. If those who shape the life of Bombay city and have contributed to its importance feel alarmed about its future because of the possibility of fanatical policies of linguists, it would be necessary that safeguards should be devised to allay these fears.

Examples of intransigence and clash between various viewpoints are bound to exist in political life on some ground or another. At one stage, they may be based on distinctions of language just as on a different occasion they may arise, no less bitterly, through political ideology. But new creeds are always arising in a growing society to blur the old distinctions. The Indian army, the railways and other channels of communication, the Press and the unlimited scope for expansion of the Central constitutional authority provide the system of checks within which a vast multi-lingual State can work towards its future with the maximum participation of its citizens.

Rice Without Rationing

THE total and unqualified decontrol of rice throughout India, which took effect last Saturday, completes the experiment with a new policy for food which actually began in the first week of June 1952 with decontrol of food in Madras State. Twenty-five months ago, it required great daring on the part of a State's Chief Minister and extraordinary resilience on the part of the Union Food Minister to launch on that experiment. The controversy which followed that step and the many compromises, upon which theoretical exponents of our planning and administrative policies were insistent, on the subject of relaxation of the rigidities in food movement and prices, were a measure of the difficulties which the changed policy had to contend against at various stages. The first six months proved the most anxious period because it was clear as much to the supporters of the new policy as to its critics, that except with a favourable season, the new policy may run into dangers. The faith with which this food policy was then put into action has now been amply rewarded. A series of measures have since been taken each of which was a reaffirmation of the faith in the capacity of the agricultural economy to respond favourably to each new dose of freedom. But the final step taken last Saturday deserves to be remembered as the vindication of the soundness of the food policy, of the last two years and the great imagination shown by its chief authors.

Today, there is the danger of that sound understanding of the character of the Indian food problem being minimised and the improvement being attributed solely to the good luck which broke the spell of continuous drought in South India and warded off other severe calamities in the North. Undoubtedly, two good seasons have helped enormously to ease the problem. They have infused new optimism among India's agriculturists and planners after an agonizing period of anxiety when it seemed that India's biggest post-war problem would defy all immediate attempts to find a solution. The draft Five-Year Plan had assumed that average imports of three million tons a year would be unavoidable during the period of the Plan; and imports always implied controlled distribution of the imported food besides the maximum effort needed to produce the largest quantity internally. This was of course a rational basis for the justifications for the continuance of the old policy, which were based either on the virtues of a philosophy of control for a planned economy or on the necessity for an edifice of integrated controls because they had been slowly erected during the war years by a bureaucracy with a reputation for efficiency.

The moral of the Government of India's present food policy has been quite plain for some time. It is that the economy of the country responds excellently to freedom rather than to the cramping regulation by a bureaucracy which is often unimaginative and occasionally worse. The production function, whether in agriculture or in industry, has been best discharged in the last two years only after the steady withdrawal of State interference. This is true not only of India; a similar trend has been in evidence in the U.K. In Japan, the abandonment of rice procurement was one of the first steps of a democratic government; and similar steps had been necessary to prevent discontent even in some of the totalitarian East European countries. Various factors have now contributed in India to compel a reluctant team of planners to realise that the maximum tempo of planning—which is now being claimed during this fourth year and in the next—could be consistent with the maximum of freedom of operations on the part of individuals.

This is of no mean significance. The real basis of

the argument for the step now taken does not lie in regarding any particular quantity of food production as absolute or in guaranteeing that the existing state of prosperity would continue undiminished. It is conceivable that situations may frequently arise in which the State may have to re-enter the scene with steps calculated to relieve shortages or to cushion the effects of plenty on the producers. But the techniques would in future be better understood and the paramount need to foster contentment among the producers as well as the consumers to restore normal conditions would not be overlooked. The staunch advocates of the old policy made a fetish of a system which was a haphazard growth, consisting of a series of ad hoc measures and which in its best days never claimed to serve more than a third of the total population. The manner in which it often served even this third was not praiseworthy especially after the emergencies of the war and the partition had ended.

This is an occasion thus to recall the best years of food control, without falling into the habit of regarding the post-1948 phase of control as merely an example of decline of efficiency in working and not a weakness inherent in the system of control. There is much truth in the verdict of Sir Henry Knight, a senior British Indian administrator who has written on the subject, that the food crisis "showed the capacity of the traditional administrative system to improvise and to expand to meet unexpected emergencies and the willingness and the ability of the Indian public to accept unusual and inconvenient measures when such were necessary". At the point at which the public felt that what was unusual was becoming normal and that it was not only not necessary but gravely hampering legitimate activity, the system could not avoid a breakdown. It had its period of usefulness, even though it tended to outlive that phase. This week is symbolic of the end of the era of food control which commenced with the Bengal Famine of 1943. For nearly a decade, the apparatus built up for such control succeeded in dealing with many difficult situations such as those which arose in 1946, 1947 and 1950-51, though initially a heavy price had been paid in Bengal without any justification whatever.

The danger was evident by 1951 that whole generations of Indian youth, especially in the cities, would be reared up on a tradition of dependence on the State for their daily quotas of food, with all the attendant regimentation involved in the use of ration cards, restrictions on entertainments, and on the choice of quality and quantity of food needed according to age, temperament or habit. That prospect has now been definitely ended and no tears need be shed for the disappearance of restrictions, even though they had been once useful.

The Food Ministry has now claimed stocks of 13 lakh tons of rice with the Government, besides the 9 lakhs of tons due from Burma. This would provide sufficient reserves to assure the sceptical and to provide supplies for deficit pockets where free stocks will not move in except at a special price. In other words, these stocks, which will provide the fiduciary backing, will mainly have a psychological value. Real confidence should be sought only in the current international position of rice and wheat which is comfortable.

Food decontrol has been fortunate in its timing and the dismal prophets of disaster have proved completely false. The anxiety is all on the other side now, whether the prices will fall so steeply as to cause a setback in the progress made. On this point the alarm has been more than is warranted by the present circumstances of supply and demand and the general economic conditions. The process of readjustment to free market economy need not be painful.

Conundrums of Convertibility

THE convertibility of the pound sterling is not imminent. But it is some time since it became a distinct possibility, following an O.E.E.C. report and the British Chancellor's visit to Western Germany. Here, as elsewhere, the somewhat loose organisation of the sterling area is, however, likely to lead to important interests being overlooked; and since it is an open secret now that "after the necessary conferences in Europe and Washington this summer and autumn, convertibility may happen at any time and at short notice", it is desirable that some of the issues are sifted and analysed.

The main reasons why the issue has become a practical and current one seem to be three. Paradoxically and somewhat surprisingly, all these reasons point to the basic strength of the pound sterling independently of the speculative movement of funds. First and foremost, there is the question of what has been happening in the current recession. Apart from the fact that the American recession has receded, there is, as Conan has pointed out, the growing feeling that the implications for the sterling area's dollar exports of a slump in the United States cannot be as grave as everyone has been accustomed to assume. (Have not the percentage losses in the area's exports declined from the Great Depression to the pre-war slump, from the pre-war slump to 1949, and from 1949 again to 1951?) Secondly, British productivity in relation to British wages may not be quite so unfavourable especially in the long-term setting; on this Hawtrey builds an entire case for revaluation by degrees. Thirdly, there is the acid test of experience. Largely as a result of the fact that the sterling area has learnt to do without dollar imports at a pinch, the position is easy now, and, as Conan has pointed out, there may be some scope for cutting even, if this were to be needed on some future occasion.

But if a great deal of optimism has been induced by these recent developments, it is also true that behind all this appearance of prosperity, there may be unknown dangers—or at least problems. Sir Sydney Caine, in a notable contribution, has pointed out some of them. There is, for example, the somewhat disappointing, if not wholly unexpected, sequel to the Randall report. There are also uncertainties as to whether the sterling area's reserves are yet adequate. Five billion dollars has been regarded by some as a safe target. And there is no knowing how far American support, for example a line of credit from the Federal Reserve System, can be relied on. Even American investment in the sterling area, on second thoughts, may not be wholly unembarrassing in certain circumstances; if it is to be accompanied by matching expenditure, and if it leads to increase in total investment which is greater than the investment which is financed from outside, complications can easily result.

Lord Brand has recently drawn attention to one problem. In view of the case against convertibility which has been presented by Messrs. Bevan and Balogh (and their opinions are certainly very widely held outside the Conservative Party) there is obviously some sense in asking, as Lord Brand has asked in effect, that so important a matter as this should not become the plaything of party politics. The dangers here are not imaginary. When one party is wedded to freedom from controls and also to considerations of prestige, while the other party is wedded equally to full employment, at whatever monetary cost, and to controls as a consequence of full-employment policies, and if, as is now quite plain, this latter party thinks little of the prestige of the pound as a price to be coveted for its own sake, the chances are not inconsiderable that each party will follow its own policy. Convertibility

can then become a matter of party tactics like steel. Only, the implications of this manner of approach may be very much graver.

One other problem which has still to be faced and regarding which there have been only ineffective consultations so far is the possibility of the major European currencies which are on the verge of convertibility moving in step. The president of the De Nederlandsche Bank has been prominent recently among those who have drawn attention to this aspect of the current move for "a dash for freedom". It may be assumed that Britain herself thinks little of letting the European Payments Union die out at the end of its appointed term next year. But lesser European countries may be less certain. They have all to ask themselves the question: Is it better to continue in the Union and to seek to preserve and consolidate the gains of liberalising trade, or is it better (it may be more than that: it may be necessary) to claim, outside the Union, one's freedom to discriminate, and so to obtain as much of the convertible currency or currencies as possible? The answers to this question are unlikely to be clear. In the nature of things, they cannot be definite. The only way of avoiding the whole ticklish issue is to ensure that the movement towards convertibility is a movement in step.

One other major consideration still remains. It is, as Sir Sydney Caine has pointed out, to ensure that the policies on which convertibility will be based and the discipline which it will render necessary are both as acceptable to the sterling area outside the United Kingdom, as they are to the United Kingdom itself. It used to be assumed before the Sydney Conference that this could be taken for granted. Naturally, however, with so many countries now irrevocably committed to development and, therefore, to expenditure, one is less sure after the discussions at Sydney. In any case, this is a question which cannot any longer be overlooked.

There are quite a number of minor questions that still remain to be answered, after so much experience of planning and development in this so-called 'Rest of the Sterling Area'. Among the most difficult of these are: How much development can these countries have? Who is to have the final say, or can anyone have any say at all regarding the economic necessity for particular schemes? (Even if luxury flats in South Africa and Australia's milk-bars, which have so offended the puritans, can be forgotten for a moment, there is the case of irrigation in Queensland, which has proved to be so unexpectedly controversial, as a case in point). Above all, if development is to be and to remain unaffected, by what methods is it possible to ensure that there is parity of treatment between the colonies and the self-governing members? It may be too much to hope that the British Treasury, or the British Chancellor of the Exchequer, or the Commonwealth Finance Ministers' Conference will provide, in due course, cut-and-dried statements of policy in precise and unequivocal terms, allaying all these doubts. But surely, before so important an experiment as the convertibility of the pound sterling is launched, it will be desirable for the Commonwealth to have some idea of where and how the interests of the individual countries will be affected and to clarify, if possible, their own policies in the event that the experiment is launched after all.

The convertibility of the pound sterling is not, as has been stated, an imminent possibility. It is far too complex an issue to be decided so casually. It is a question which definitely and vitally concerns every member of the Commonwealth. Every member of the Commonwealth should, therefore, have a voice to ask that whatever happens, convertibility should not conflict with development.

THE WEEK'S NOTES

CHINA IN THE U.N.: A DEBATE REVIVED

In recent weeks, public opinion in the United States has shown extraordinary interest on the question of admission of the Chinese People's Republic to the United Nations. Senator Knowland's strong partiality for the Government in Formosa would explain the unequivocal expression of his view that the United States should walk out of a United Nations which votes for the admission of a Communist Government. It has been pointed out by kind critics that the Charter contains no provision for the resignation or withdrawal of any member though it makes provision for suspension or expulsion. The statement of Mr. Dulles that the United States will not hesitate to invoke the veto to prevent the entry of Red China is politically palatable in the United States where opinion has hardened of late but legally on very doubtful ground. It must be remembered that China is not an applicant for fresh admission. The only question to be decided is as to who should represent China as a permanent member of the U.N. and this has long been regarded as a matter for the Credentials Committee involving a procedural question which cannot attract the veto.

The purpose of these vehement denials was to repeat that U.S. policy has not changed or will not be changed under British influence, which was suspected in the Churchill-Eden mission to Washington. The British Prime Minister has declared that the question was only mentioned during the Washington talks but played no notable part and was not an immediate issue. In any case he seemed to imply that after agreement has been reached in either or both issues discussed at Geneva, and after proof of good faith and co-operation which needed time, the question might be revived. He did not hesitate to add that in such circumstances the British Government believes that the Central People's Government should represent China in the United Nations but that at the moment the question will not be reconsidered. There is therefore unlikely to be substantial support for the Indian plea for the immediate recognition of China's representatives in the U.N. even though there may be a large measure of agreement in principle.

INDONESIAN CONFERENCE AT THE HAGUE

Fresh talks on the abolition of the Netherlands Indonesian Union opened at The Hague on June 29. The two main subjects on the agenda besides the demand for the termination of the Union were the ending of the R.T.C. agreements detrimental to Indonesia and the return of West Irian to Indonesia. The Indonesian Foreign Minister, Mr. Sunarjo, made it clear in his opening speech that though the discussions in the conference of 1952 could now be used as material, the present conference was not a continuation of that conference in its aims and methods. Mr. Sunarjo declared that an agreement on the abolition of the Union should be reached first and that the other issues should be discussed as between two sovereign nations with a view to altering the other R.T.C. agreements of 1949.

In this conference, Indonesia, while regretting the non-inclusion of the West New Guinea question on the agenda, has not made it an issue for immediate decision. Greater emphasis has now been placed on securing a review of the economic and financial aspects of Dutch-Indonesian relations which are not consistent with the full sovereignty of the Indonesian people. This demand has been accompanied by the assurance that when normal and equal relations are established, Indonesia would feel bound to protect mutual interests, honour her debts and safeguard the welfare of all foreigners living within Indonesia.

The Indonesian resentment over the continued administration of West Irian by the Dutch may in many respects resemble the Indian stand on foreign pocket though the people of New Guinea are primitive and backward. Foreign Minister Sunarjo has insisted that the elimination of Indonesian suspicions will be possible only when the entire territory which comprised the Dutch East Indies becomes Indonesian territory. The willingness to negotiate other issues and reach agreement on them was therefore a moderate stand. But it is possible that no government may be able to negotiate with firmness and success until elections are held and a representative government is established in Indonesia.

A PARTY WITHOUT POLICY?

The Prime Minister's criticism of the conduct of the Indian opposition parties in a public meeting in Allahabad was directly provoked by the demonstration before him by P.-S.P. workers, but the present agitation in the U.P. over irrigation rates is an outstanding example of how a political party without clear goals and policies can often descend to questionable methods of seeking popularity. There would be general agreement with Mr. Nehru's criticism that it was difficult to say what the P.-S.P. stood for and what principles it expounded. Mr. Nehru was only revealing what was well known about his mind when he said that he himself would have liked to lean towards the P.-S.P. but that it has now become "a party without a policy, without an aim and without a set goal".

This remark summarises a general feeling about the P.-S.P.'s attitudes to current political issues. Mr. Jaya Prakash Narain's dedication to Bhoodan has deprived the party of a leader greatly respected for his integrity. The other top leaders have always been speaking in many voices and have of late excelled themselves. A recent circular to the party ranks to the effect that political agitation should be fomented on every available grievance reveals a desire on the part of one section of the party to place party interest above patriotism, which is very disturbing. Even on this point there is not enough solidarity. But apart from the doubtful morality of these means in a full-fledged democracy which maintains the platform, the Press and the ballot box as the channels of persuasion there is a ready assumption that agitation would always pay larger dividends to the party than elections. This is similar to the value attached to industrial strikes by organised labour, except that a similar organisation is not possible in the case of a small political party. Pointless agitation may cause public apathy which may lead to failure as in the Bombay textile strike.

The purpose of the agitation in the U.P. over irrigation rates seems wholly misconceived. The question whether the U.P. Special Powers Act is legal or not has been raised before the courts. No one interested in the preservation of our civil liberties need discourage such challenge through all constitutional methods the existing laws which are repugnant to the Constitution. But the agitation over irrigation rates has been whipped up on arguments about the burden on the peasants and the community which are wholly devoid of substance, in the context of the decision to secure development finance through betterment levies. The movement is not dissimilar to others launched before to discourage procurement of food and essential supplies.

TEXTBOOKS AND THE TRADE

The craze for publication of school textbooks by State Governments has become infectious. It has been reported that for the current academic year, the

Madhya Pradesh Government has decided to prepare, print, publish and distribute textbooks for primary schools in the State. The arguments in favour of this course are familiar. The books are standardized and the quality of paper and printing uniformly of better quality than the textbooks made available by the publishing trade. Not least of the advantages claimed is the possibility of making textbooks available at low prices so as to be within the reach of the poorer sections of the community whose children are attending schools in growing numbers. The publishing trade's agitation against such proposals are usually dismissed by all State Governments as interested propaganda.

The practice is not new. The selections from standard authors, of classical and non-classical literature, whether in English or in the Indian languages, prescribed for Matriculation or other courses used to be printed and distributed at low cost. In that sense the States' taking over the business, however undesirable from the publishers' point of view, might look beneficial to the consumer. But all textbook making is not compiling anthologies of famous authors. In the lower classes it involves new writing also, from time to time. Moreover, under the present system there is sufficient variety. So long as schools have some discretion in choosing from a number of textbooks on an approved list, a number of authors have an interest in trying out new methods of instruction and presentation. In the uniformity now being attempted there will in most cases be only one author on any subject in a whole language—who may himself be selected on the basis of political patronage or become so amenable to political influences as to be ready to cater to the vanity of the men in power by using textbooks for political propaganda. Some of these drawbacks have already been felt even in the system of approval of textbooks even though the selection is done with the assistance of committees.

Even if there are evils in the present system, they are capable of being corrected by proper scrutiny of the standards of printing, get-up and price, without State Governments being under the necessity to nationalise the textbook trade. Such nationalisation will end up by introducing a monotonous uniformity which can prove damaging to students as much as to textbook writers and the publishers. It is a system which would prove tempting to political parties which have no scruples about the methods by which they achieve publicity. There is reason to believe that this consideration is not very remote from the thoughts of the members of the State Governments who are now eager to follow the new system.

THE PULSE OF THE AMERICAN ECONOMY

The settlement of the wage dispute in the American steel industry is regarded as a bull point for the U.S. economy. The agreement includes an increase in average pay of 5 cents an hour and higher pension and insurance benefits of about 7 cents an hour. The largest unit, the U.S. Steel Corporation, first agreed to these higher labour costs and all the other five big steel units have agreed to similar terms. As they together employ about two-thirds of the labour in the steel industry, the entire industry is covered by these terms. The significance of this concession is that the steel industry has taken an optimistic view of the prospects for economic growth, for, otherwise, it would not have agreed even to a moderate increase in the labour costs. It has been calculated that steel workers have raised their wages from \$1.15 to \$2.10 an hour and that other benefits have more than kept pace. Steel prices have been increased only by \$3 a ton, without any increase in the final products of the manufacturers using steel.

The American delegate to the United Nations Economic and Social Council, Mr. Preston Hotchkis, has

expressed himself in a more guarded manner. "The evidence shows" he said "that hitherto, at least, the decline has been moderate and it has probably been halted.... But flexible though our economy is, it can hardly be expected to readjust itself immediately and painlessly to a cut in national security expenditure of about 5,000 million dollars a year."

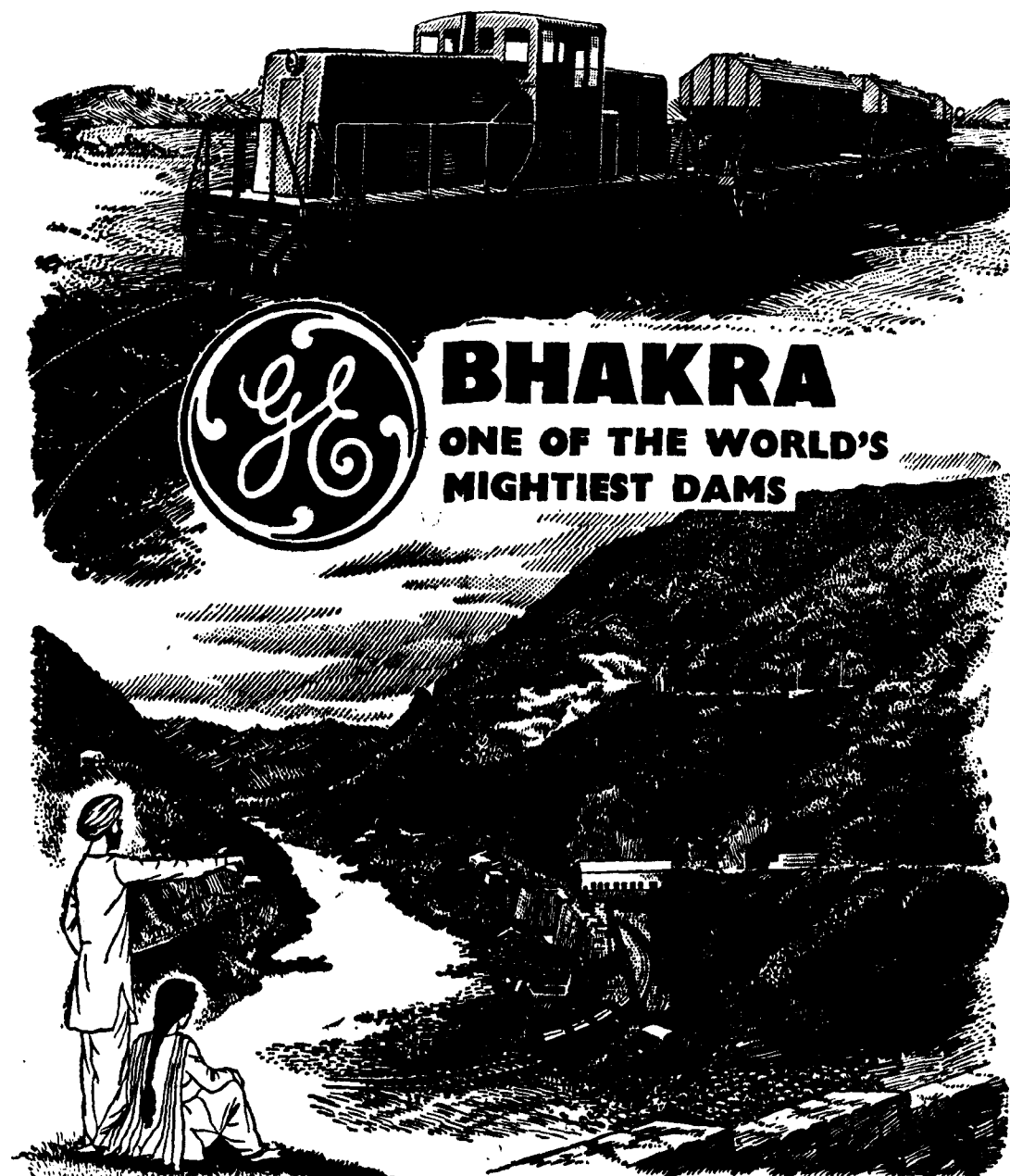
American foreign trade has shown signs of revival. In the first four months of this year, there was a decline in the value of U.S. imports of \$340 million. But in spite of it, the value of exports rose by \$44 million (to \$4,092 million) over the figures for the corresponding period of the previous year. This is largely due to a liberalisation of imports from the dollar area because of the increase in the gold and dollar reserves of the non-dollar countries.

BEST BALANCED INTERNATIONAL TRADE IN 1953

While international trade during 1953 remained at a high level, important shifts in the flow of goods between industrial areas brought out a pattern far better balanced than at any time during the post-war period. This is stated in a report issued by the secretariat of the General Agreement on Tariffs and Trade (G.A.T.T.). Last year, the report states, witnessed a significant change in the pattern of international trade. The extraordinary price structure which had distorted international trade since the outbreak of the Korean war in mid-1950 gradually reverted to the pre-Korean situation. With the terms of trade between primary products and manufactures returning to what they were before the Korean war, with the development of exports of manufactures by the European industrial area toward the dollar areas, and with the successful substitution of non-dollar supplies for imports from North America by these European countries, the dollar deficit has been greatly reduced. At the same time the level of trade among the non-industrial areas has remained remarkably constant and has contributed to the stability of international trade.

The value of international trade, expressed in dollars, which had increased during the whole post-war period until 1951, declined for the first time in 1952 and again in the first half of 1953, but made a spectacular recovery in the second half of 1953. In the second half of 1953 the value of world trade was again close to, and its volume substantially exceeded, the 1951 maximum if special category U.S. exports are included. The world price situation in 1953 was characterized by two main features. First, the general level of prices in international trade was about 20 per cent higher than in the half year that preceded the Korean war. Secondly, the prices of primary products and manufactures were again in about the same relation to each other as they had been in 1950. In other words, the 'terms of trade' between these broad classes of commodities reverted to the pre-Korean situation.

The report states that the most notable development in the pattern of international trade since the pre-Korean position has been the great improvement in Western Europe's balance of trade with North America. The trade deficit in the first half of 1953, at an annual rate of nearly \$1,000 million, stood at less than half the 1950 level. This improvement was due principally to increased exports of manufactures from Europe. Western Germany's part in total intra-continental trade has increased substantially during the last four years. While in 1950 her share was 40 per cent, it became 45 per cent in the first half of 1953. In 1953 the trade of the Eastern European countries with the rest of the world was lower than ever before. According to recent calculation, the volume of trade between Eastern Europe and China on the one hand, and Western Europe (excluding Germany) on the other, in 1953 was about half that of 1938 as regards exports from the West, and 40 per cent as regards imports.



At Bhakra gorge where the greyish waters of the Sutlej River plunge through the last range of the Sivalik Hills in the lofty Himalayas, Man is erecting today one of the world's mightiest dams. Bhakra the world's second highest dam when completed will stand 680 feet high above foundations and store enough water to irrigate 10 million acres of land and generate 400,000 KW of electricity. In the construction of this huge dam, time will be of essence with round the clock operation of pouring of 135 million cu. ft. of concrete—more than twice the cubic contents of the seven Great Pyramids of Egypt. To keep the mixing bins continually fed, 45 cars carrying 9,000 tons of cement a day will be moved over a distance of 8 miles of mountainous terrain, negotiating gradients of 1 in 125, and many narrow curves—days in and days out, 24 hours a day for four whole years.

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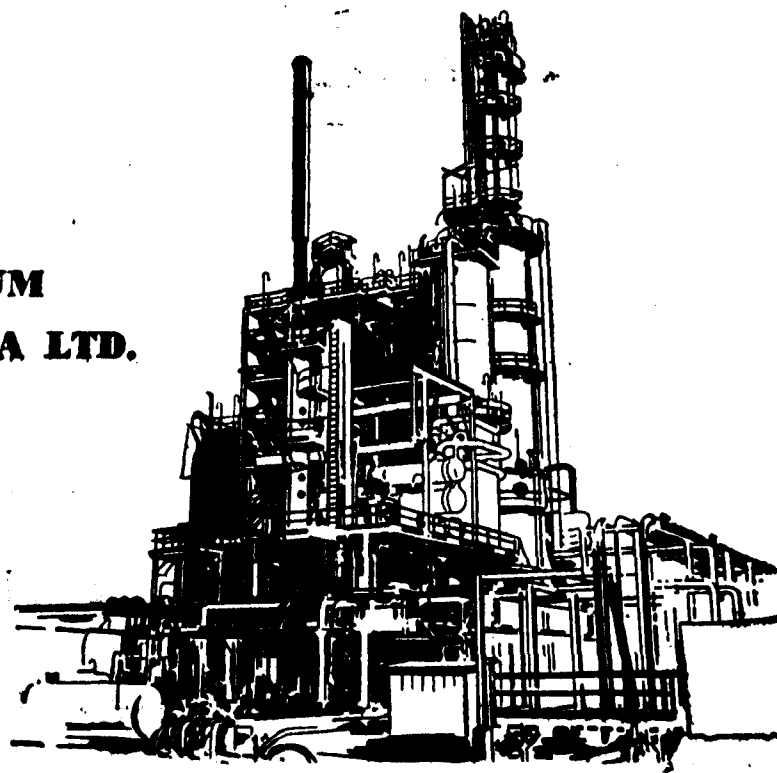
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WORLDGRAM

AGRICULTURE

Dairy Development in Plantations: The Plantations Inquiry Committee is examining the possibilities of developing dairies in plantations as a subsidiary industry. As cattle can be reared in the estates without any additional expenditure, it is felt dairies should be encouraged in all the estates on a systematic scale. A few dairy experts are likely to be appointed to develop the industry.

Assessing Cost of Sugarcane Cultivation: The Indian Central Sugarcane Committee proposes to launch a scheme for assessing the cost of sugarcane cultivation in India in the first instance in six of the important sugarcane-growing States—Bihar, Uttar Pradesh, Punjab, Bombay, Andhra and Madras. The object of the scheme is to estimate the cost of sugarcane cultivation on cultivator's holdings in factory areas.

States to Submit Co-operative Farming Schemes: The Union Ministry of Agriculture has invited State Governments to prepare schemes for development of co-operative farming and to submit demands for grants. The ultimate aim of the Government's land policy is to vest management of land in village co-operatives. A provision of Rs. 40,00,000 has been made towards changing the country's agriculture from a subsistence economy to a progressive enterprise, organised to adopt modern technological methods in production, processing, grading and marketing.

'Vana Mahotsava' in Pakistan: 'Vana Mahotsava' is being celebrated in Pakistan. Under the afforestation scheme, 3,500,000 trees are to be planted in the Thal Forest Division of the Punjab, while 1,000,000 trees are being planted in East Pakistan. The Thal area, which before partition was a desert area, has been transformed with the planting of 700,000 trees last year into fertile agricultural land.

Survey of 4,176 Indian Villages: The Union Finance Minister has urged the State Governments to co-operate in the National Sample Survey scheduled to start throughout the Indian Union this month. The sample survey of agricultural holdings will cover 4,176 villages throughout the country, of which 1,344 will be sampled by the National Sample Survey organisation. Kashmir and Jammu have been brought under this survey for the first time. The object of this survey, according to official sources, is to provide data on land-holdings with reference to occupational holdings, farming practices, agricultural indebtedness, the trend of individual farm management and methods of land utilisation for the world census of agricultural holdings being conducted by U.N. Food and Agriculture Organisation. It is believed the pattern of rural economy, made complicated by recent trends in agricultural prices, could be reconstructed if more data was available.

Chinese Bid For Economic Power: According to an article reported in 'Pravda', China aims at reaching a position of economic power second only to Japan by 1959. This, it is reported, includes 64,000,000 metric tons of oil, almost 6,000,000 tons of steel and 13,000,000,000 kilowatt hours of electric power. China's achievement of this aim depends almost wholly on the promised Soviet help for 140 Chinese heavy industry projects.

Rajasthan Government Plans Dam on Gambhir River: The Government of Rajasthan has sanctioned a scheme estimated to cost Rs. 44.23 lakhs for utilising the water of the Gambhir river for irrigation purposes

by constructing an earthen dam on the river. Two canals are expected to irrigate 32,000 acres yielding a return of 5.2 per cent on the capital outlay. The scheme is to be financed from the loan from the Government of India.

Farmers' Conference to Meet in Srinagar: The question of formation of farmers' organisations at the Centre and in the States and calling of an All-India Farmers' Conference in the near future will be discussed at a two-day meeting of representative agriculturists convened in Srinagar on July 16 and 17 by the Union Minister for Agriculture, immediately after the Conference of State Ministers of Agriculture and Animal Husbandry.

FINANCE

Twenty-eight Billion Dollars for U.S. 'New Look' Defence Budget: The U.S. Senate recently approved a \$28,800,125,486 budget for Army, Navy and Air Force in the 1955 fiscal year. The Budget is to be submitted to the U.S. President. The amount approved was the smallest defence budget since the outbreak of hostilities in Korea, but more than twice the 1950 total of \$13,072,000,000. The Air Force is to receive \$10,927.9 million, the Navy \$9,712.8 million and the Army \$7,619.1 million.

Brazil to Repay U.S. in Full: The President of the Bank of Brazil and the Director of the Exchange Department called on the U.S. Ambassador in Brazil recently and advised him that Brazil would shortly make her final payment on lend-lease obligations. The amount involved is \$5,000,000.

Sui Gas Company's Shares Over-Subscribed: The shares of the Sui Gas Transmission Company, opened for public subscription in Pakistan, have been over-subscribed six times. The public subscription amounted to Rs. 6 crores, whereas the total value of the shares was only Rs. 9,639,000. Over and above this investment, the World Bank has granted a loan of £5,000,000 to the S.G.T.C.

£357,000,000 Loan for Rhodesian Rail Expansion: An agreement has been signed between the U.S. Foreign Operations Administration and the Rhodesian and Nyasaland Federation for a £357,000,000 loan for use in the Rhodesia Railways development scheme. Lack of adequate rail facilities has prevented full exploitation of the area's copper, chrome, asbestos and other mineral deposits. The loan is expected to assist present production capacity and to open up the area for private capital investment.

Egypt's Balance of Payments Position Improves: Egypt's foreign currency balance at the end of 1952 was £271,000,000. This, coupled with a budget deficit of £38,000,000 in 1951-52, placed Egypt in a very bad economic position. The Government's austerity policy and the restrictions on imports other than necessities reduced Egypt's adverse trade balance in 1953 to £38,000,000. From the beginning of 1954, Egypt has a favourable balance of £14,000,000. Monthly exports rose to nearly £15,000,000 while imports averaged £11,000,000.

U.S. Earns 2½ Per Cent On Export-Import Bank: The Export-Import Bank announced recently that it would pay the U.S. treasury a dividend of \$22.5 million for the fiscal year. The dividend is calculated at 2½ per cent on the Bank's capital stock of \$1,000 million held by the Treasury. Gross earnings for the year were estimated at \$86.2 million, realising a net profit

of about \$56.2 million on operations during the twelve-month period. The Bank lends money to foreign interests buying goods in U.S. and paid \$22.5 million as dividends in the previous year netting a \$51.737 million profit.

Assistance to Voluntary Welfare Institutions: The Social Welfare Board recently sanctioned grants amounting to Rs. 2,73,500 to 110 more social welfare institutions. This brings the total amount of assistance so far furnished by the Board to Rs. 26,94,800. The number of institutions which benefit comes to 881. Of the total amount a little over Rs. 9 lakhs goes to 267 institutions dealing with women's welfare, over Rs. 5½ lakhs to 189 institutions for children's welfare, and nearly Rs. 3½ lakhs to 101 institutions specialising in the welfare of delinquents and the physically and mentally handicapped. The balance amounting to over Rs. 8½ lakhs has gone for general welfare schemes covering 304 institutions.

INDUSTRY

1,711,772 Houses Constructed Since War in U.K.: The number of houses constructed since the Second World War is 1,711,772; and the grand total, including conversions, adaptations, temporary houses and the repair of unoccupied war-damaged dwellings is 2,170,183. The total for the first five months of 1954 is 136,722, compared with 118,706 in the corresponding period during 1953.

Expansion in Indian Dyes Industry: As a result of negotiations between Mr. Kasturbhai Lalbhai and I.C.I., agreement has been reached for the manufacture of selected Vat Dyestuffs and intermediates by a new company in which I.C.I. (India) Ltd. and Atul Products Ltd. will be equal partners. The Authorised Capital will be Rs. 5 crores. The plant will be situated on the site of Atul Products Ltd. at Bulsar and full technical information will be furnished by I.C.I. Ltd. The project has been given the approval of the Government and construction of the factory will be started at an early date.

Seven Million Dollar Fertiliser Plant for Iceland: A \$7 million plant annually turning out 22,000 tons of ammonium nitrate is calculated to help Iceland's meagre agricultural output. This plant has been set up with U.S. aid and is a 60 per cent Government and 40 per cent private enterprise. The Economic Co-operation Administration supported the project with \$3 million—part of which is to be repaid—and the International Bank for Reconstruction and Development put in roughly \$1 million, Iceland supplying the remaining \$3 million.

TRADE

Australian Greasy Wool Sales: During the ten months ended April 1954 more Australian greasy wool was shipped to the Soviet Union than to the U.S.A. Figures disclose Soviet imports at 56,675,000 lbs. as against 51,319,000 lbs. by U.S.A. U.K. with 247,385,000 lbs.; France with 149,350,000; Italy with 108,977,000 lbs.; Japan with 79,813,000 lbs. and Belgium and Luxemburg listed together with 77,438,000 lbs. come first, second, third, fourth, and fifth respectively, leaving the Soviet Union sixth in respect of greasy wool imports.

U.K. Largest Consumer of Tea in Commonwealth: Tea-drinking habit in India and Pakistan has registered an increase both in numbers and quantity. India and Pakistan together consumed 205,800,000 lbs. of tea in 1952 as against 195,100,000 in 1951 and 93,200,000 lbs. in 1938. During 1952 the U.K.'s consumption of tea was 421,000,000 lbs. as against 409,000,000 in 1951 and 439,000,000 lbs. in 1938. In 1952 the U.S.A. took 99,000,000

lbs. as against 98,000,000 lbs. in 1951 and 87,000,000 lbs. in 1938.

West Germany Seeks China Trade: A West German trade delegation is expected in Peking to discuss an increased level of trade with China. West German industrialists are studying the possibilities of an expanded China market for steel products, electrical goods, medicines, chemicals and machinery. During 1953 West German trade with Communist China rose by 100,000,000 marks. West Germany sold to China goods worth over 48,000,000 marks compared with only 6,000,000 marks in 1952, while her imports from China at 125,000,000 marks compared with 62,000,000 in the previous year.

Japan Finance for Export Drive: According to its Finance Minister, the Japanese Government is planning the introduction of measures designed to give preferential treatment to export financing. Japan's export trade is reported to be improving, and negotiations are now taking place with the United States on interest rates which will apply to a \$60,000,000 loan which had been requested from American sources. This, the fourth loan of its type, is planned to be used to pay for raw cotton imports.

Congo Rubber Prosperity Drive: Belgian Congo rubber exports came to over 18,000 tons during 1953, 12 per cent more than the target set under the ten-year expansion project due for completion in 1959, when an estimated 40,000 tons will be sold to overseas markets. During 1954 alone, 37,000 acres of European-owned estates are due to come to fruition. Some of this area is probably already yielding rubber, which would account for the unexpectedly good figures for 1953.

Sterling Area Trade: Prices of sterling area imports from non-sterling countries continued to fall during the second-half of 1953 and in the last quarter at 111 (1951=100) were 18 per cent below the peak prices in the first quarter of 1952. The movements of prices of imports into the United Kingdom and into the rest of the sterling area were similar during 1953, and at the end of the year import prices of the two sectors stood in about the same relationship as they did in 1950. Export prices fell very slightly in the last half of 1953, owing to a further decline on the average in the prices which has fallen from a peak of 159 (1950=100) in the first half of 1951, to 92 at the end of 1953. Terms of trade for sterling trade with the non-sterling world improved slightly at the end of 1953 but were still 7 per cent worse than in 1950. For the United Kingdom there has been a steady improvement since the middle of 1952, and in 1953 the terms of trade were about 5 per cent better than they were in the base year 1950; terms of trade of the rest of the sterling area have not recovered from the sharp fall in export prices which occurred between 1951 and 1952, and since early 1952 have fluctuated around 120 (1950=100).

MISCELLANEOUS

Co-ordination of Research on Development Problems: A programme of co-ordinated investigation and research on selected problems of national planning and development has been initiated by a special committee of the Planning Commission. The Research Programmes Committee consisting of eminent economists and other social scientists, is to organise through Indian Universities and other research institutions, investigations and research into the economic, social and administrative problems facing the country. The Research Programmes Committee has sanctioned financial assistance to a number of schemes relating to Land Reforms, Small-scale Industries, and Urbanisation surveys.

NEWS IN BRIEF

FOREIGN

About 30 students will study at the six-week U.I. Food and Agriculture Organisation milk production and quality control training centre, catering to the requirements of Near and Far East countries. The centre will be organised in Bombay during October-November next.

Exports of Pakistan's raw jute during July 1, 195 and June 1954, totalled more than 4,934,000 bales. Jute exports to India during the period July 1, 1953 to June 15, 1954 amounted to over 1,258,000 bales showing an increase of about 30,000 bales over last year.

It is reported by U.N.'s F.A.O. that the Soviet Union is buying butter at a heavy rate. It is stated that the Soviet Union recently bought 5,000 tons of Danish butter and that the Netherlands will provide 15,000 tons more in exchange for goods.

Iceland will soon have some 3,000 tractors on its 6,000 farms. In 10 years ended 1953 Iceland imported 2,200 tractors. During 1954 the tiny island has already received 100 Ferguson tractors, and is due to receive another 366 before summer ends.

The French Government and U.N.E.S.C.O. signed an agreement recently in connection with a \$6 million permanent U.N.E.S.C.O. headquarters to be built in Paris, on a site rented from the French Government for a nominal sum of 1,000 francs a year. It will have extra-territorial rights and its senior officials will enjoy diplomatic immunity.

It is reported that the East Bengal Government has decided to enforce the compulsory destruction of all jute sown in excess of a quantity required to produce 4,200,000 bales this year in an effort to protect jute prices.

The Yugoslav Government have signed a \$3,500,000 contract to build four small mine-sweepers for the U.S. Navy. This is the first contract given to Yugoslavia by the U.S.A. The ships are to be built on Yugoslavia's Dalmatian Coast and deliveries will be made within three years.

Under the new Indo-German technical co-operation scheme recently signed, 105 Indian students—mostly engineers and technicians—will shortly arrive in West Germany. Most of these will be engaged in branches of German industry. Fifteen will study at Universities.

The Executive Committee of the International Union of Official Travel Organizations (I.U.O.T.O.), which held its 36th meeting at Copenhagen recently, estimated that the total annual turnover of tourist exchange throughout the world at present is \$5,000 million.

According to the Director-General of U.N.E.S.C.O. addressing the 54-Nation 17th International Conference on Public Education, more than half the world's 544 million children receive no education. Children without schooling are estimated at over 337 million.

Following the resignation of Mr. Harry Ferguson from the head of Massey Harris-Ferguson Limited, Mr. James S. Duncan becomes Chairman and President of the organisation. Mr. Ferguson is to develop inventions outside the agricultural field.

INDIAN

It is estimated that on account of the Bhakra Canals, agricultural produce will increase by 7.5 lakh tons of food grains; 9.5 lakh tons of fodder and 5.25 lakh tons of cotton. Thirty new mandies will provide employment for 9 lakh people; 20 lakh people in all receiving benefits.

It is reported that the Union Government has earmarked a sum of Rs. 30,000,000 for the development of new small-scale industries for the benefit of displaced persons.

An estimated 30 million landless workers in the country are awaiting rehabilitation in the country. Cultivable wastelands are in the neighbourhood of 55 million acres. State Governments have been offered Central assistance for schemes to settle such workers on land.

Several technical assistance schemes costing Rs. 5,86,300 have been sanctioned by the Government of India for the benefit of displaced persons from East Pakistan.

Strengthening the co-operative movement and marketing organisations was discussed by the Committee on Co-operation which met in Srinagar on July 12 and 13 just before the second State Agriculture Ministers' Conference.

The Central Government has earmarked Rs. 10,00,00,000 to construct godowns for the storage of a reserve of 50,00,000 tons of food grains in different States of India.

A scheme for the construction of several bridges over the Brahmaputra has been drawn up by the Assam Government. The scheme will cost the State Government about Rs. 4,00,00,000, of which Rs. 1,00,00,000 will be contributed by the Centre.

According to official estimates the food grain production in India during 1953-54 is expected to exceed the Five-Year Plan target by about 20 lakh tons.

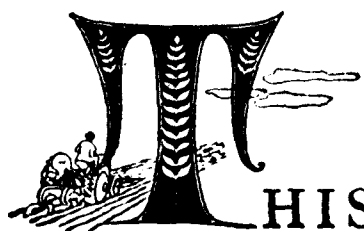
Total collections on the National Plan Loan Certificates scheme, launched by the Union Government as a supplementary scheme to the National Plan Loan, up to June 25, 1954 amounted to Rs. 77 lakhs. The total collections of the National Plan Loan alone at the end of June 1954 stood at Rs. 105 crores.

The Mayurakshi Irrigation Project in West Bengal expected to add 4 lakh tons of food grains has already started supplying irrigation water.

With the completion of the First Five-Year Plan in 1956, India will have another 10,000 new post offices out of a total of 55,000 post offices opened mostly in rural areas. In 1947 India had 22,116 post offices and 43,467 post offices at the end of 1953.

According to information received, the Government has allocated a sum of Rs. 1,00,00,000 for rural water supply schemes in Rajasthan. A major portion of this amount will be spent on providing water facilities in the desert areas.

For the fifth consecutive year, ended March 1954, Larsen and Toubro Ltd., maintain a 10 per cent dividend; income tax free, making substantial allocations for taxation, depreciation and reserves in the face of an increasingly competitive buyers' market. Increased turnover and commission earnings maintain profit at existing levels.



HIS MAN'S JOB IS

to see that food production increases by seven million tons in the next few years—nobody pretends that this is going to be easy—but on his success, and the success of thousands like him, depends the health of his children and the future of his country. He may not fully understand the problem just as he may not fully appreciate that behind the tractor in the field stands a large organisation, whose function it is to keep the wheels moving.

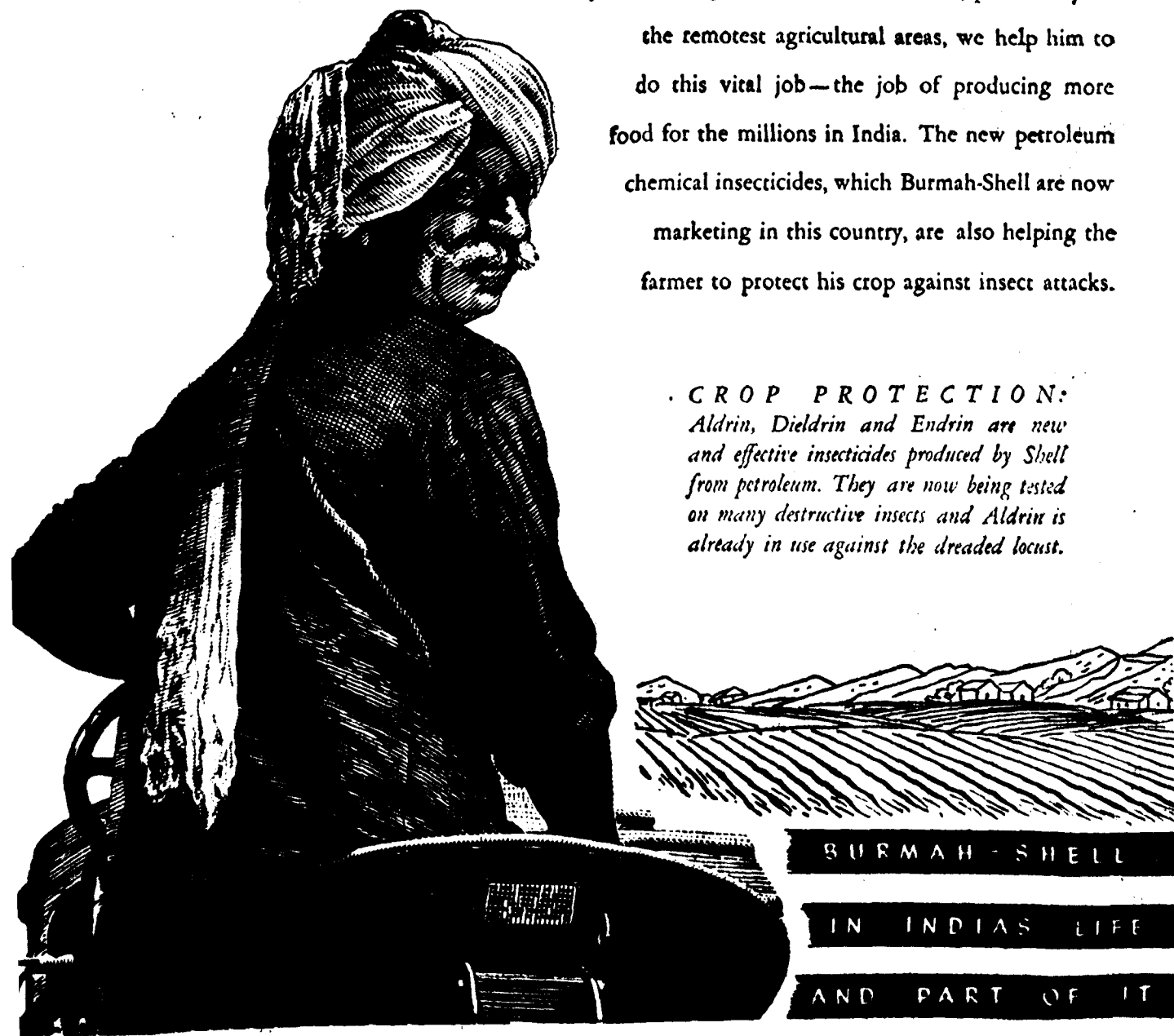
By distributing fuel oils and lubricants, particularly to the remotest agricultural areas, we help him to do this vital job—the job of producing more food for the millions in India. The new petroleum chemical insecticides, which Burmah-Shell are now marketing in this country, are also helping the farmer to protect his crop against insect attacks.

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BURMAH-SHELL

IN INDIA'S LIFE

AND PART OF IT



A Window On The World

AN INDIAN EYE-WITNESS IN CHINA

By
ODYSSEUS

ONE OF THE MOST INTERESTING documents on China that I have read recently is the report made by Mr. Brajkishore Shastri, a prominent member of the Praja-Socialist Party, who visited China last year as a member of the Indian Workers' Delegation which was invited by the All-China Federation of Labour to spend six weeks "seeing things for themselves". I understand that Mr. Shastri's report was originally published in the "Janata" of Bombay, but it reached me through the "Bulletin of the Socialist International". My enquiries have failed to reveal that Mr. Shastri's report secured any publicity in India outside the "Janata", and I therefore claim the privilege of bringing this important document to a wider audience, both in India and abroad, by summarising it here.

Mr. Shastri begins by observing that his period in China "did nothing to substantiate the exhilarating picture we had formed of this land in the enchanting distance of our motherland. On the contrary, the gap between what I had heard in India and what I am seeing with my own eyes is increasing. Sometimes I wonder if I am unduly pessimistic. For even now the Communist members of our delegation do not appear tired of adoring everything Chinese. The other day, we saw women yoked to ploughs. To our Communist friends this was testimony of New China's inexhaustible enthusiasm for creation."

Mr. Shastri visited the Yangtse River Valley Project. "This is in an area where at no time of day and night did the storm relax. We travelled in an air-conditioned special train from Peking to a railway station near the site of the Project where a Government omnibus picked us up. Ordinary motor-vehicles are of little use; the storm can easily overturn them. I held tight to my raincoat to save myself from the piercing wind and rain. But we were all staggered with the reception organised for us even in that terrifying, howling, wilderness."

Near the site of the projected dam are special bungalows for officers. About 5,000 labourers were at work. Every piece of work, from breaking stones, cutting a tunnel or removing rocks, was being done by man's bare hands. The meagre implements the labourers were using were like museum pieces. "As soon as we got out of our omnibus, we were provided with heavy coloured glasses and veils for protection against dust-storms. The labourers did not have such facilities."

The Yangtse River Valley Project is next in importance to the Huai River Valley Project. "What we saw gave us an idea of what man can do with grit, determination, and manual labour. If the Government of India emulated this example it would be able to reduce its dependence on foreign capital; there is so much human labour lying unutilised in our country! But the way I saw these Chinese labourers being driven to work evoked a stronger emotion in me than a desire for emulation or pity. I was horrified. After all, a human being is not a beast. Even for reconstructing a country he should not be used as a tool."

CONDITIONS OF LABOUR IN CHINA

They were toiling not only on their jobs but against incessant onslaughts of merciless, blinding storms for 50 units a month. A unit varies from 2,200

to 2,400 Yuans. With the fluctuations in prices of commodities, even the unit has varying value. In Indian money 50 units would amount to about Rs. 25 to Rs. 28. These labourers spend at least Rs. 20 on food alone. Everything in China is costlier than in India. Rice, cloth, oil, coal and salt are costlier by about 50 per cent. The prices of other articles are fantastic.

Most of the labourers there had been imported from distant places; they were not allowed to give up their present jobs to try for new ones elsewhere. Whether they liked it or not, they could not help sticking it out.

Miss Chu, the interpreter, had a suspicion of Mr. Shastri's thoughts. "Don't you like our River Valley Project?" she asked. An Indian Communist declared loudly that there was no project in India comparable to these Chinese works. Miss Chu asked Mr. Shastri if that were true. Mr. Shastri replied that in India there is no river valley project based exclusively on manual labour. "But," he said, "there are projects, one of them called the Damodar Valley Project, in which most of the work is being done by machines in the interests of the workers and of speed, though I admit that that does not solve immediately the problem of unemployment." Mr. Shastri wanted to avoid a controversy that could only be fruitless. But his thoughts often wandered back to the Damodar Valley Project where the Tilaiya dam alone would be able to provide irrigation facilities and electricity ten times the total output of the Yangtse River Valley Project when completed.

At the Guest House, the party's conductor gave out details of the river valley project that had just been seen. But, notes Mr. Shastri, "food and drink on a lavish scale were awaiting us. In India, even the best of hotels can hardly afford such sumptuous meals for lunch. An infinite variety of wines stood temptingly in bottles on the huge table." Mr. Shastri followed Indian tradition by contenting himself with an orange juice. "Through the windows we uneasily sighted little knots of young children outside peering in at us with noticeable envy..." "The mocking incongruity" of the spectacle of men at subsistence level being driven to break stones and cut tunnels across mountains, on the one hand, and this luxury and gaiety at the lunch table, on the other hand, struck Mr. Shastri deeply.

The party was not at liberty to see what it wanted but its daily programme was fixed by the Chinese Government, which decided what villages, factories, or schools were appropriate for the visitors to see. "Once a visitor is caught up in the official routine he cannot, even if he so desires, chalk out any independent programme for himself. The newspapers and magazines carry fulsome praise of China's new rulers. It is impossible to have a glimpse of the reality from the newspapers. But the reality sometimes bursts through the official propaganda. For instance, the plight of the rickshaw pullers. Thousands of them know nothing better for clothes than miserable, patched-up, dank garments that leave them shivering in the cold. Their mute eyes dog the steps of all visitors."

CHINESE COMMUNIST STATISTICS

At a small machine tools factory a young girl, described as a model worker, showed the party round. After completing the tour of the factory, Mr. Shastri asked the director how many people worked there. His

reply was interesting. "If we assume 100 as the base for the year 1949," he said, "the number of workers has registered an increase of eighty per cent." Mr. Shastri's attempt to elicit precise figures was unsuccessful. This was his experience everywhere in China. Wherever he went he could never get exact figures but only percentages about production or the number of people working in an establishment.

One day the Chinese Minister of the Interior was briefing the visitors on the then forthcoming general elections in China. In reply to a question by Mr. Shastri, the Minister said that the political parties would not be free to criticise each other. China would not allow rivalry and controversy during election time. There would be a joint list. The electors would only be free to choose from that list. To make the election successful, the government would mobilise 3,000,000 educated campaigners. Their task would be to "persuade" (sic) the people to vote only for the joint list agreed by all political parties. In China, the Minister assured them, in addition to the Communist Party there were eight other political parties. Mr. Shastri's request for copies of the constitutions of these parties was never met.

The truth is, says Mr. Shastri, that all the so-called political parties which are supposed to be members of the coalition are convenient paper organisations. Their membership is invisible. There is circumstantial evidence to prove this. There is not even so much as a mention of their significance in any of the achievements with which the visitor is confronted at every step. "Whether we go to a factory, school, a house of culture, hospital, nursery, sanatorium or university, the inevitable achievement is inevitably attributed to the inevitable Communist Party and Chairman Mao. One hears not a word about the role or importance of any of these so-called other eight political parties."

LAW IN CHINA

The Chinese Government needed 3,000,000 educated campaigners to make the then forthcoming elections successful. Section 5 of the Common Programme theoretically concedes freedom of thought, expression, association, correspondence and worship to every Chinese citizen. "But what is the reality?" asks Mr. Shastri. "A mere criticism of the powers that be lead a man into utter oblivion. Even criticism in private conversation is enough to undo a man's future. What is the use of giving a law to a people when there is hardly a judicial system to enforce it?"

Law in China consists simply of executive orders. Is it then any wonder that the prison population of China is increasing daily? Practically 75 per cent of the new prisoners are political.

If a peasant in one village wants to pay a visit to a friend or relation in another village he must first obtain the permission of the local Communist Party boss. To travel by a railway train, an ordinary person must obtain permission from the police a week in advance and must state his reasons for the journey. Not only that. He must also tell the police the address where he will stay. Nobody can buy a railway ticket without police authorisation. A householder cannot allow his friend or relation to enter his home after ten o'clock in the evening without the sanction of the Communist Party boss of the area.

This summary of Mr. Brajkishore Shastri's report will be concluded next week.



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LETTER TO THE EDITOR

CONSUMERS' CHOICE

Sir,

I read with interest "Odysseus's" "A Window on the World" in 'The Eastern Economist' of June 25. I was particularly attracted by the one sentence in it, viz.: "No victory can be gained without casualties". He has used this sentence to emphasise consumers' choice in the matter of production. He says: "For the sake of both economic efficiency and for the political freedom and rights of the individual citizen, controlling power of demand is better than the controlling power of some men or group of men in a department". He formulates two ideals which "cannot triumph without some sacrifice somewhere, and the price of the rising standard of living and free consumers' choice is some insecurity and some instability". The two ideals are: (1) A rising standard of living, which means, "change, growth and progress"; and (ii) a system governed by consumers' votes for production.

Many thinkers consider that the desired result can be obtained by finding opportunities of gainful and productive employment for our millions. "Odysseus" and people of his way of thinking often shirk this issue by emphasising the importance of modern industrial development and technology as the means of ensuring a higher standard of living. Does modern industrialisation promise gainful employment to the teeming millions who are half-starved and half-naked? Has India got the necessary financial resources to launch on any large schemes of modern industrialisation? Without an answer to these two questions, the other ideal, that is, a system governed by consumers' votes, becomes meaningless.

It is for creating employment opportunities for the millions that a properly conceived development of village industries is necessary. The development of Khadi and Village Industries, therefore, constitutes the primary condition for the desired change, growth and progress. This will inevitably call for sacrifices and will even result in casualties. Sacrifice will have to come from those who are today engaged in unequal and cut-throat competition with the products of these teeming millions. The casualties will be such industries which deprive employment opportunities to these millions by undertaking large-scale mass production of

goods which were, or are still, being produced in the villages. No doubt "no victory can be gained without casualties". Is Big Business prepared for the sacrifice?

Does "Odysseus" accept all the implications of his statement that under this system consumers decide what they would like to have? If the criterion is literally applied, how many of our industries can survive the consumers' votes? If everything is left to the consumers' choice they may prefer several among imported articles to those produced even by our large-scale industries. Is "Odysseus" prepared to accept such a logical position? If he accepts the need for the spirit of Swadeshi to govern consumers' choice, then he certainly would accept the fact that consumers' choice is conditioned by the need for productive developments in the country. Where the country is economically under-developed and industrially backward, it can produce goods only of the quality that these conditions determine. In the consumers' preference of these goods lies the element of sacrifice expected of him.

Indian Big Business does not subscribe to "Odysseus's" ideal of consumers' vote. "Import and Industrial Development", a publication of the Federation of the Chambers of Commerce and Industry, is a clear refutation of this ideal. It says ".....the consumer must also purchase indigenous goods and shed the general prejudice against everything made in India. Initially, in some cases due to adoption of labour-intensive methods and a lesser degree of mechanisation, the quality of some indigenous goods will not be on par with foreign products. But in the interest of industrial development, it may be necessary to put up with inferior quality for some time".

If quality can be sacrificed in the interest of industrial development, how much more should it stand to reason that the principle should apply where the question involved is providing productive employment opportunities for millions and through them their means of livelihood?

Yours faithfully,
C. K. NARAYANSWAMI
Director of Publicity,
All-India Khadi and
Village Industries Board,
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BOOK REVIEWS

FOOD ADMINISTRATION IN INDIA

Food Administration in India 1939-47: By Sir Henry Knight: Food Research Institute, Stanford University, Stanford, California: \$7.50

Just when the conditions of India's food supply are reverting to the pre-war patterns of free trade, it is instructive to recall the situations which led to the development of food administration on an all-India basis during the war. Sir Henry Knight, who is well known in India where he spent 36 years in the I.C.S. till 1947, has provided a survey of food administration during 1939-1947 which is very objective and detailed. This is the fourth in a series of volumes planned by the Food Research Institute of Stanford University and part of a group of studies dealing with war-time management of food and agriculture in various important countries; its preparation has been aided by grant of funds from the Rockefeller Foundation.

After giving the constitutional and agricultural background, the author has traced the developments in the food situation during the initial stages of the war leading up to the Bengal Famine. The subsequent stages—the Food Grains Policy Committee, the grow more food campaign, procurement, rationing and price control—are then described, with an emphasis on the administrative and organisational aspects, and the variety of the measures adopted by the Provincial Governments.

The survey relates only to the first four crucial years of comparatively efficient handling of a new task; it is entirely concerned with describing how from a series of ad hoc measures and policy decisions there emerged a coherent common policy for dealing with food shortages which served well in subsequent crises. The tribute to the administration is certainly well-deserved. The author quotes as a fair appreciation, the American Famine Mission's report (1946) that "procurement of food grains from cultivators by direct measures has been more highly developed in India than in any other major country except perhaps the Soviet Union". There is also good word for the public. "But, taken as a whole, the food crises in India showed the capacity of the traditional administrative system to improvise and to expand to meet unexpected emergencies and the willingness and the ability of the Indian public to accept unusual and inconvenient measures when such were necessary". There are occasional interesting sidelights, as when he says "It is not too much to say that without the help of Bombay's women-folk rationing could not have succeeded, for they provided half the staff which ran it....and service in the food administration converted a daughter from a liability into a financial asset".

The summing up is a fair one. "Undoubtedly the Government of India was slow to realize its responsibilities for feeding the common people of India. With constitutional propriety it relied for this on the provinces, whose responsibility it was under the Government of India Act. Admittedly the Government of India could not move far in advance of public opinion, but in its anxiety to keep the Punjab from discontent, and to preserve the facade of democratic popular government in Bengal, some thought that it misjudged both the needs and the public opinion of much of the rest of India. However, it is idle now to speculate whether this was right or wrong."

VADE MECUM ON INDIA

India 1954: Publications Division, Ministry of Information and Broadcasting, Government of India: Price Rs. 7-8: Pp. 485.

The second issue of the annual publication of the basic information about India is a great improvement

on the earlier volume for 1953. The Census Report for 1951 late last year provided the Publications Division much recent information for this volume. The data on other aspects have also been brought up-to-date, though on many matters the statistics still stop with 1951. However ample the scope for adding information in a book of about 500 pages, some amount of selection would be inevitable and it is hardly likely that there would be agreement in deciding what to exclude.

The year-book gives the impression that the division of the various aspects of information and the data furnished are related to the Central departments and their work more closely than to the States. The list of the laws of the year, for example, contains only the Central laws, though the routine amending laws could well have been excluded to mention the more important State laws. There is room for a whole chapter on the existing laws of the country on various matters like marriage and divorce, contracts, succession, etc. with regional variations, since quite a substantial number of the users of this volume may be outsiders. For them as much as for Indians, a list of the monuments and places of historical interest may also be useful. But in any case, it is necessary to avoid the kind of lazy work shown under Weights and Measures on page 468, where the selection of the items makes no sense.



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A DELHI DIARY

I CANNOT, I know, sneak in by the back door and pretend that nothing has happened. Arriving (at the crack of dawn!) on the 15th July, I was rudely awakened when I discovered that my absence for a whole month on this page had been totally unexplained. One reader (kind even unto death!) has enquired if by chance Argus has ceased to exist. Another (not so kind!) has informed the Circulation Department that, if this Delhi Diary is extinguished, he will cease to obtain "The Eastern Economist" after the expiry of his current subscription (since there was no means of obtaining a refund earlier!). I am most grateful for this feeling tribute though I admit it shakes "The Eastern Economist's" sense of security and my own high assessment of the Indian reader's thirst for difficult knowledge to be told that this Delhi Diary (appearing only as comic relief!) was what was being prized after all!

WESTERN EUROPE

I might as well let the cat (or cats?) out of the bag. I have been to Western Europe. I say Western Europe and not Germany or France or England because I believe that, for us at least, the picture is a European picture, and not predominantly a German picture, a French picture, and a British picture. For Europe itself the picture is somewhat different, though I would dare to say that it is different because Western Europe has been taken for granted and Europeans are now going beyond that to discuss differences after accepting fundamental unity. This is, of course, very different from the pre-war situation when there was European cultural unity, but no other basic unity. It is Russia (or the European East) that has imposed the new unity on Western Europe. Whether or not the European Defence Treaty is ratified by France, this fact stands a mile out to observers who pass (lightly!) over Germany, France and Britain in a month. Those who burrow deep come up (as usual!) with the worms. They will talk about the conflicts of Europe, as if it is possible to have any major unity without terrible stresses and strains. Not having burrowed deep, let me say proudly that, for the present at least, there are no qualifications!

This fundamental unity of Western Europe comes up curiously where it is least expected. It has been an axiom in India that the Western European countries are in violent competition with one another in industry and, particularly, heavy industry. To some extent, of course, this is true, and so far as the East is concerned, there is no doubt Germany is racing ahead, partly at the expense of Britain and France. But this is only a partial picture. The total picture is that, economically speaking, Germany, Britain and France are all racing ahead. There are miracles of reconstruction to be seen in all three countries. Germany presents the most spectacular picture particularly when one looks at the terribly bombed cities of Dusseldorf, Duisburg, Essen, Hamburg and worst of all, Berlin. In each of these, reconstruction stands literally among the ruins. But this is only a matter of degree. The French Railways have done a job in reconstruction which is one of the greatest in the world. The British recovery, in the fight back to vigour of the whole sterling area, is one of the most remarkable pieces of financial reconstruction of all time. In London where I saw it (in the shop windows!) it looks to me very showy, but my financial pundits tell me it is as solid as the gold which has gone into the reserves.

I argue, perhaps because of my simplicity, that because this recovery has occurred all over Western Europe, its mainspring must be sought in a general explanation and not in any particular national rendering. I know that there is not profound logic in this reasoning. I am reminded of the unhappy case of the Oxford undergraduate who got drunk on successive nights on whisky and soda, rum and soda, and brandy and soda, and (not illogically!) attributed his misfortunes to the common element which was—soda! However, I am sure that the European industrial system affords no similar logical fallacy; its secret in revival, at somewhat different grades, is in a quality of men and skills which belong to a system which is truly international even while its instruments are strongly national and express themselves in different languages even when using the same broad tools.

AFTER THE DELUGE

A French philosopher-journalist, one of the most eminent of French writers of today, gave form and shape to the same point when he described it to me in the form of a fable of what might happen after World War III. Just before the engines of destruction were to burn up European civilization, a carefully selected team of Swiss industrial and technical experts was chosen and sent into the heart of Africa, which is apparently the only country safe from the new deluge. And just as after the first great deluge the chosen in Noah's Ark repopled the world, the (neutral!) Swiss technicians would again relight the torch of European civilization. It might, it seems, take a hundred years. But the strength of Europe is not in its nations; that is probably the source of its weakness. Its strength lies in its technical skills and the managerial ability to put them together.

No one coming away from Europe at this time can fail to be impressed by the fact that, in so far as this victory belongs to a system, that system is one of free enterprise. Everywhere controls are being pushed back; when I was in England in the second week of July, I was amazed at the tremendous rejoicing which greeted the derationing of meat. Every day for four days, the price of meat was Banner Headline News; and after four days when the price of meat was down below control and freedom to buy became unlimited, in fact as well as in law, there was a feeling of genuine exultation such as I have rarely seen. Two very charming and refined ladies told me that they were having the kick of their lives going to their butchers and saying that they were not buying from him today in order to see him go out to woo them after fifteen years. According to these same refined ladies, the Conservative Party is (because of the new meat freedom!) in for another five years any time they decided on an election.

These are straws in another wind. We have our own. Hayling just awakened to the Delhi light, I have not yet seen the straws that are being blown about here. But I dare to say that human nature in one respect is the same in Europe as in Asia. We want economic progress; which means in every case, I believe, that we want to eat more and make it cost less!

ARGUS.

SPECIAL ARTICLE

INDUSTRIAL HEALTH

THE distinction which the Svadeshi Mills of the Tata group of industries earned in the sphere of safety performance in 1952, by capturing the award in the annual international safety contest, held under the auspices of the National Safety Council of America, is an event of considerable significance in the recent history of industrial management in this country. In specific terms, the performance signifies that in the year of contest the record of the Svadeshi Mills in respect of the frequency rate of accidents was the lowest among the contestants at 4.7 and it was also a positive improvement upon the rate of the previous year. A correct picture of the incidence of accidents is obtained by a relative assessment of the frequency rate and the severity rate which is reflected in the average days charged per injury. On this test, too, the achievement of the Svadeshi Mills was of equal order.

This distinction is no doubt a recognition of the performance of an individual unit, but in a broader context it has a national significance. It demonstrates the rapid strides which Indian industrial management is making in its endeavour for modernisation. The trend towards absorption of new techniques is in evidence in an increasing number of factories in this country. The orthodox philosophy of management, placing reliance on implicit obedience to a superimposed code of discipline with severe standards of penalty and on ceaseless threat of insecurity of job, has become a thing of the past, not because of changes in statutory provisions governing industrial relations but because of an overall change in the outlook upon and technique of industrial management which paved the way for a new bias to labour legislation. The new philosophy of management seeks to promote harmony and efficiency by a correct emphasis on the role of industrial health as an integral and vital part of management policies. The concept of health has assumed a wider connotation so as to incorporate mental health by going a sufficient way towards meeting the basic psychological needs of the worker. Industrial health in this broader sense includes not only medical attention and safety engineering but a larger share of opportunities to workers in the field of consultation on matters of personnel management. This new trend of ideas is finding an increasing play in management policies and the extent to which the maximum advance has been made in this direction is typified by the progress of the activities of the Department of Industrial Health of Tata Industries as evidenced in its annual report for 1953.

The industrial health scheme has been extended at present to four units in the group, but its existence for the last eight years has yielded a fund of statistical information for scientific analysis. The major features of the scheme are sufficiently representative of the new shape which management policies and programmes are taking in this country. Curative medical aid is undoubtedly an important function of the scheme of industrial health. But greater emphasis is being put on placement medical examination, which has an exclusive importance of its own in matching the worker for the job and it is quite different in purpose and practical utility from the pre-recruitment medical examination or the periodical post-recruitment examinations, both of which constitute a normal feature of several industries. The basic object of the placement medical examination is to assess the working capacity of the operative and to put it to its best positive use by investigating its suitability for the requirements of the job which the operative has to perform. The physical and psychological requirements of the job are first ascertained after a combined analysis by the doctor

and the safety engineer. The important defects detected in the course of the placement examinations conducted during the last year are shown in the table included in this article and they do not show any violent change from the past. The major conclusion of the report is that malnutrition is the basic cause of a majority of these defects. Bad vision, underweight, dental diseases, bluish discolouration of the mucous membrane of the mouth and low blood pressure are the principal ailments to which workers fall victims.

The results disclosed by the placement medical examinations are interesting for the reason that they establish the fact that suitable placements are found in a large majority of cases. Out of an aggregate number of 2,968 cases analysed, 2,072 or about 70 per cent showed that workers were suitably placed, while 896 cases equivalent to 30 per cent disclosed wrong and unsuitable placements of which 92.5 per cent called for correction of defects and only 7.5 indicated the necessity of a change of job. The existence of an overwhelming proportion of 70 per cent as suitably placed workers does not, however, mean that they were immune from defects. But since about 7.5 per cent of the cases demanded change of job, it has been found that industrial neurosis can be eliminated progressively by according two types of treatment to the remaining bulk of employees, either through correction of defects by medical attention, or, when defects cannot be corrected, by revision of jobs in such a way that defects should not affect job performance. How far and in what manner maladjustments resulting from wrong placements affect production is an important subject of study. Research into it will be completed, in accordance with a government-financed scheme entrusted to the Department of Industrial Health of Tata Industries, in the current year.

Continuous activities of safety engineering programmes are aimed at reducing to the minimum the hazards attendant upon mechanical inventions and advance of technology by measures of accident prevention. They have received a high priority, but in the solution of this problem thinking on some new lines is indicated. Contrary to the widely prevalent belief, the average of higher accidents occur in the monsoon season and not in summer. Another striking fact established by the collected statistics reveals that the theory of climax of fatigue during the last hour of the working shift being responsible for the greater number of accidents is not borne out in actual experience, but the volume of accidents tends to reach the peak between 8 a.m. and 10 a.m. or at a time when the worker is believed to devote undissipated energy to work. Further research into the causes of this phenomenon is essential for readjustment in preventive measures.

So far, attempts to give a healthy tone to the mental outlook of the worker upon his job have been made on a restricted scale. Introduction of new executives and supervisors into the activities of the Industrial Health Department and the start which has been made in training within industry with the collaboration of the I.L.O. expert last year represent one facet of the problem. But consultation with workers through group discussion is usually confined to ancillary operations of the factories. The powerful incitement that the tendency towards excessive litigation in labour disputes has received from the machinery of compulsory adjudication is a serious hindrance to settlement by negotiation and conciliation. When it is removed, consultation inside the factory at an early stage, before differences take the form of regular disputes, will be rendered smooth and frequent.

ANALYSIS OF MAIN DEFECTS FOUND IN MEDICAL EXAMINATIONS

	Advance	Svadeshi	Tata	Tata Oil	All Factories
TOTAL EXAMINED	346	808	1,286	528	2,968
DEFECTS	Rate per 100 examinations				
Underweight according to Indian Standards	88.0	86.0	84.0	66.5	81.0
(a) Under 15 lbs.	30.9	18.1	36.6	30.9	29.0
(b) Gross underweight of 15 lbs. and over	57.2	67.9	47.4	35.6	51.0
Dental	14.8	32.4	54.3	35.6	34.0
Pterygium	4.0	3.2	..	3.6	12.0
Visual defects	50.0	78.3	37.8	45.4	52.0
Trachoma	3.9	0.2	0.1	0.38	1.1
Skin diseases (Ringworm, Scabies etc.) ..	7.0	10.5	20.9	8.7	11.0
Nutritional	9.3	1.2	9.5	2.8	5.7
Bluish discolouration buccal mucous membrane	17.0	48.5	12.1	16.3	23.0
Respiratory diseases	11.0	1.1	9.0	21.6	10.5
Nose and Sinuses	11.6	2.2	13.3	23.9	12.0
Low blood pressure (Systolic 100 and under)	56.0	6.6	17.0	1.9	20.0

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THE BUSINESS WORLD

THE MANAGING AGENCY SYSTEM

While the reform of the existing company law and the very vital and far-reaching problem of the final shape which it should take are pending consideration before Parliament and a considerable discussion of the issues involved has already taken place at different levels in the last few years, the controversy over the future of the managing agency system has not subsided. The last session of Parliament has demonstrated that the need to bring dispassionate judgment and a stout sense of realism to bear upon the consideration of this important subject has not been appreciated to the extent that it should have been. Vague bias and an attitude of emotionalism have tended to obscure constructive thinking on this issue and the volume of criticism has not been quite helpful. For the most part it was negative.

It is generally overlooked that an alternative pattern of management and apparatus for provision of finance for the requirements of working capital and outlay on development must be presented before there can be any serious proposal of throwing the managing agency system overboard. That no flawless or fool-proof system exists anywhere nor can it ever be devised by human ingenuity is a truism that needs no repetition. The only genuine solution is to be sought in a continuous process of reform and change which is bound to transform the managing agency system to suit changing requirements.

In fact, such transformation has been going on over the last century since the managing agency system came into being in this country. It is important to recall that this unique system owes its origin to British initiative, when risk capital from that country was imported into India to exploit the industrial potential in plantations, jute and mining. The entry of Indian enterprise was obviously influenced by the pattern of the managing agency system existing in the eighteenthies and since then it has continued to undergo a process of evolution. If this system has derived strength and sustenance from the fillip given to indigenous business and industry by the Swadeshi movement of 1906 and also if it has reaped according to its measure the full benefit from the prosperity of the war and inter-war periods, it needs to be borne in mind that it had its periods of trial of which the depression of the early nineteen-thirties was not the only one.

In this march through a long period characterised by a combination of favourable as also adverse situations, it has succeeded in building up Indian industry in every sphere where requisite resources could be procured. The iron and steel industry, heavy industries like ship-building and aircraft manufacture, textiles, several capital goods industries, a host of consumer goods industries and the development of a national merchant marine are outstanding examples of industries which could not have attained their present stature but for the initiative, enterprise and managerial skill that were placed at their disposal by the Indian managing agency system. The contribution of the system to the growth of the country's economy has been almost co-extensive with the growth of its industrial sector. Its capacity to respond to absolute as

well as emergency requirements has been amply demonstrated during World War II when imported resources were perforce stopped. In the pattern of mixed economy, which has made a considerable headway since independence and has now come to stay in this country, the need for the constructive role of the managing agency system will be no less vital.

Criticism which blames the managing agency system for having retarded the development of the capital market is not properly informed and it proceeds from a misconception of the forces necessary for that development. The growth of banking and investment habits in this country has been slow and has always lagged considerably behind the pressure of increasing demand for working and risk capital. In fact, banking has studiously confined its field of operation essentially to financing commerce, trade and agriculture. The investment habit has recently begun to inspire confidence which explains the growth of the capital market in its supply of subscriptions to shares and debentures. In fact most of the managing agency houses have been active investors in equity capital. The new drive for setting up specialised agencies for providing investment capital indicates that the lag so far has been due to lack of proper efforts to canalise scattered savings and not to any monopoly of capital by the managing agency houses.

It is usually just assumed that the managing agency houses, securely entrenched behind the protective clauses of their contracts, stand always to gain without any risk to their financial status. The history of the growth of Indian industry is an eloquent testimony to the uninterrupted supply of finance it has received from the managing agency houses not only for working capital but for expansion and in several cases for prevention of collapse. Subscription to share capital at the inception itself has been influenced by the association of the concerns in question with managing agency houses of proved standing, and loan capital has usually been obtained on the basis of the credit or guarantee of the latter.

It is not generally appreciated that whatever the legally enforceable terms of managing agency contracts, these houses have often shown full regard for the financial difficulties and problems of the units under their charge and they have voluntarily waived their claim to impressive amounts of agency commission, establishment expenses, and so forth. They have invariably tempered the enforcement of their own financial rights in the interest of the health of the enterprises committed to their care. Their contribution to the growth of Indian industry and the spirit of sharing its fortune as well as adversity which they have continually demonstrated have been convincingly brought out in a recent publication on the "Achievements of Managing Agency System" released by the Employers' Association of Calcutta. The objective account of sixteen selected industrial enterprises illustrates the value of the system to the country's economy. It can hardly fail to corroborate the verdict that not elimination of the system but elimination of such malpractices as have crept into it is precisely the reform that is required.

AMENDMENT OF COMPANY LAW

By
CROESUS

The Select Committee on the Company Law Bill, having begun consideration of this important piece of legislation, it is not surprising that business circles

here and also elsewhere should turn their attention to a searching scrutiny of the provisions of the Bill. As everyone knows, or ought to know by now, the Bill

is a marathon measure consisting of 612 clauses and 12 schedules, while "notes on clauses" run into something like 50 pages. It is significant that the clauses relating to directors number as many as 70, while those relating to the managing agents are about 50. In other words, about a fifth of the entire Bill relates mainly to directors and managing agents which suggests how important the place of directors and managing agents is in the sphere of company administration in this country.

The present Company Law is based on a legislation which is nearly half a century old and much water has certainly flown under the bridge since to warrant drastic changes in the old Act. Of course, there have been amendments from time to time, but, since they were intended to meet certain situations as and when they arose, the need for a comprehensive re-casting of the Company Law in the country has not been eliminated. There will be few, therefore, who would oppose the new Company Law as such, although all may not share the Company Law Committee's or the Government's views on the proposed changes. That there is need for the display of greater responsibility on the part of the management of companies in India and also for doing away with some glaring abuses, which the war and post-war years particularly have thrown into such bold relief, is undisputed. But, in the attempt to ensure these ends, the framers of the Bill, it must be said, have gone rather too far. A very important consideration which anyone who seeks to reform the Company Law in this country must not forget is the vital role of managing agents and directors. For, notwithstanding all the abuses and criticisms hurled against them, these have been responsible for providing not only finances but also the know-how, and the credit for rearing hundreds of joint-stock companies after negotiating innumerable hurdles must go to these pioneers and captains of Indian industrialisation. A few thoughts on some of the clauses in the Bill, which vitally affect these and which are clearly impractical, may not, therefore, be out of place.

Let me begin with the election of directors. Here, the framers of the Bill seem to have drawn fully on their imagination to specify "certain persons connected with managing agent" who shall not be appointed as directors that retire by rotation except by special resolution. Normally, the subscribers to the Memorandum become the first directors and not less than two-thirds of these have to retire and the consequent vacancies are filled in by appointment of new directors or re-election of the same directors, at the annual general meeting, whereas the remaining one-third are appointed as per the Articles of Association of the company concerned. The prohibited persons categorised under 10 sub-clauses 'a' to 'j' include, inter alia, persons holding any office or place of profit in the managing company, those sharing in the managing agency remuneration either as partners of the managing agency firm or as members of a managing agency company, and employees or other persons holding any office of profit in any company under the management of the same managing agent. Simply because some managing agents may be unscrupulous, it is not reasonable that all managing agents and everyone connected with them either as partners or even as employees should be denied the opportunity to be elected as directors just as any other director in the normal way at an ordinary annual general meeting. Well, granting, for argument's sake, that such a blanket prohibition is necessary, should not one see whether it is actually enforceable in practice? Let us apply this to a hypothetical case. Suppose the us apply this to a hypothetical case. Suppose the managing agents have a majority share holding and they support a few candidates standing for election at a special general meeting, and these receive, say, 72 per cent of the votes of those present. Even then they will be elected, because there must be a two-thirds

majority for a special resolution which means that these candidates must receive at least 75 per cent of the votes of those present. When this happens, can it be normally expected that the frustrated managing agents, with their majority holding, will meekly accept the candidates for directorships set up by the minority shareholders? If such a situation develops and no directors are elected in place of those retiring, there is a stalemate and, so long as the stalemate lasts, the existing directors can carry on either as they are or by co-opting other directors to make up the full number of the board of directors as per Articles of Association. In short, the clause in question does not subserve the purpose in view at all. When those who are conversant with Company Law matters say it is unnecessary and when it is clear that the clause will, in actual working, be ineffective, the better course to adopt would be to think of some effective safeguards against the apprehended abuses. Moreover, the clause does not conform either to the dictum that the man who pays has the right also to call the tune or to the concept of democracy where it is the will of the simple majority that always prevails.

The clauses relating to the limit on the number of directorships (clauses 253 to 257) and those limiting the managership or managing directorship to one company only or at the most two companies if all the directors give their unanimous consent, (clauses 307 to 328) may seem desirable on the face of it, but a little thought paid to the prevailing economic situation in the country will convince anyone that it is not so much the seeking to become directors and managing agents of those who are at present directors and managing agents of companies as, in fact, the dearth of capable captains of industry that is to blame for the same person being obliged to become director or managing agent of a large number of companies. More often than not, the investing public in this country is influenced whenever it goes in for shares of a new company by the names of the directors and the managing agents and, by and large, its judgment has not been wrong. There are a few of our top-ranking industrialists today whom anyone not only in this country but anywhere else in the world would be only too glad and happy to have as a director or a managing agent of his company. It is this country's misfortune that it cannot boast of many more of such tried and talented entrepreneurs and it is a great pity that even the few whom India has cannot continue as directors, thanks to another restriction that the Bill seeks to impose.

The restriction that I have referred to above is the limit on the age of a director. I am absolutely certain that a census of directors of our joint-stock companies—taking a conservative estimate—will show that more than 50 per cent of the cream of Indian business men will cease to be represented on the board of directors of these companies if the letter of the law is adhered to under the new Bill. It is no answer to say that, if the shareholders so insist and indicate their wish in the form of a special resolution, many of them can be prevailed upon to continue. For, in the first place, persons of this description can only be prevailed upon to accept directorships if the shareholders elect them unanimously and unopposed. Call it prestige or fad, it is there and has to be reckoned with, at least in a few cases. Secondly, after serving on the board of a company for several years and distinguishing themselves in their respective spheres, these persons are naturally reluctant to enter into a contest and especially when even a minority can tilt the scales against them in an election. They would like to be invited to serve on the board. At least in respect of such elderly directors, one feels the elaborate ceremony of a special resolution must be done away with. For some years to come, I am convinced, the larger economic interests of this country demand the retention of the few best brains that still adorn the industrial world of India.

Look where you will, you see that when it comes to the question of managing the affairs of a country or a company, only a few selected men are entrusted with the task. A certain element of risk is naturally inherent in this state of affairs. Either the election of the men itself may be wrong, or the men selected may overstep their bounds or even abuse their positions of trust and responsibility. But the world must perforce put up with this much of risk. This is not to say that the risk cannot be minimised by what are happily called checks and balances. Carried too far, however, these too may defeat the very objective underlying them. Now, in regard to the management of companies, it is possible clearly to define the powers and responsibilities of directors and managing agents, but, if it is sought to work these out too fine, the result might be to divest the directors of all initiative and enterprise. If we do not want our directors to employ their initiative and enterprise, we may as well cease to talk of private enterprise. But to talk of mixed economy and an honourable place therein for private enterprise in one breath and to tie private enterprise hand and foot and ask it to demonstrate initiative and enterprise in another is, to say the least, not to play ball. To circumscribe the powers of directors and, at the same time, to subject them to severe penalties even for small technical breaches—I would not call them offences—as the Bill seeks to do, is not helping to reform company administration, but only to make confusion worse confounded.

MORE ABOUT MANGANESE

By
CROESUS

In connection with my piece on "Slump in Manganese" which appeared in the issue of "The Eastern Economist" dated July 2, 1954, I concluded by saying that "if this country wants to solve the present crisis in the manganese export business, it is here that a start needs to be made, and not with conservation, nor even with costly beneficiation or the costlier still manufacture of ferro-manganese, about which facile and uninformed assumptions are so readily made". This has provoked some critics who have complained to me that I should not have dismissed such important questions as conservation, beneficiation and ferro-manganese manufacture in the way in which I am supposed to have done. It was far from my intention to under-estimate the significance of these three important suggested solutions to the prevailing slump in export trade in manganese. However, in order that I might not continue to be misunderstood, I propose to revert to manganese this week also just to deal with these three aspects of the manganese problem.

In regard to conservation, it is the view of experts that the available deposits of manganese ore in this country are adequate for many years to come both for export and for internal consumption, notwithstanding the fact that large quantities have been exported over the past 50 years. The *raison d'être* for conservation of manganese is that there would be need for manganese in this country itself in view of the contemplated expansion of the steel industry. Presently, the country consumes about 60 to 80,000 tons annually. It is estimated that only up to 15 lbs. of manganese is required for producing one ton of finished steel. On this basis the output of 1,370,000 tons of steel, contemplated to be reached by 1955-56, that is, at the end of the First Five-Year Plan, would absorb 2,05,50,000 lbs. of manganese. It will thus be conceded that this is nothing when compared to the quantities that India has been exporting all these years.

The following table of consumption of manganese ore in India in the years 1949-50 as also the details of export during the years 1950-51 and 1951-52 would be found interesting:

Finally, I am still to be convinced that all the ills and abuses in the management of companies are wholly due to the behaviour of those in charge of these companies and not at all to the inexcusable lapse on the part of the union Government in having failed to enforce the provisions of whatever law we have had. As the Company Law Committee itself has pointed out, this is a serious lacuna and, in order to remove it, it recommended the setting up of a statutory body with ample powers to enforce the law. One thought that the authorities would make a beginning by creating a statutory body, but, as a matter of fact, they have trotted out the familiar excuse and put it off indefinitely, if not for ever. Meanwhile—in September last to be precise—the Government talked tall about setting up regional offices to function as the "eyes and ears" of a Central organisation albeit an emaciated edition of that recommended by the Bhabha Committee, but what do we see today? The same old Registrars of joint-stock companies, perhaps with a different designation, and doing the same old routine work. Somehow or other, we always seem to commence at the wrong end and then muddle through. Short of creating a new body with a fresh outlook and imagination, all else has been done and, in the meantime, every sort of fear and apprehension also has been created in the minds of anyone daring to be a company promoter. And yet we dream of industrial advancement. Aren't we funny?

Details of Consumption of Manganese Ore

	1949	1950
	Tons	Tons
Tata Iron and Steel Co., Ltd.	52,120	42,862
Indian Iron and Steel Co.	24,039	24,299
Steel Corporation of Bengal Ltd.	2,500	1,594
Mysore Iron and Steel Works	605	570

Details of Ore Exports

	Quantity (tons)		Value (Rs. Crores)	
	1951-52	1950-51	1951-52	1950-51
U.S.A.	580,638	535,493	8.51	5.19*
U.K.	127,228	107,937	1.71	1.08*
Western Germany	146,694	45,864	1.62	0.46*
Japan	130,041	77,919	1.78	0.85*
France	44,240	7,750	0.59	0.08*

* These figures exclude export duties not obtainable countrywise.

Most of us are readily attracted by any new idea or suggestion even if it is only seemingly good. The beneficiation of low grade manganese is one such new idea. Insistence on upgrading low grade ores regardless of the world demand factor is neither correct nor economical. True, when the demand for manganese was so great that it fetched as much as Rs. 145 to Rs. 150 per ton, one could think of mechanical beneficiation and other ways of upgrading low quality ores to bring them up to the minimum standard, for the game was worth the chase. But at a time when there is no demand even for the highest grade ore, beneficiation is not at all called for. Moreover, it is not every manganese mine that can instal a beneficiation plant at a cost of some lakhs of rupees. There are other ways, which do not involve imports of costly machinery, that could be tried, if need be.

Conversion into ferro-manganese is no doubt an attractive proposition theoretically, but there are many practical difficulties in translating this suggestion into action. The phosphoric content of Indian ores and the absence of adequate electrical furnace capacity are among the biggest hurdles to cross. Then, there is the question of finding markets for our manganese and here one must carefully take note of the fairly well established position of our manganese exports.

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BUSINESS NOTES

CLOTH EXPORT PROSPECT

Preliminary trade estimates of the exports of cotton cloth from India in the first half of 1954 confirm the continued expectations prevailing over the last few weeks that there are reasonable grounds to anticipate that cloth exports will rise substantially above last year's exports during the current calendar year. The total quantity of cloth actually exported or passed for shipments abroad between January and June 1954 has been placed by the trade at 470.8 million yards. Seasonal trends reveal that the tempo of exports is usually higher in the second half of the year than in the first. Thus out of a total quantity of about 594 million yards exported in 1952 and 700 million yards exported in 1953, 65 per cent and 54 per cent of the shipments respectively were recorded in the second half of the two years. On this basis, the conclusion is suggested that aggregate exports in the current year may reach the 1,000 million yards mark which has been officially fixed for realisation in the near future. The move for more third shift working which is being earnestly pressed in the premier textile centres is to be read in this context.

This optimism, however well-warranted by the trends in cloth exports, cannot ignore factors which call for the exercise of caution. The direction of India's cloth exports establishes the fact that the general position is safe in the Middle Eastern markets, where Japan has not made her penetration and the United Kingdom does not enjoy any special advantage owing to the predominant demand for coarse cloth in particular and also for medium varieties. But in the nearer markets of South-East Asia, India has been far out-paced by Japan. To take a few instances, which, however, need not be considered as of radical importance, India's exports to Pakistan were little more than one-sixth of the exports of Japan in the first five months of 1954, while the same proportion in the case of Indonesia was as low as one-eighth. The problem of exchange resources for payment has now shown that contraction in Japan's exports to Indonesia will be inevitable in the immediate future and it will be worth while finding out whether India can fill the gap and if so on what basis for settlement of mutual account. But any scope for further expansion in cloth exports in our traditional markets is conditioned by the price of coarse cloth which is in great demand. The proportion of coarse cloth in the overall shipments has always exceeded medium cloth by a fair margin. But in the first half of 1954 it is estimated to have declined steeply to 30 per cent of the volume of medium cloth. This development should urge fresh reconsideration of the abolition of export duty on coarse varieties of cloth.

INDO-BRITISH TRADE

The latest U.K. Trade and Navigation Accounts disclose that, on a monthly basis, India had an adverse trade balance with the United Kingdom for the first time during the calendar year 1954 in May last. India's total exports to the U.K. in May 1954 amounted to £7.49 million and imports from U.K. were of the order of £11.39 million, resulting in a deficit of £3.90 million. In the context of the short-term basis of computation, this is not in the least an undesirable development. On the contrary, it signifies a healthy trend in expenditure on essential imports needed primarily for replacement or modernisation as well as execution of development projects and also for consumption. Of the total imports of £11.39 million, machinery other than electric alone took the biggest slice claimed by any individual group of items valued at £2.80 million. Other classes of imports in the order of magnitude in value were: chemicals £1.36 million, of magnitude in value were: chemicals £1.36 million, electric machinery, apparatus and appliances £1.31 million, road vehicles and aircraft £0.97 million, wool

and other animal hair £0.54 million, iron and steel £0.48 million, manufactures of metals £0.47 million, railway vehicles £0.45 million and petroleum and petroleum products £0.45 million. Our exports to the U.K. maintained the pattern in conformity with trends in the past few months except that the order of importance was slightly altered. Tobacco and tobacco manufactures had the pride of place and they earned £1.70 million. This is good news which corroborates the wisdom of the drive for larger exports of virginia tobacco to the U.K. Next in importance were: Leather, leather manufactures, etc., £1.24 million, miscellaneous textile manufactures £0.97 million, animal and vegetable crude inedible materials £0.41 million, wool and other animal hair £0.40 million and metalliferous ores and metal scrap £0.21 million.

The combined accounts for the first five months of 1954—January to May—show a trade surplus earned by India of the order of £7.40 million, emerging from exports to the U.K. totalling £57.79 million and imports £50.39 million. This compares with a net deficit on trade account of the value of £2.90 million made up of imports worth £46.56 million and exports £43.66 million in the corresponding period of 1953. The major components are tabulated below:

Imports Into India January to May
(In million £)

	1953	1954
Machinery other than electric	12.37	12.42
Electric machinery and apparatus	8.36	6.60
Chemicals	4.47	6.22
Road vehicles and aircraft	3.21	4.56
Iron and steel	1.84	2.47
Wool and other animal hair	1.92	2.36
Manufactures of metals	2.86	2.32
Petroleum and petroleum products	1.99	2.13

Exports From India: January to May
(In million £)

	1953	1954
Tea	17.26	26.30
Miscellaneous textile manufactures	4.55	8.15
Leather, leather manufactures etc.	5.79	6.32
Tobacco and tobacco manufactures	1.85	2.40
Wool and other animal hair	2.04	2.23
Animal and vegetable crude inedible materials	1.35	1.86
Metalliferous ores and metal scrap	2.21	1.70
Cotton	1.48	1.36

INSURANCE OUTLOOK

Mr. Tulsidas Kilachand, Chairman of the New Great Insurance Company of India, Ltd., exhorts, in a sense, his compeers not to get lost in too much preoccupation with the recent trends in insurers' premium income. The decline in income is certainly not indicative of deterioration in the health of the insurance business. A long-range interpretation, however, would strengthen the view that the outlook for insurance in the years to come is full of promise. This optimism stems from the opportunities for underwriting new business as a sure consequence of the progressive implementation of the development projects in the Five-Year Plan. The emphasis in exploring new business must, he rightly suggests, shift to the smaller towns and the countryside because of the redistribution of income in the hands of industrial and agricultural workers and non-urban craftsmen and traders that it will necessarily involve. This would indicate branch expansion and establishment of new insurance companies in these areas.

In this context, Mr. Tulsidas Kilachand's exhortation made to the large insurance companies to follow a policy of live and let live is quite pertinent. That exhortation, of course, was made in relation to the surprise decision of leading life insurers to cut down their

premium rates and its repercussions on small insurers. The effect of that decision was to exert pressure on small insurance companies to follow suit. But the Life Insurance Council's proposal to evolve a basic agreement for action to meet similar situations in the future should serve to create a spirit of accommodation.

On the issue of the enforcement of the code of conduct, the Chairman of New Great is disposed to think that too much outside intervention in ordinary administrative matters is patently undesirable. Statutory changes may, therefore, be made to safeguard the general solvency of insurance companies by prescribing certain necessary obligations without prejudice to the right of individual firms in the general management of business. This view-point, it should be stated, needs elaborate clarification, since extensive amendments were made to the Insurance Act not long ago.

PAPER TRADERS' VIEW

Paper traders appear to be greatly dissatisfied with the present state of their trade and a number of their demands have been voiced by Mr. C. C. Mukherji in his presidential speech before the Calcutta Paper Traders' Association at its last annual session. Mr. Mukherji has urged that the policy on import of newsprint should be drastically liberalised in view of the need to put on the market this low-priced variety of paper, but the disclosure which he has made about Communist China having booked practically all the newsprint output in Europe for the first three quarters of the current year throws some doubts on the concrete effects of liberalisation. As regards import of kraft paper, his contention is that the present permissible limit for import of this paper up to 39 gms. has a very restricted demand and its price is also high and he states that raising the limit to kraft paper up to 45 gms. will prove unobjectionable, since no question of competition with home products arises due to its non-production in India and besides its price will be low. He has also expressed himself in critical terms about the domestic production of heavy weight and costlier paper. The progress in terms of weight of paper production by some mills, according to him, conceals the fact that in terms of reams and production costs the trends are the opposite of progress and he pleads for correction of this anomaly.

When he comes to the crucial issue of the distribution policy, however, he is anything but convincing and he seems to have allowed his bitterness of mood to overshadow fair judgment. He has piled a number of accusations upon some of the Indian paper manufacturers in an endeavour to establish his thesis of their guilt of extorting high prices from the consumer. In this attempt, he has made allegations against Indian-owned mills of charging off-record premium to paper distributors, carving out extra business for themselves by granting distribution rights to interested parties, eliminating traditional and rightful middlemen and creating a class of inexperienced and upstart sales agents. All this vehemence is prompted by the serious inroads that are supposed to have been made on the profit margin of the regular bona fide trader. Now this specious reasoning rests on two presumptions. First, either due to ignorance of the real situation or due to an attitude of connivance the Ministry of Commerce and Industry is a party to this state of affairs and refrains from adopting an appropriate import policy, and secondly, the seller rules the market. Mr. Mukherji does not make any suggestion about the first presumption. As for the second, his reverse logic bears quotation: "It is now a buyers' market and dealers as are members of this Association and those outside it have to fight hard in this battle of selection. Some had resorted to price-cutting and the Association made an honest effort to check it. Paper dealers must not forget that though they may avoid the immediate un-

pleasant effects by such actions, they cannot avoid the consequence in the long run when it will involve all or at least a good number of their colleagues."

BALANCED BUDGET FOR CEYLON

With a nominal surplus of Rs. 23 lakhs, Ceylon's budget for 1954-55, which was presented to the House of Representatives on July 8, discloses a happy turn towards a balance in revenue and expenditure. Revenue receipts for the budget year are estimated at Rs. 109.15 crores and expenditure at Rs. 108.92 crores. Ever since the post-Korean commodity slump of 1951-52, but particularly since the first quarter of 1952, Ceylon's overall payments position continued to deteriorate at a pace which put a considerable strain on the economy. But the second half of 1953 saw a halt to this process and the state of the country's external assets began to show elimination of the deficit and slight recovery which has been maintained. Improvement in the terms of trade and cuts in expenditure on government account have figured as important contributory factors to this change. The growing strength of tea exports, in volume as well as price, to the principal British market also constitutes an element of improvement in the overall situation.

At a time when the effects of the slump have not been fully wiped out and the pace of the original development plan had to be slowed down, the Finance Minister has considered any increase in taxation as inexpedient. On the other hand, the achievement of equilibrium in the budget has made it possible for him to announce more reliefs and these are noted in the field of imports. These reliefs will cost the exchequer Rs. 20 lakhs which will be cancelled to the extent of Rs. 15 lakhs from the duty on cocoa which has been doubled. Appropriate incentives are offered to indigenous production in the form of a reduction on customs duty on machinery imported mostly for agriculture and connected industries, fishing and manufacture of rubber products. The Finance Minister expects the policy towards non-permanent residents, predominantly of Indian origin, to create larger employment for the indigenous population in the immediate future. He is guarded in his optimism about the overall economic situation and describes it negatively as disclosing no deterioration.

HIND CYCLES' FORWARD PROGRAMME

The legacy of the slump in the bicycle trade in 1952, coupled with a static condition in the market last year, could not stay the hands of the management of the Hind Cycles in pushing ahead their programme of expansion. There are two projects in expansion that were put through in 1953 deserving special mention. It is these schemes of development which demonstrate the company's bold optimism about the future. In the first place, a separate plant has been added to the factory, although at a detached location, for the manufacture of bicycle chains. Secondly, the manufacture of free-wheels which was considered a specialised and difficult process and therefore deferred, was taken up last year. This reduces dependence on imported parts to the solitary exception of spokes. Thus virtual self-sufficiency has been achieved in the production of parts and components. This is an important step in the factory's development at a time when clearance of accumulated stocks was the preoccupation with the management.

The only practicable way out in view of the decreased volume of business turnover in 1952 and absence of spurt in 1953 was to suspend the working of the third shift. Total output, in consequence, registered a decline of 9,724 bicycles to 1,20,327 bicycles in 1953 below the previous year. This 7½ per cent fall in production has helped reduce the problem of stocks to a manageable proportion. Financial results are to

be read in conjunction with this production policy. The profit for the calendar year 1953 was Rs. 3.33 lakhs which is lower than the previous year by a small margin. Last year's profit is calculated after providing Rs. 6.09 lakhs for depreciation and Rs. 2.56 lakhs for taxation. A dividend of Rs. 8 per share, tax free, has been proposed by the Directors on 12,428 ordinary shares of Rs. 100 each, while the three categories of preference shares with dividends fixed at the rates of 5 per cent, 5½ per cent and 5¾ per cent get between them a total appropriation of Rs. 48,794.

FUTURE OF IRON AND STEEL INDUSTRY

The iron ore resources of India are quite satisfactory for the establishment of a large iron and steel industry, according to Dr. M. S. Krishnan, Director, Geological Survey of India, in a bulletin (Series A—Economic Geology; No. 9—Iron Ore, Iron and Steel) just published. The country is well endowed with iron ores and ancillary materials, such as coking coal, flux and refractories, required for manufacture of steel, particularly in Bihar, Orissa, Madhya Pradesh, Mysore, Madras, Bombay and Rajasthan. There are, of course, deficiencies in certain alloying elements, like nickel, but this need not cause any serious difficulty as no country in the world is self-sufficient in all the requisites for making every kind of steel.

The existing annual output of steel in India is in the neighbourhood of 1.2 million tons, as against an estimated demand of over 2 million tons per year. Expansion programmes of steel producers contemplate increase in the output of finished steel by about 300,000 tons annually by the end of 1956. The Planning Commission has recommended the erection of one smelter for the production of 400,000 tons of pig iron per annum.

The iron ore resources of the country are sufficient to speed up the steel production up to 15 to 20 million tons per annum in the course of the next 20 or 25 years. Excess production can find an export market. In the field of mining, there is scope for at least partial mechanisation of mines and for the improvement of transport facilities. Adoption of measures of conservation of coal, use of cheap hydel power and smelting of iron ore in low-shaft furnaces with the aid of oxygen-

enriched blast, should prove beneficial. These are some of the major conclusions of the bulletin.

TEA INDUSTRY'S COST BURDEN

While the early arrival of the first instalment of fresh welfare amenities in the form of obligatory setting up of garden hospitals in tea estates, heralding the series of some more, is being highlighted in the Press and approval of the draft rules under the Plantations Labour Act by the Tripartite Industrial Committee on Plantations and final implementation by the Government is being taken as a foregone conclusion, it is time to look to the other side of this subject. Assessment of the implications of the fresh obligations on the cost structure of the industry cannot fail to temper the enthusiasm that is being exhibited over another concrete step in welfare and social expenditure.

It is too early to attempt an estimate of the cost of the projected amenities, but there need not be any genuine doubt about the strain on the industry's production costs. Mr. W. Atkinson, Chairman of the Nilgiri Planters' Association, Coonoor, has furnished his own estimate which is worth being borne in mind. Whether lay-off is due to natural causes beyond the control of the garden owner or to similar reasons, idleness for about 10 to 20 days in a year, coupled with additional time in the event of adverse weather conditions, will raise compensation expenditure at the rate of Rs. 50 per acre. The wage increase granted to workers in the South tea estates adds Rs. 35 per acre and leave with pay will mean further Rs. 22 per acre. If to these items is added the extra anticipated expenditure on pest control, the aggregate burden of these costs per acre rises to Rs. 167 per acre. Mr. Atkinson puts it as amounting to a rate higher than the net average dividend paid over a period of the last twenty years. If a slump like that of 1952 recurs—and how can the inevitability of such a recurrence be denied?—Mr. Atkinson reveals the stark prospect that, in order to sustain employee welfare, the welfare of the garden in the shape of outlay on manures and maintenance will have to be sacrificed. There is obviously a limit to upholding such a cost structure while productivity is being undermined. It also indicates the limit of the level of employment.

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COMMODITY NEWS AND NOTES

U.S. COTTON ACREAGE FOR 1954 SEASON

The Crop Reporting Board of the U.S. Department of Agriculture in its first cotton report of the 1954 season estimates the area under cultivation on July 1 as 19,961,000 acres which is 79 per cent of last year's planted acreage of 25,244,000 and compares with 24,618,000 acres reported at this time last year.

WORLD PRODUCTION OF RUBBER

The world consumed rubber as fast as it produced it during May—at the rate of 135,000 tons—International Rubber Study Group announced recently. Production for 1954 to the end of May was 687,500 tons and consumption 702,600 tons. Estimated shipments to Russia during the period were 75,000 tons and to China 27,000 tons. Stocks at the end of May were 35,000 tons less than at the end of last year. There were 245,000 tons in producing areas, 402,500 tons in consuming areas and 157,500 tons "afloat". Production in synthetic rubber at 55,000 tons was 5,000 tons less than consumption, and stocks at the end of the month were 192,000 tons—7,500 tons less than in January.

CLOTH EXPORTS TO INDONESIA

A spokesman of the Economic Ministry said recently that the reports of the Japanese Government's intention to restrict textile exports to Indonesia should not cause any anxiety because there were sufficient stocks of textiles in Indonesia for her requirements for the next few months. Further needs could be met by importing textiles from India, Mexico, the Chinese People's Republic and Europe. Japan has restricted her exports as Indonesia has nothing to export back, and nor is she in a position to pay back in gold. It was learnt from usually reliable sources that the question of Indonesia's deficit in her trade balance with Japan was discussed by a joint meeting of the Foreign and Economic Ministries.

LESS FOOD GRAINS IMPORTED

Imports of food grains during the first half of this year have been considerably less than those in the same period last year, according to an official spokesman. During January to June this year, 86,250 tons of food grains were imported, wheat accounting for 47,900 tons, rice 30,250 tons and milo 8,100 tons, while in the corresponding period last year, the imports amounted to 13,60,600 tons, wheat 10,26,450 tons, flour 44,700 tons, rice 1,87,250 tons and milo 1,02,200 tons. Food imports were far higher in the previous two years, being 47,20,200 tons. Food imports were far higher in the previous two years, being 47,20,200 tons in 1951 and 38,50,000 tons in 1952. The procurement of rice is satisfactorily progressing. While in the first six months of 1953 the various State Governments procured 11,27,400 tons, during the corresponding period this year the quantity procured totalled 12,21,650 tons.

WORLD CONGRESS OF SUGAR TECHNOLOGISTS

About 250 representatives from 44 countries are expected to attend the Ninth Congress of the International Congress of Sugarcane Technologists, expected to meet in New Delhi in February 1956. The Union Government will be the host. The last session of the Congress was held in 1953 in the British West Indies.

GROUNDNUT PRODUCTION

Mr. Thimma Reddi, Andhra Agriculture Minister, said recently that the area under groundnut in the State this year was expected to be double than that of the last year. The area under groundnut last year was over

2 million acres. He said that the Planning Commission's all-India target of 400,000 tons increased production of oil by the end of the First Five-Year Plan had already been exceeded by 100,000. The Central Government, therefore, could safely allot a bigger export quota of groundnut oil. He added that information regarding exact area under groundnut in the State will be given shortly.

MALAYA WAITING FOR THAILAND TO SIGN TIN AGREEMENT

Malaya will have to pay an extra Rs. 3,000,000 into the International Tin Restriction Scheme if Thailand decides to stay out. Thailand is the only one among six tin-producing countries which has not signed the agreement. According to reports, the agreement now has the requisite number of producer and consumer countries to bring it into force. Malaya's initial contribution towards the stock was about Rs. 45,000,000. The British Government has promised a loan for this amount. Thailand produces 6.29 per cent of the world tin output, compared with 36.61 per cent (the highest) produced by Malaya. Thailand's share of the initial buffer stock of 15,000 tons works out at 900 tons or about Rs. 8,000,000. With Thailand taking part, Malaya's initial contribution would amount to 5,400 tons or about Rs. 45,000,000. Without Thailand, Malaya's share would be 5,800 tons or about Rs. 49,000,000.

NEW ZEALAND SEEKS MARKET IN MALAYA

New Zealand, which now finds itself like many other countries with a surplus of goods and foodstuffs for export, is looking for an additional market in Malaya. New Zealand farmers and 40 manufacturers will exhibit their goods at the Singapore Trade Fair to be held from July 31 to August 15. They will submit a report to the New Zealand Government on their return to Wellington on a proposal made by New Zealand exporters and Chambers of Commerce that the Dominion Government establish a trade office in Malaya.

EXPORT OF WOOL WASTE

In a Press note dated December 30, 1953, it was announced that exports of wool waste would be licensed freely for shipment up to June 30, 1954. The position has been further reviewed and the Government of India have decided to extend the free licensing of wool waste for shipment up to December 31, 1954.

ART SILK EXPORTS DETERIORATE

Exports of Indian art silk fabrics have deteriorated from 84.14 lakh yards in 1951-52 to 31.72 lakh yards in 1953-54. India has lost market in Pakistan and Kuwait and Trucial coast. India is facing Japanese competition in Afghanistan and Sudan. Exports in 1951-52 to Afghanistan and Sudan were 12.33 and 41.68 lakh yards respectively, while in 1953-54 it has declined to 1.05 and 13.30 lakh yards respectively. The only countries where exports have been comparatively maintained are Aden, Ceylon and East Africa.

SURTI COTTON OUTPUT

Cotton production in the Surti cotton zone, extending between the Narbada and the Midhola rivers in Gujerat, during 1953-54 season, was the highest for the last ten years, according to the Surat Cotton Dealers' Association. Figures show that last season's crop amounted to 170,000 bales, about 42,000 bales more than the production in the previous season.

COMPANY AFFAIRS

BALMER LAWRIE AND CO., LTD.

The Directors' Report for Balmer Lawrie and Co., Ltd. for the year ended December 31, 1953, shows that the profits for 1953, as anticipated were well below the 1952 level, there being an actual reduction of Rs. 7 lakhs, but this was almost entirely offset in the accounts by exceptional credits and lower provision for Depreciation and Taxes. The Tea Market recovered and reached new high levels during the year. Of the Managed Companies, the Bengal Paper Mill and the Indian Galvanizing Company had still to recover the ground lost as a result of prolonged labour work stoppages. The Indian Galvanizing Company's Drum Factory in Bombay went into full production during the period under review. The Bridge and Roof Company and Bengal Flour Mills had a satisfactory year, the British India Electric Construction Company, however, continued to run at a loss.

The Profit for the year, after providing Rs. 2,70,348-7 towards Depreciation and an appropriation to Property Reserve, and Rs. 6,27,166-15 to Taxation was Rs. 12,78,968-5-7. The balance of Rs. 5,15,018-3-5 brought forward from 1952 takes a total of Rs. 17,93,986-9 for distribution. Of this amount the Directors have paid the Preferential Dividend on the Ordinary Shares amounting to Rs. 1,50,035 on September 23, 1953. They have further transferred Rs. 5,00,000 to the Reserve Fund, leaving a balance of Rs. 11,43,951-9 available for distribution. The Directors recommend payment of a Final Dividend of 7½ per cent on Ordinary and Deferred Shares absorbing Rs. 3,00,052-8, and a Bonus of 7½ per cent on Ordinary and Deferred Shares absorbing Rs. 3,00,052-8, leaving the residue of Rs. 5,43,846-9 to be carried forward.

Gross Profit is disclosed at Rs. 98,45,803-11-8; Managing Agency Commission and Miscellaneous Income at Rs. 13,08,970-12-11; Interest and Dividends on Investments at Rs. 5,22,497-14-2; Items relating to previous years at Rs. 2,57,134-10-8 and Profit on Sale of Fixed Assets at Rs. 1,86,715-5.

The working results of the last three years are summarised below:

Year ended December	1951	1952	1953
Profit (Rs.)*	25,28,793	17,61,563	12,78,968
Depreciation (Rs.)	3,32,455	3,55,564	2,10,348
Taxation (Rs.)	13,44,212	8,01,695	6,27,167
Ordinary and deferred dividend (Rs.)	10,00,175	7,50,140	6,00,105
Reserve fund (Rs.)	10,00,000	6,00,000	5,00,000
Carried forward (Rs.)	5,19,159	5,15,018	5,43,847

* After providing for Taxation and Depreciation.

THE SIMPLEX CO., LTD.

The forty-second Directors' Report of the Simplex Mills Co., Ltd. (Managing Agents: Forbes Campbell and Co., Ltd.) for the year ended March 31, 1954 discloses a profit of Rs. 19,45,257 to which is added the net Carry Forward from 1953, at Rs. 35,939 which makes a total of Rs. 19,81,196. Of this amount an Interim Dividend of Rs. 5 per share was paid during the year absorbing Rs. 4,20,000 leaving a balance of Rs. 15,61,196. The sum of Rs. 5,256 has been transferred to Reserve Fund; Rs. 5,00,000 towards Machinery and Building Depreciation Fund; Rs. 5,00,000 towards Taxation Reserve and Rs. 30,000 towards Staff Gratuity Fund. These allocations amounting to Rs. 10,35,256 leave the sum of Rs. 5,25,940 available for distribution.

The Directors recommend payment of a Final Dividend of Rs. 6 per Fully Paid and Consolidated Share of Rs. 50 each, (free of Income Tax) absorbing Rs. 5,04,000 leaving a residue of Rs. 21,940 to be Carried Forward. In the course of the year Rs. 1,822-5 was given away as donations. All items of new machinery mentioned in the previous year's report have been installed and are now in operation. Orders have been placed for a Pressure Dye Plant, and a 3-ton Bleaching Kier. Doubling Cone Cheese and Pirn Winding Frames, High Speed Beam Warping and Dry Tape (Re-beaming) Machines, Automatic Looms, Raising and Cloth Folding Machines and Electrical Motors. Some of these items will be installed this year, others by March 31, 1955.

A sum of Rs. 10,50,000 being part of the Machinery Reserve Account of Rs. 37,00,000 was capitalised and distributed as Capital among the Shareholders by the issue of 21,000 Ordinary Shares of Rs. 50 each in proportion of one Ordinary Share of Rs. 50 each for every three Ordinary Shares held and one Fractional Share of Rs. 16-10-8 each for every three Fractional Shares held by the Shareholders as on October 12, 1953. The paid-up Share Capital of the Company thus increased from Rs. 31,50,000 to Rs. 42,00,000. The Mill Building, Machinery and other properties have been insured for Rs. 2,93,84,800, being also insured against Riot and Civil Commotion Risk. Profit and Standing Charges are issued for Rs. 54,49,700 with 18 months' indemnity.

The working results of the Company are summarised below:

Year ended March	1952	1953	1954
Profit (Rs.)	14,82,048	20,33,567*	19,45,257
Depreciation fund (Rs.)	5,00,000	5,00,000	5,00,000
Reserve fund (Rs.)	1,47,231	6,00,000	5,256
Dividend (Rs.)	8,40,000	9,45,000	9,24,000
Carried forward (Rs.)	50,222	35,939	21,940
Taxation (Rs.)	7,50,000	6,00,000	5,00,000

* Includes Rs. 7,34,971 being Past-war Refund of E.P.T.

THE TRAVANCORE RAYONS LTD.

The Directors' Report of the Travancore Rayons Ltd. (Managing Agents: Emcete and Sons (Travancore) Ltd. for the year ended December 31, 1953, show the profit resulting from the year's working at Rs. 38,87,523-13-7. After providing full depreciation of Rs. 23,31,120-15-5, the net profit is Rs. 15,56,402-14-2. This sum together with the balance of Rs. 2,34,553-2-9 brought forward from the previous year, amounts to Rs. 17,90,956-0-11. The Directors made appropriations towards the payment of arrears of Preference Dividend for the years 1949-50 (paid in November, 1953) absorbing Rs. 4,99,970 and the payment of arrears of Preference Dividend for the years 1951-53 (paid in April 1954) absorbing Rs. 7,49,955, bringing the total to Rs. 12,49,925. This leaves a balance of Rs. 5,41,031-0-11 available for distribution. The Directors recommend payment of a maiden Dividend on Ordinary Shares at 5 per cent per annum absorbing Rs. 4,99,601 leaving a balance of Rs. 41,430-0-11 to be Carried Forward to the next year.

Demand for Rayon yarn, moderate in the first half declined in the second half of the year. The large accumulations of transparent paper in 1952 were cleared off due to satisfactory demand and selling price. The Travancore-Cochin State Government modified the terms of repayment of the Debenture Loan, enabling repayment in annual instalments of Rs. 12½ lakhs, thereby permitting the Company to invest a good portion of earnings in replacements and improvements. March 1954 saw the doubling of transparent paper production, due to be doubled again sometime this year; a plant

manufacturing 1,60,000 reams of heat-sealing moisture-proof transparent paper is due to go into production in October 1954.

The working results of the last three years are summarised below:

Year ended December	1951	1952	1953
Net profit (Rs.)	7,99,824	4,35,094	15,56,403
Depreciation (Rs.)	33,25,539	12,45,302	23,31,121
Gross sales (Rs.)	1,04,49,433	87,91,823	1,52,96,801
Carried forward (Rs.)	4,93,263	2,34,553	41,430
Dividend (Rs.)			17,49,526*

* Includes arrears on Preference Shares from 1949-53 and a maiden Dividend for 1953 at 5 per cent per annum.

THE BORMAH JAN TEA CO., LTD.

The Directors' Report of the Bormah Jan Tea Co., Ltd. (Managing Agents: McLeod & Co., Ltd.) for the year ended December 31, 1953, shows that the year's working resulted in a profit, before providing for Depreciation, of Rs. 3,95,282. From this Rs. 1,21,695 were deducted towards Taxation; Rs. 5,418 towards Adjustment; Rs. 50,649 towards Depreciation and Rs. 31,144 deducted towards meeting the loss brought forward from 1952. These provisions including some others absorb Rs. 2,14,572 leaving a balance at credit of the Profit and Loss Account of Rs. 1,80,710.

The Directors propose Rs. 46,500 to be transferred to General Reserve; Rs. 60,000 to Building and Machinery Reserve; payment of Dividend at 6 per cent for the year ended 31-12-1952 on 1,000 Cumulative Preference Shares of Rs. 100 each absorbing Rs. 6,000; payment of Dividend at 6 per cent for the year ended 31-12-53 on 1,000 Cumulative Preference Shares of Rs. 100 each absorbing Rs. 6,000 and the payment of Dividend on 75,000 Ordinary Shares of Rs. 10 each at the rate of 7½ per cent absorbing Rs. 56,250. The sum of Rs. 5,960 is to be carried forward.

The saleable crop weighed 7,305 maunds against an estimated 7,400 maunds, and the average sale price was 32.16 Annas per lb. The working results of the last three years are summarised below:

Year ended December	1951	1952	1953
Outturn in maunds	7,881	7,101	7,305
Profit of year (Rs.)	1,97,297*	—13,656	1,73,587*
Depreciation (Rs.)	24,633	40,785	50,649
Taxation (Rs.)	75,120	N.A.	1,21,695
Amount set aside for Reserves (Rs.)	33,780		1,06,500
Carried forward (Rs.)	22,297	—32,144	5,960
Average price per lb. (As.)	27.06	22.28	32.16

* Inclusive of provision for Taxation.

THE DIBRUGARH COMPANY LIMITED

The Directors' Report of the Dibrugarh Company Limited (Managing Agents: McLeod & Co., Ltd.) for the year ended December 31, 1953, shows that the year's working resulted in a profit, before providing for depreciation, of Rs. 2,96,418 to which is added the sum of Rs. 307 received as E.P.T. Post-war Refund, bringing the total sum to Rs. 2,96,725. From this is deducted Rs. 70,200 towards Taxation; Rs. 4,176 towards Adjustments; Rs. 9,010 towards Amount written off Stores; Rs. 50,128 towards Depreciation and Rs. 61,561 towards meeting the Loss brought forward from 1952. These and other minor provisions absorb Rs. 1,96,605 leaving a balance at credit of Profit and Loss Account of Rs. 1,00,120. The Directors propose to transfer to Buildings and Machinery Reserve the sum of Rs. 50,000, payment of Dividend at the rate of 10 per cent on 45,000 Ordinary Shares of Rs. 10 each absorbing Rs. 45,000, and to Carry Forward Rs. 5,120.

The saleable crop weighed out at 6,233 maunds against an estimated 7,000 maunds and the average sale price was at 33.49 annas per lb. The working results of the last three years are summarised below:

Year ended December	1951	1952	1953
Outturn in maunds	7,108	6,508	6,233
Profit for year (Rs.)	37,731*	—49,432	2,26,218*
Depreciation (Rs.)	19,669	28,030	50,128
Taxation (Rs.)	1,992	N.A.	70,200
Amount set aside for Reserves (Rs.)			50,000
Carried Forward	14,389	—61,561	5,120
Average price per lb. (As.)	25.07	22.69	33.49

* After providing for Taxation.

RANICHERRA TEA COMPANY, LIMITED

The Directors' Report of the Ranicherra Tea Company, Limited (Managing Agents: McLeod & Co., Ltd.) for the year ended December 31, 1953, shows that the year's working resulted in a profit, before providing for Depreciation, of Rs. 5,71,307 to which Adjustments of Rs. 9,211 are added along with Rs. 26 received as E.P.T. Post-war Refund totalling Rs. 5,80,544. From this amount Rs. 10,906 have been deducted as amount written off Stores; Rs. 1,51,931 as Depreciation and Rs. 5,74,064 adjusted against the Loss brought forward from 1952. These allocations amount to Rs. 7,36,901 leaving a balance at debit of Profit and Loss Account to be carried forward to 1954. There are no transfers to Reserves, nor does the Balance Sheet indicate any provisions for Taxation or Dividend.

The saleable crop weighed out at 12,666 maunds against an estimated 12,210 maunds, sold at an average price of 29.55 annas per lb. The working results of the last three years are tabulated below:

Year ended December	1951	1952	1953
Outturn in maunds	12,829	12,851	12,666
Profit of Year (Rs.)	1,18,156	—4,25,241	5,71,306
Depreciation (Rs.)	73,332	1,69,475	1,51,931
Taxation (Rs.)			
Amount set aside for Reserves (Rs.)	29,975		
Carried Forward (Rs.)	20,652	—5,74,064	1,56,357
Average price per lb. (As.)	24.96	17.74	29.55

THE TELIJIAN TEA CO., LTD.

The Directors' Report of the Teloijan Tea Co., Ltd. (Managing Agents: McLeod & Co., Ltd.) for the year ended December 31, 1953, shows the season's working resulted in a Profit, before providing for Depreciation, of Rs. 4,29,280 to which the E.P.T. Post-war Refund of Rs. 191 and the balance of profit brought forward from 1952 at Rs. 59,392 are added totalling Rs. 4,88,843. Of this sum Rs. 1,55,033 have been deducted towards provision for Taxation; Rs. 6,100 towards amount written off Stores; Rs. 53,063 towards Depreciation on Fixed Assets and other allocations totalling Rs. 2,14,707, leaving a balance at credit of Profit and Loss Account of Rs. 2,74,136. The Directors propose the transfer of Rs. 1,00,000 to General Reserve; Rs. 70,000 to Buildings and Machinery Reserve; the payment of Dividend at the rate of 15 per cent on 59,800 Ordinary Shares of Rs. 10 each, absorbing Rs. 89,700 and the sum of Rs. 14,436 to be carried forward to the next year.

The saleable crop weighed out at 8,508 maunds against an estimated 8,000 maunds, the average sale price being 32.17 annas per lb. The working results of the last three years are tabulated below:

Year ended December	1951	1952	1953
Outturn in maunds	7,194	8,719	8,508
Profit of Year (Rs.)	1,45,436*	72,902*	2,74,227
Depreciation (Rs.)	49,832	37,005	53,063
Taxation (Rs.)	39,380	12,536	1,55,033
Amount set aside for Reserves (Rs.)	23,000		1,70,000
Carried Forward (Rs.)	23,495	59,392	14,436
Average Price per lb. (As.)	28.90	23.84	32.17

* After providing for taxation.

† After transferring Rs. 24,895 from Building and Machinery Reserve Account.

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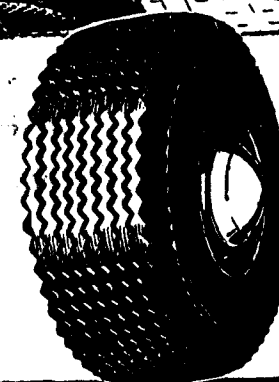


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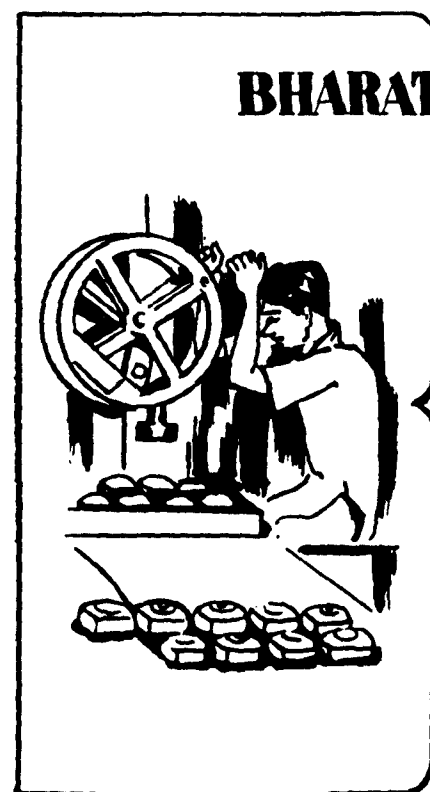
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CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

		Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
		Food Articles	Indus. Raw Materls.	Semi-ma- nufactured Articles	Manufac- tured Articles	Miscel- laneous	General Index	Govt. and Semi- Govt.	Deben- tures	Prefer- ence	V. D. I.
1947-48	..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49	..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50	..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51	..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52	..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53	..	357.8	496.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54	..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
August 1953	..	407.0	488.7	364.7	370.8	708.0	410.4	90.3	100.7	87.9	92.6
September	..	399.0	475.3	363.8	364.4	717.4	403.8	90.3	101.3	87.1	91.6
October	..	385.6	447.7	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November	..	378.9	441.4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December	..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954	..	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February	..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March	..	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
April	..	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May	..	366.3	464.9	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0
Week Ending	..	357.2	455.4	359.7	370.6	683.2	390.4	90.1	101.0	88.1	104.3
29-5-1954	..	357.2	455.4	359.7	370.6	683.2	390.4	90.1	101.0	88.1	104.3
5-6-1954	..	348.1	451.3*	356.9	378.4	645.5	385.0*	90.1	100.9	88.2	104.9
12-6-1954	..	345.4	442.6	354.9	378.8*	616.3	382.4	90.2	100.9	88.5	106.2
19-6-1954	..	341.3	439.0	354.0	378.8*	649.7	380.5*	90.4	100.9	88.7	107.7
26-6-1954	..	338.0	431.0	350.7	378.7	647.4	378.4	90.5	100.8	88.7	108.9

* Average of weeks.

* Revised.

† Economic Adviser's Series.

†† Reserve Bank Series.

WORKING CLASS COST OF LIVING (August 1939=100)

Period	Bombay			Delhi	Bengal	U. P.	Central Provinces		Madras	E. P.	Bihar	All India†
	Bombay	Bombay June 1934 = 100	Ahmeda- bad July 1927 = 100	Delhi†	Calcutta	Kanpur	Nagpur	Jubbulpore†	Madras June 1936 = 100	Ludhiana†	Jamshed pur†	
1939 (Aug.-Dec.)	103	—	—	—	—	196	104	—	106	—	—	—
1948	288	303	243	132	330	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	349	434	372	153	325	165	145	138
1951	314	330	261	142	370	451	391	168	334	167	160	144
1952	321	337	250	143	351	441	380	150	330	151	154	144
1953	316	363	275	140	349	453	387	147	351	147	156	145
1953 May	346	363	275	139	345	441	391	155	356	146	152	145
June	353	371	282	140	363	453	393	159	360	148	156	150
July	356	373	288	142	375	465	394	160	355	148	158	152
August	358	376	285	144	373	469	397	157	352	149	160	152
September	353	371	283	145	366	464	391	154	351	150	163	150
October	350	368	282	144	349	457	389	153	352	150	162	147
November	344	361	280	144	338	453	385	148	353	149	155	144
December	342	359	268	140	329	438	380	146	350	149	145	141
1954 January	346	363	269	139	323	442	377	144	353	151	142	142
February	331	348	257	136	316	432	375	143	353	151	141	139
March	332	349	257	138	319	410	374	—	345	150	—	—
April	338	355	255	141	323	426	—	—	341	—	—	—
May	338	355	—	142	339	415	—	—	341	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED											
	10-7-1954			3-7-1954			26-6-1954			19-6-1954		
	High	Low	Aver- age	High	Low	Aver- age	High	Low	Aver- age	High	Low	Aver- age
Gold (per fine tola)	85-4	83-15	84-10	86-3	83-11	84-14	85-14	83-6	84-13	84-15	83-0	83-14
Silver (per 100 fine tolas)	155-4	152-13	154-1	153-15	150-7	152-11	150-10	147-15	149-12	150-2	148-2	151-0

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RESERVE BANK OF INDIA
ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupee Coin	Rupee Securities	Total Assets
1938-39*	182,38	28,28	210,66	44,42	36,95	111,37	52.91	67,11	32,16	210,64
1947-48*	1,227,82	47,12	1,274,95	41,42	1,035,32	1,076,74	82.52	32,38	62,84	1,274,95
1948-49*	1,231,84	22,02	1,253,86	42,49	907,17	949,66	75.43	42,96	265,62	1,253,86
	(5.54)	(—)	(5.58)					(99)		(5.58)
1949-50*	1,128,94	24,06	1,152,94	40,02	647,01	687,06	59.59	30,53	416,36	1,152,94
1950-51*	1,163,21	17,19	1,180,40	40,02	624,70	664,72	56.31	57,21	458,47	1,180,40
1951-52*	1,189,84	27,78	1,217,62	40,02	625,27	665,29	54.64	63,98	488,36	1,217,62
1952-53*	1,114,84	27,87	1,142,72	40,02	564,40	604,42	52.89	80,22	458,08	1,142,72
1953-54*	1,133,95	23,03	1,156,97	40,02	594,02	634,04	54.80	72,83	430,11	1,156,97
<i>Average of Fridays</i>										
November 1953	1,104,00	22,16	1,126,16	40,02	568,15	608,17	54.09	96,69	421,39	1,126,16
December ..	1,121,06	12,26	1,133,35	40,02	575,65	615,67	54.32	96,30	421,38	1,133,35
January 1954	1,151,24	15,34	1,166,58	40,02	610,15	650,17	55.73	95,03	421,38	1,166,58
February ..	1,174,88	16,15	1,190,83	40,02	635,85	675,87	56.74	93,80	421,35	1,190,83
March ..	1,190,15	12,48	1,202,63	40,02	648,15	688,17	57.22	93,12	421,34	1,202,63
April ..	1,220,38	13,08	1,233,33	40,02	674,15	714,17	57.90	97,81	421,34	1,233,32
May ..	1,220,27	25,62	1,245,89	40,02	688,15	728,17	58.45	96,49	421,22	1,245,89
June ..	1,196,24	36,20	1,232,44	40,02	679,40	719,42	57.96	96,80	421,22	1,232,44
Week Ending										
28-5-1954	1,202,92	43,28	1,246,21	40,02	688,15	728,17	58.43	96,81	421,22	1,246,21
4-6-1954	1,211,54	33,90	1,245,44	40,02	688,15	728,17	58.47	96,05	421,22	1,245,44
11-6-1954	1,208,00	36,71	1,244,71	40,02	688,15	728,17	58.47	95,03	421,22	1,244,71
18-6-1954	1,190,33	36,01	1,226,34	40,02	688,15	728,17	58.45	96,95	421,22	1,226,34
25-6-1954	1,171,49	38,17	1,209,66	40,02	653,15	693,17	57.16	98,26	421,22	1,209,66
2-7-1954	1,175,09	38,28	1,213,37	40,02	653,15	693,17	57.15	98,57	421,22	1,213,37

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS*	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14,90	—	16,19	75	31,84	1,28	43,12	28,38	1,53	4,21	1,72	2	6,36	90
1947-48*	366,79	16,93	102,17	31,21	516,10	14,55	544,96	47,24	2,02	496,95	1,57	21	51,53	485
1948-49*	222,17	6,02	80,53	56,52	365,22	15,33	419,65	22,12	1,28	397,78	1,71	3,34	75,65	414
	(14,33)	(3,04)					(1)							
1949-50*	141,19	23,12	67,00	64,30	295,61	15,76	321,45	24,12	1,30	286,91	3,35	8,39	950,54	4,34
1950-51*	148,80	17,71	62,22	62,29	290,82	18,14	318,97	17,31	3,04	107,79	2,37	6,77	79,72	5,06
1951-52*	181,39	15,95	58,68	89,22	325,15	18,02	353,77	27,92	6,31	187,14	5,00	19,42	95,19	11,91
1952-53*	126,40	7,79	62,89	61,93	259,02	23,69	292,71	28,03	6,64	133,56	2,85	19,03	89,77	12,83
1953-54*	105,44	25,40	46,52	57,45	234,81	23,91	268,72	23,22	9,46	123,31	1,78	19,81	81,68	7,51
<i>Average of Fridays</i>														
November 1953	98,80	27,90	57,14	57,14	240,77	17,72	268,50	22,40	3,74	141,08	73	11,48	82,14	6,93
December ..	99,75	22,33	52,81	57,44	229,82	20,19	260,01	12,48	8,83	141,91	1,41	11,61	76,07	7,32
January 1954	103,82	20,24	41,98	58,29	224,33	22,07	256,41	15,57	16,49	121,22	1,02	20,14	74,15	7,82
February ..	89,53	21,74	40,14	61,95	213,36	22,49	245,85	16,37	12,70	105,10	75	31,19	71,29	8,41
March ..	80,90	42,08	40,44	42,09	205,41	24,92	241,32	12,72	10,40	99,86	1,12	39,83	68,70	8,64
April ..	61,51	36,52	42,18	45,21	185,41	27,95	220,36	13,35	12,48	78,55	1,21	46,91	65,17	9,09
May ..	93,14	20,61	43,30	46,10	203,15	28,47	241,62	27,91	10,11	65,23	1,12	57,84	71,92	9,51
June ..	110,59	18,52	43,21	43,79	216,01	28,28	254,47	30,44	9,07	171,44	1,29	39,09	85,31	9,84
Week Ending														
28-5-1954	101,08	20,55	43,79	46,16	211,58	28,19	249,78	43,04	8,96	63,00	87	48,02	75,65	9,64
4-6-1954	103,80	19,54	40,10	45,66	209,10	28,57	247,76	34,13	9,10	62,35	1,47	45,66	85,43	9,71
11-6-1954	106,93	15,41	43,50	46,14	211,97	28,43	250,11	36,94	10,65	62,47	1,18	45,81	85,39	9,67
18-6-1954	115,37	18,80	44,17	41,84	220,17	28,29	258,46	36,27	9,88	78,54	1,43	37,41	85,27	9,75
25-6-1954	116,47	20,31	45,05	41,91	223,74	27,82	261,56	34,43	9,73	90,40	1,07	29,56	85,15	10,23
2-7-1954	116,55	23,84	42,65	35,92	219,96	26,77	255,73	36,44	2,58	93,76	17	23,81	91,29	7,67

Note: Figures in brackets relate to Pakistan. *Includes Rs. 5 crores each on account of capital paid up and Reserve Fund. *Average of Fridays. † Includes cash and short term securities.

MONTHLY STATISTICS
(Monthly Averages or Calendar Months)

	1951	1952	1953	1953		1954		
				Nov.	Dec.	Jan.	Feb.	March
Foreign Trade								
i By Land, Sea & Air—								
Imports (Rs. lakhs)	71,20	66,93	48,11	38,94	39,43	39,90	40,08	49,06
Exports (Rs. lakhs)	65,30	51,58	44,26	48,66	52,10	44,45	40,76	43,72
ii Unit Value Index— (1948-49=100)								
Imports	128	130	115	111	112	111	113	..
Exports	160	131	111	112	113	110	111	..
iii Quantum Index— (1948-49=100)								
Imports	108	105	84	72	72	73	73	..
Exports	114	106	108	119	124	111	101	..
II Industrial Production								
i Cotton Cloth (Million yards)	340	383	406	369	421	419	401	399
ii Cotton Yarn (Million lbs)	109	121	125	120	135	132	124	124
iii Jute Manufactures (000 tons)	73	70	72	69	78	67	68	75
iv Steel (Ingots & Castings) (000 tons)	125	132	125	147	148	154	133	143
v Paper and paper boards (tons)	10,903	11,459	11,536	10,813	98,97	10,328	9,385	..
vi Sulphuric Acid (000 cwt)	278	160	180	191	186	220	240	..
Index of Industrial production (1946=100)	117	120	135	134	145	133	142	..
III Fuel and Power								
i Coal Production (000 tons)	2,859	3,019	2,987	2,677	3,163	2,903	3,056	3,071
ii Coal Despatches (000 ton)	2,435	2,501	3,065	2,555	2,538	2,424	2,244	..
iii Electricity Generated (Million kwh)	488	516	599	563	604	590	551	594
iv Electricity Sold (Million kwh)	390	420	455	456	487	478	451	484
IV Industrial Disputes:								
Number of man days lost (000)	318	278	282	345	475	326	343	..
V Employment Exchanges:								
i Number on register at the end of the period (000)	329	438	522	508	522	534	539	..
ii Number of vacancies outstanding at the end of the period (000)	22	23	21	22	21	21	21	22
VI Inland Transport:								
Railway Freight Ton Miles (Millions)	2,336	2,372	2,372	..	..	..	..	..
ii No. of Wagons loaded	589	584	575	550	618	618	618	..
VII Public Finance: (Central Govt.)								
i Revenue Receipts (Rs. Lakhs)	43,66	88,72	..	28,59	47,11	35,70	..	..
ii Import Duties (")	18,50	15,88	12,91	13,36	14,16	13,21	..	..
iii Export Duties (")	6,84	4,88	3,09	3,13	3,19	2,72	..	..
iv Central Excise (")	7,66	6,39	7,84	7,67	8,29	8,64	..	..
v Expenditure on (")	20,67	23,60	..	12,88	13,06	21,22	..	..
vi Revenue Account	..	..	..	..	..	..	..	..
Cash Balances with Reserve Bank (Rs. Crores) *	210	175	110	98	110	102	86	66

* Last Friday Figures.

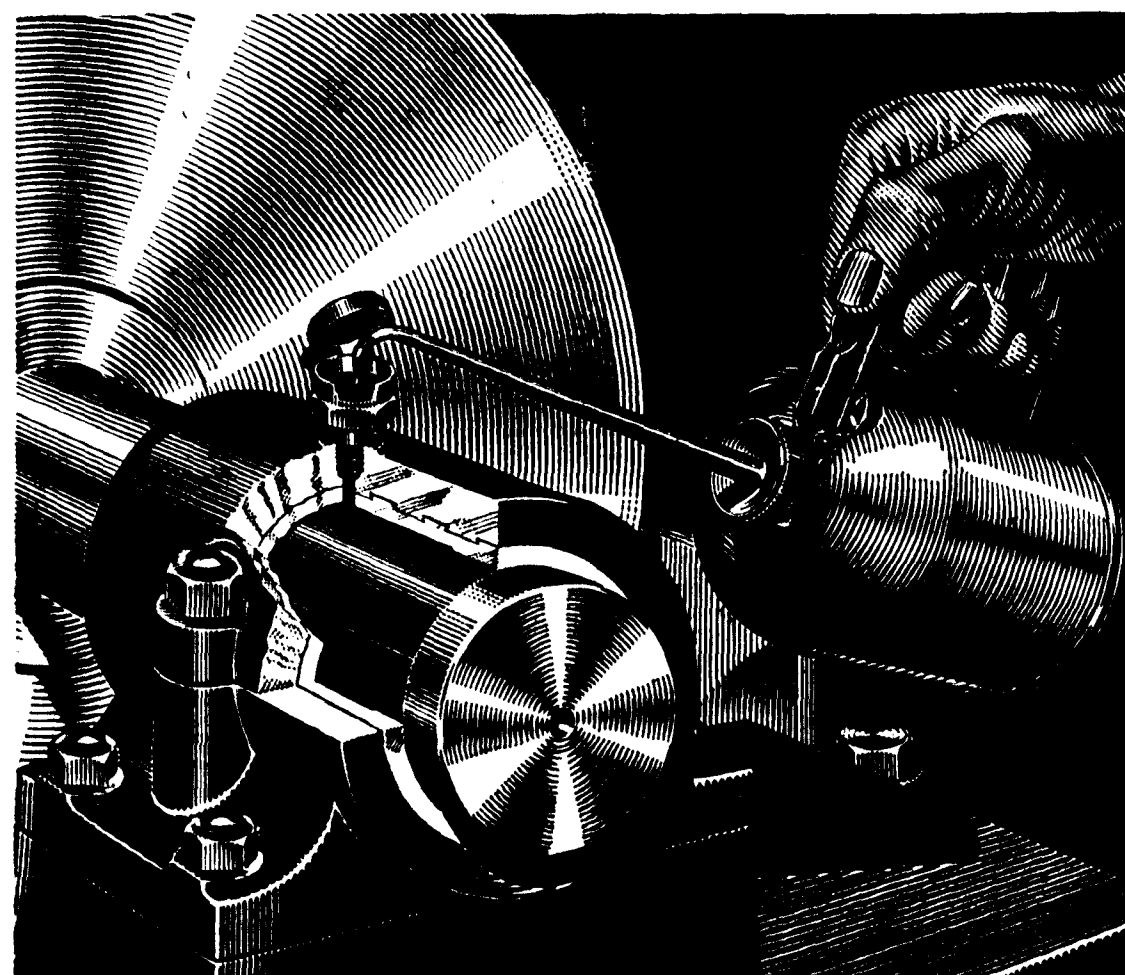
COUNTRYWISE DISTRIBUTION OF INDIA'S SEA AND AIR-BORNE TRADE

(In lakhs of rupees)

	1950-51		1951-52		1952-53		1953-54	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
COMMONWEALTH COUNTRIES								
EUROPE								
United Kingdom ..	13140	13082	16228	18975	13884	12320	14271	14990
Gibraltar ..	—	2	—	6	—	4	—	3
Malta and Gozo ..	—	8	—	2	—	4	—	7
ASIA								
Cyprus ..	8	52	12	40	7	56	3	57
Aden ..	116	976	86	630	50	932	32	908
Bahrain Islands ..	696	116	1092	141	1851	182	1706	220
Kuwait ..	21	371	11	380	7	463	9	423
Qatar and Trucial Oman ..	19	82	3	82	2	89	1	80
Pakistan, Western ..	421	1170	1027	1614	54	1117	15	136
Pakistan Eastern ..	44	186	27	288	12	284	11	48
Maldives ..	1	1	2	1	2	1	2	1
Ceylon ..	453	1968	560	1681	430	2001	508	1812
Singapore ..	1585	3069	1797	1203	1257	1566	1626	686
Federation of Malaya ..	81	550	423	383	225	320	419	634
British Borneo ..	6	11	7	11	3	3	5	10
Hongkong ..	231	1103	199	657	116	668	143	387
AFRICA								
Gold Coast ..	2	112	—	180	1	141	—	99
Nigeria ..	3	463	—	709	—	643	37	848
Union of South Africa ..	—	—	2	1	—	2	1	1
Swaziland ..	23	1	25	12	19	—	8	—
Rhodesia Northern ..	109	37	22	45	82	50	19	98
Rhodesia Southern ..	32	172	33	278	39	137	32	186
Zanzibar & Pemba ..	177	34	271	33	36	44	212	58
Kenya ..	1853	641	1860	884	2057	658	1832	602
Uganda ..	3	23	18	36	122	72	158	87
Tanganyika ..	—	—	—	—	—	—	—	—
(Under British Trusteeship)	211	210	217	263	108	367	115	337
Somaliand Protectorate ..	2	—	1	2	—	1	—	2
Anglo Egyptian Sudan ..	749	418	1430	773	390	614	748	512
Seychelles ..	—	7	43	4	28	11	65	9
AMERICA								
Canada ..	2101	1379	1934	1629	2031	1284	1410	1500
OCEANIA								
Australia ..	3345	3042	1762	4763	1273	1690	2599	1783
New Zealand ..	166	367	214	793	106	296	133	298
Fiji Island ..	—	29	—	40	—	63	—	65
OTHERS	1	502	31	321	101	450	80	431
TOTAL COMMONWEALTH COUNTRIES	25599	31087	29333	37019	25299	26517	25980	26906
FOREIGN COUNTRIES								
EUROPE								
U.S.S.R. ..	23	138	139	692	24	85	60	115
Finland ..	149	21	316	106	180	26	187	12
Sweden ..	528	268	749	255	566	182	618	103
Norway ..	223	133	358	160	279	88	292	41
Irish Republic ..	7	700	3	653	2	250	4	526
Poland ..	30	40	34	27	26	4	16	36
Denmark ..	188	281	222	125	151	101	163	111
Germany, Western ..	1029	1090	2856	936	2255	1245	3105	1155
Germany, Eastern ..	75	3	7	2	10	2	8	1
Netherlands ..	668	1016	1098	792	1080	1039	1130	686
Belgium ..	904	981	1028	839	600	668	797	457
France ..	1107	901	1087	1138	1355	569	903	638
Spain ..	24	48	47	21	51	51	48	8
Portugal ..	25	97	30	69	21	50	30	46
Switzerland ..	761	223	999	209	695	61	912	62

COUNTRYWISE DISTRIBUTION OF INDIA'S SEA AND AIR-BORNE TRADE (Contd.)
(In lakhs of rupees)

	1950-51		1951-52		1952-53		1953-54	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
Italy ..	1590	1501	1798	799	1201	1091	2307	512
Free territory of Trieste ..	—	—	—	—	—	14	8	4
Austria ..	194	43	247	106	189	42	251	57
Hungary ..	10	3	32	—	16	4	10	2
Czechoslovakia ..	279	108	282	129	135	118	114	306
Yugoslavia ..	12	9	14	26	9	11	7	2
Roumania ..	—	1	—	—	—	3	—	—
Greece ..	2	48	7	63	4	44	9	26
Turkey ..	3	230	13	356	1	495	—	258
ASIA								
Syria ..	20	52	5	68	1	76	—	102
Lebanon ..	9	10	15	22	2	29	7	18
Israel ..	1	10	—	24	3	18	—	5
Muscat & Oman ..	74	108	84	50	61	82	49	67
Saudi Arabia ..	87	212	1004	186	1477	308	1482	350
Yemen ..	1	1	2	—	1	2	—	3
Iraq ..	430	286	361	320	205	211	256	244
Iran ..	3700	599	2891	416	250	207	204	153
Afghanistan ..	144	398	109	315	76	338	60	273
Burma ..	1880	2246	2348	1975	2644	2235	1749	2104
Indonesia ..	307	289	321	451	102	531	150	663
Thailand ..	815	485	1164	876	772	439	45	362
French Indo-China ..	—	73	—	72	—	30	—	67
Philippines ..	32	103	73	184	36	177	25	112
Japan ..	1011	1028	2542	1482	1582	3190	1306	2360
Korea ..	56	—	—	—	—	44	—	57
Formosa ..	—	—	2	1	—	26	—	16
China ..	68	355	1589	703	1303	122	99	80
AFRICA								
Egypt ..	3287	787	4053	647	1512	569	2766	353
Algeria ..	—	—	1	18	—	4	—	4
Belgian Congo ..	107	34	17	62	205	38	115	21
Mozambique ..	444	52	342	92	595	94	448	70
French Somaliland ..	1	130	—	84	—	5	5	4
Ethiopia ..	9	133	3	109	2	33	35	229
AMERICA								
U. S. A. ..	11787	11538	29377	13239	18141	11274	7925	9046
Cuba ..	—	718	—	1143	—	755	—	422
Netherland Antilles ..	9	1	39	—	228	3	291	4
Mexico ..	43	60	97	409	23	6	56	12
Venezuela ..	—	7	—	12	25	19	42	10
Brazil ..	6	96	7	129	5	156	2	—
Paraguay ..	—	8	1	49	—	33	—	9
Uruguay ..	88	64	41	222	—	141	1	125
Argentine Republic ..	5	1085	80	1767	4	683	2	1957
Chile ..	—	181	2	368	26	280	—	82
Peru ..	231	104	180	258	38	210	14	136
Ecuador ..	—	4	—	11	1	20	—	16
Bolivia ..	7	4	8	29	5	17	2	14
OCEANIA								
Hawaii ..	10	32	—	30	—	34	—	18
Other Islands in the Pacific ..	5	5	18	18	7	12	26	4
OTHERS	21	467	8	1306	6	665	12	451
TOTAL FOREIGN COUNTRIES	32526	29598	58161	34545	38250	19435	28240	25146
GRAND TOTAL	58125	60685	87494	71584	63549	55952	54229	52052



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ONE RUPEE

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India, China and Indo-China

M. MENDES-FRANCE, Prime Minister of France, has won his race against time. An agreement was reached last Tuesday, July 20, by which an armistice was made possible in Indo-China, with India, Canada and Poland forming a Supervisory Commission under the chairmanship of India. Thus ends dramatically one of the most romantic conferences in international affairs ever held. It was, in the first place, a conference on which some small Powers played their part with the Big Four and we can take pride in the great contribution which India has made to the success of the conference although she was not one of its members. This is the appropriate time to pay a tribute to the persistence with which the Prime Minister and his Envoy, Mr. V. K. Krishna Menon, have worked for international peace. Their success has added the prestige of India as much as it has added to its personal reputations.

As India is now Chairman of a Commission which will supervise the armistice she has been brought in close and, it may be on occasion, embarrassingly close relation to the People's Republic of China. To the world as a whole this new assignment will not be read as adding a new stress to Sino-Indian relations. And, indeed, it is only secondarily a source of stress to India; the absence of an armistice would have meant greater strain. It is obvious, however, that on the one side is the army of the People's Republic which will need to be restrained. There are, therefore, likely to be occasions, as indeed they were in Korea, when Indian neutralism will tend to be arraigned by either or even by both sides. At the present time, largely because of both old and new factors in the scene, the conflicts are likely to be greater with the Communists than with the democratic side.

The wheel has come full circle. Over two thou-

sand years India and China have met in conflict, albeit peaceful conflict, in the lands of South-East Asia. Over what is now Indonesia and Burma and Thailand, it was the Indian spirit which endured. In Indo-China, the honours were even. In Laos and Cambodia, Indian influence, at least in the great period of our cultural impact, challenged what was otherwise Chinese supremacy; the ruins of Angkor-Vat are a monument at least to that challenge, if not to that cultural victory. Viet-Nam which looked appropriately upon the China Sea came more under Chinese influence than under ours. There was blending of architecture at least here and there; but inevitably Indian influence had not the same opportunities of leaving its traditional mark. Until the Age of Colonialism came to rob both India and China of their spheres even of cultural influence, China had a hold on Indo-China which history has returned to her today.

The armistice now signed cannot hide the fact that the People's Republic of China has won a position of influence in Indo-China greater than almost any that China has held in her proud history. That influence has been won by strength of arms, and now Indian arms cannot bid Chinese influence halt in South-East Asia. The People's Republic of China has crossed into South-East Asia. Whether or not this is the first stage of intended aggression deeper into China's traditional area of influence, this is certainly a time for second thoughts. India has won the peace for South-East Asia; but the price of peace in South-East Asia has been a recognition that, in Indo-China, the role of China is far greater than our own.

Any critical examination, for example, of the Cease-Fire Agreement of Tuesday will show how great are the gains the Communists have secured. The truce line runs about twenty kilometres north of Colonial Route Nine which is a highway just above the 17th Parallel. This means the whole of the Red River Delta and in particular the large cities of Hanoi and Haiphong, both industrial centres, go over to Viet-Minh. The small area of Viet-Minh held territory South of the 17th Parallel does return to Viet-Nam, but it is doubtful if this will survive the elections to be held in 1956. This is because 13 million of Viet-Nam's 22 million people are by this partition in Viet-Minh territory; with the certainty of heavy indoctrination on this side (and possibly on both) the result of the elections can be foreseen. It is extremely unlikely that the Communists will lose the 1956 elections.

South-East Asia and, with it India, will thus need to reconcile itself fairly soon to Communist forces on the whole length of the boundary between Laos and Viet-Nam. Since Laos and Cambodia are by the Geneva agreement to be specifically excluded from the operation of the SEATO Defence Pact, it seems likely that Thailand will be the first point at which an effective barrier to Communist advance can be placed.

It would, therefore, be very unwise if India, or any other country in South-East Asia, were driven into any complacency as a result of this welcome, but still inadequate, Cease-Fire. India and Burma have, indeed, signed agreements with the People's Republic on the lines of the now famous five principles, which are all good as far as they go. But these agreements, valuable as they are, cannot be reckoned as adding greatly to the security of either country if Communist pressure in South-East Asia continues to grow. And the significant point emerges that the partners to this

agreement look upon conversion to the other's philosophy in very different ways. Co-existence with India and Burma means literally no pressure of any kind; with the Communists it cannot mean the same thing for there are Communist parties at work both in India and in Burma. It is simply not realistic to believe that the People's Republic of China, which is in unbreakable alliance with Moscow, is uninterested in the progress of Communist parties in South-East Asia. It is widely believed that Chou En-lai, the Chinese Foreign Minister, when in Delhi, showed considerable interest in the local Communist party and he certainly conversed with its General Secretary.

The Geneva agreement is not happily loaded excessively in favour of the Communists who, it is true, have shown a notable resilience in agreeing to some quite significant restraints on their forward plans. The acceptance in principle of SEATO, even though it is not to contain Laos and Cambodia, has been a major success for the Free World. We in India have not favoured a doctrine of military containment, but we should be rapidly arriving at a stage when we may need to modify this opinion. All military opinion is now quite convinced that the defence of India in the last analysis will require some operation such as this. There is no present threat to Pakistan and the Pakistan-U.S. Military Pact is redundant. But who will say that no military defence is required today in South-East Asia?

The present situation, with SEATO accepted in principle and with its plans of implementation believed to be advanced, is one which places a new ingredient in Indian foreign policy. There is no question of any change in its fundamentals, but it will have necessarily to be strong, as it unquestionably has hitherto been, in adaptation. At the Colombo Conference, the Prime Minister showed himself readily adaptable to the climate of opinion in South-East Asia, which was more anti-Communist in foreign affairs than was opinion in our External Affairs Ministry. The success of Indian statesmanship in bringing about the Cease-Fire in Indo-China should reassure South-East Asia. Halting the Communists is something more effective than an indefinite number of pious resolutions. India has shown herself aware of the Communist threat in deeds; this the Free World, and with it South-East Asia, should now be in a position to appreciate.

As India has adjusted herself to the South-East Asian scene and induced an equal response particularly from Burma, there will be need now for an assimilation of the pressure which comes with the finalisation of the terms of SEATO. India cannot, and should not, as President of the Armistice Commission be a participant in SEATO; but equally, both because of her interests in South-East Asia and because of her membership of the Commission, she cannot stand against it. The net effect of the Geneva agreement has been the acceptance of SEATO; the recognition of this fact is no more, and no less, than a concession to reality.

And thus as this chapter closes, there are dark as well as brilliant patches. Peace is its own reward; and this has been peace with honour. It is not, however, a permanent peace. We must not be lulled into complacency. We need to take counsel with our friends. We must trust in God but keep our powder dry.

The Boom in Western Europe

THERE is a boom today in Western Europe. This is the more remarkable because of the hesitancy shown in recent months in the United States. The economic ascendancy of the United States is still unquestioned; but this ascendancy is apparently compatible with an inverse correlation in movement both in Western Europe and the sterling area. Profound observers of economic events who read dire results in American readjustment on the basis of the bitter experience of 1949 have been proved wildly mistaken in 1954. Western European production has been higher than ever before and the health of the sterling area, whether measured in immediate gold and dollar reserves or in the longer period in the bullish character of British order books, is almost as good as it has ever been. The German mark is, perhaps, the strongest currency in the world today. The pound sterling is, for the short period, capable of convertibility. The French franc wavers, but, with the end of the Indo-China war in sight, will gather strength. The Swiss franc, even without the tremendous accretion of foreign exchange which has followed the Geneva Conference, would be riding high. The currencies of all these countries are merely symbols of an economic situation which is one, although there are differences of degree. Western Europe has returned with a bang.

The Federal Republic of Germany certainly highlights the advance. The most recent issue of the "Economic Bulletin" for Europe of the Economic Commission for Europe contains figures up to the end of 1953, which compare West Germany's progress not only with other countries of the Western alliance but also with countries of the European East. With the year 1950=100 as base, Western German industrial production ran in the four quarters of 1953 at the figures of 129, 137, 138 and 152, and for the same period Western Berlin—an island in Soviet-occupied territory—raced ahead with corresponding figures for each of these quarters of 177, 185, 193 and 214. These spectacular figures must, of course, be seen in perspective. The base of German production in 1950 was considerably lower than that of France or of the United Kingdom. At the present time, Western Germany's production may be rated perhaps only slightly ahead of the U.K. or France although both of these latter countries show advance in the last quarter of only 14 per cent above the 1950 base figures. Germany is racing ahead, but she is probably only now drawing level with countries whose progress has been stately and steady for a longer time.

The levelling off in terms of the rate of advance of Western Germany is reflected in the percentage increases in mining and manufacturing in 1953 as against each of the four previous years. These figures for Germany, the U.K. and Western Europe are as follows:

	1949	1950	1951	1952	1953
Germany	..	46	28	20	7
U.K.	..	7	8	4	—4
Western Europe	..	13	11	11	..

The figures in the last column show, what is not generally recognised, that now the rate of advance of Western Europe is tending to a remarkable uniformity.

What is the rate of advance written into Western Europe's present co-ordinates? Existing indications are that in mining and manufacturing the rate is as high as 6 per cent and may over the short period of the current boom be as high as 10 per cent. This is probably somewhat higher than the actual figures for the Eastern European countries though the different

basis for statistics makes comparison difficult. The plans provide for an average increase in 1954 of about 10 per cent over the previous year except for the U.S.S.R. where the figure is 17 per cent, but there was in 1953 no Eastern European country except the U.S.S.R. which surpassed its targets and two—Czechoslovakia and Rumania—fell some way behind. There is no reason, however, to deny that Eastern Europe is making substantial progress and that the Soviet Union is doing as well as any country if its official figures are comparable in total real terms. In per capita real terms, however, Western Europe seems to be doing considerably better than the satellite countries.

Is this an argument for the free economies, of which Prof. Erhard and Mr. Butler have proved able advocates in deed even more than in speech? There is no doubt that the wonders of reconstruction to be seen in Germany and the impressive revival of the British economy have been almost entirely the work of private enterprise. Both in Germany and in Britain the Government has played a major but somewhat lesser role by the judicious use of financial policy, and in Germany the tax system has been devised to assist capital formation in a spectacular manner. At the same time freedom for prices meant a level of net profits in Germany which was unacceptable to Britain. It is in the realm of fiscal policy that the differences in degree have been most apparent. But the end result has been the same; in both cases private enterprise has done the job by the inducement of incentives provided by free prices.

At the present time, the boom is so persistent that it is difficult to interest many continental business men in projects of industrial collaboration in the East. This is particularly true of Switzerland and largely of France. In Britain there has been a traditional interest in India which happily dies hard, but there has been a noticeable lack of concern at the loss of many large contracts to Germany and, while order books are full, it has been difficult to persuade many British business men that, from every point of view, they need to take as keen an interest in Indian business as do their German counterparts. For the short period at least, the effect of the present boom conditions in Britain is to give Germany an almost unlimited opportunity.

The German business man is well fitted by his recent hard experience to profit by this opportunity. There is no slackening of drive because of recent spectacular successes; and the visitor to German industrial units is struck by the remarkable determination to achieve results accompanied by (what seems to be new) a wide understanding of all the instruments of public relations imaginatively applied. The Germans are also aided by a labour situation which permits longer hours and more devoted toil than is available everywhere in Europe. Although real wages have risen by 20 per cent in two years in Germany and have fallen slightly in the U.K., there is probably a wage differential added. The Germans, for the short period, seem to have all the trumps in their hand.

It is no accident that in the last year a series of collaboration agreements have been signed by India with German firms. Some of these like the Krupp-Demag agreement with the Government of India are so large that one is very apt to assume that there cannot be very many similar agreements. But India is at the threshold of much bigger things; co-operation between India and Western Europe holds far bigger promise for both.

A National Film Board

It is some time now since the Government of India's decisions on the report of the Film Enquiry Committee were published, and the reactions of the industry and the public have been available over a fairly long period since then. On the whole, these reactions have not been unfavourable, for what is proposed is virtually only the establishment of a Film Board, a Bureau, and Institute, the first of these three organisations being intended as a statutory body in overall control, and the other two being concerned respectively with the provision of services to the industry in a purely advisory capacity and the training of personnel. How much advantage the hard-headed magnates of the film industry will derive from these officially sponsored agencies, when they are established in due course, remains to be seen. But, perhaps, the change is not going to be great. The net result of the protracted examination of the Enquiry Committee's report is that the industry's freedom is substantially maintained.

Not all is well, of course. The propriety of so streamlining the organisation which is proposed that the Advisory Bureau (which is intended to be a substitute for a Production Code Administration) as well as the censorship organisation will together be brought under one central direction has already been questioned. Censorship in this country, as in all democratic regimes, has not been too popular. Notwithstanding that the directives of the Central Board of Film Censors have been vetted recently so as to conform to the Constitution, the irksomeness of the control is still felt. It is even alleged that the considerable vogue of ancient and mythological themes in this country, more than fifty years after the first film was shot in 1897, is due to the realisation that with censorship requirements to meet, only old stories and the Puranas will easily pass.

It cannot surely be palatable to the industry that on top of this existing censorship control, the statutory and official Board, that is to be set up, will control also the Production Code Administration. This Administration or Bureau, by whatever name it is called, should be an internal and non-official affair. But then, it is unnecessary to make too much of this point. Government may be able to meet the industry's point of view in this matter. The position remains, by and large, that it is the industry which is expected to improve itself.

This may be interpreted as meaning that not much is wrong. But, clearly, such a conclusion would be inappropriate and do violence to facts. The current state of the film industry is none too happy. As a producer of full-length films, Japan was ahead of India last year with reference to even mere numbers only; and the comparative unemployment which this means has been noticeable in India for some time. Salaries in the industry have, for example, been in arrears. Publicity abroad is alleged to have been poor; and although the Pakistan Government has been forced to import recently twenty-seven Indian films, and Hindi and Tamil pictures still compete with English releases in Ceylon, the overseas market, especially in the West, still continues to be ignored by Indian industry.

That such a market exists has, however, been increasingly apparent. The lure of eastern themes and the eastern setting is responsible for the success of such authors as Rumer Godden, Talbot Mundy, and Brigadier John Masters. But if Indian industry continues to believe that the entertainment tax being what it is, the producers' financial prosperity must be based substantially on the internal market—from which it follows in easy stages that the public must be given what the public wants—India's film industry can never become world famous. This can only be un-

fortunate, when the Italian and Japanese studios are already famous, overcoming the barriers of language.

Indian industry has been gripped, perhaps, by an unnecessary fear. The financial burdens, whether they are heavy or not, are felt at any rate. Old and new prints have to compete for a long enough run at a large enough number of places among the existing theatres. These theatres, incidentally, for a variety of reasons cannot be multiplied as rapidly as the industry would like. In these circumstances, it is only a long run which can cover the cost; and the producer wants to play safe, partly in order to ensure such a run, and partly because there is no perfect competition in the last resort which may compel him to adopt unconventional methods. There is a minimum inelastic demand for Indian pictures internally; and producers are content to exploit that demand in the belief that adventure will not pay.

Obviously, however, this policy cannot be carried too far; and this may be the time for producers to begin to realise that their fear may be meaningless after all. If the industry is to enforce its claim for continued independence from a paralysing official control, it must sooner or later be able to demonstrate that freedom will mean progress. Only a live and vigorous industry, whose technical and cultural achievements are appreciated, can stave off government control for all time.

The public need not always be given what it wants. For one thing, it is not yet established that the public, even in the mobile rural theatres, will not appreciate shorter length quality films. Censorship also need not always destroy originality. After all, the Constitution does override the Film Censors; and Indian producers and exhibitors, who have not been slow to contest their rights in the courts, will not be running any very grave risk, as long as they bear in mind the provisions of Article 19(2).

The fear of a dead loss on a quality picture may likewise be exaggerated. The arts of advertisement undoubtedly go a long way. Dubbing or a second language edition has very greatly extended the market in recent years. The very inelasticity of the demand for entertainment will also sell most pictures; and, finally, if at all a studio is involved in a loss for some time, it can turn to private documentaries and school films—with which, incidentally, the industry has not yet experimented on any appreciable scale—in order to wipe out this loss. But, perhaps, it is unnecessary to argue at this very great length. Good Indian pictures, which are meritorious by Western standards have been produced; and they have not landed their producers in financial embarrassments.

The announcement of the Government of India's decisions on the Film Enquiry Committee's report must therefore, lead to an attempt by the industry to re-think its future. An atmosphere of goodwill has now been created. The industry, it can be assumed, will be allowed to regulate and govern itself, in proportion as it demonstrates its ability to do so. As has already been stated, the industry may even be able to convert the proposed Bureau, which is to administer the production code, into a non-official body. It can set up a Film Finance Corporation and an Export Corporation in due course and build them up into enterprising non-official agencies. Above all, however, the decisions which were announced recently make it possible for producers with vision to think of their market as being world-wide. All such producers are going to have in the new dispensation as much freedom as they can use to good purpose. It would be a pity if these opportunities were wasted, for India deserves to be much more important as a motion-picture producer than she is today.

THE WEEK'S NOTES

VALIDATING LEGISLATION BY ORDINANCE

At the opening of the Budget Session of the House of the People early this year, the use of the ordinance-making powers of the Government was the subject of a lively debate. It was then expected that there would be greater restraint thereafter in the issue of ordinances. The ordinance issued this week to amend Section 34 of the Income Tax Act raises the question whether the administration would have actually suffered serious inconvenience if the normal procedure were to be followed in enacting the amendment. The issues involved are of sufficient importance to call for a statement of official policy before enacting such legislation. The verdict of the Supreme Court on Section 5(4) of the Income Tax Investigation Commission Act was to the effect that in its present shape it infringed the equal protection of the laws under the Constitution. Any amendment to get over these provisions had to cover all the cases decided after January 1950, when the Constitution came into force, as well as those which are still pending. Validating legislation of any kind is bad enough; to enact it in this routine manner through Executive Ordinance is to pay scant regard to the judicial verdict.

The amendment to Section 34 of the Income Tax Act was only expected. Investigation work in respect of war-time evasion of income tax is now placed in a distinct category, not subject to the time-limit of eight years prescribed for other cases of evasion under Section 34. The new amendment takes away these cases from the jurisdiction of the Commission and places them with the income tax authorities, who will have power to issue notices to assesses about reopening of cases up to March 31, 1956, after obtaining prior approval of the Central Board of Revenue. The parties will now get opportunities for review of the decisions like other assesses—a point on which the Supreme Court had laid much stress. The new procedure will have to be repeated in respect of all cases, closed as well as pending, though the amount of taxes evaded and caught under Section 5(4) was only about Rs. 6 crores.

MAHE—TRANSFER WITHOUT MERGER

The transfer of power in Mahe last week was a pleasant interlude in the campaign for the merger of the French Settlements in India with the Indian Union. From the beginning there has been distrust in India of French intentions and it increased after the failure of the Paris talks. There have been allegations that the French have made use of the rowdy elements to counteract the influence of the merger movements and several incidents seemed to support these allegations. The landing of some troops with equipment in Pondicherry some time ago created a stir and seemed to provide conclusive proof of French desire to cling to the Indian possessions in spite of the openly expressed will of the people. The French authorities also made some allegations about the assistance given from Indian areas during the liberation of Yanam. The present developments in Mahe can break this vicious circle of suspicion and improve the atmosphere for a practical approach to a solution of this question. There is no inclination in India to hustle the French Government into immediate decisions; French preoccupation with the question of Indo-China will be given priority, so long as the prospect of an agreement being reached on the Settlements is not marred by indiscreet actions.

Mahe is not, judged by size or population, a very important area. It has a population of 15,000 in an area of 23 sq. miles, comprising the port city and four villages, the latter having declared their freedom some

time ago. It is over a month since the agitators for merger cut off a road from which food supplies had to come; and the port is inaccessible to ships during the monsoon months. It would have been futile to have attempted to resist the merger movement in these circumstances and the French Administrator did the only wise thing possible. This peaceful changeover in an atmosphere of cordiality was unexpected, though the liberation of Mahe was expected in due course. It has been reaffirmed that the Government of India will not be inclined to take over these free areas without reaching a settlement on the general problem of transfer of power. The difference between the areas which have declared themselves liberated, like Yanam, and Mahe where there has been a transfer, would thus seem to be very little, though the smooth transfer of authority seems to place the latter in a distinct class. The merger movement has now gathered momentum in Pondicherry and there seem to be fewer complications than two months ago.

JOINT CONSULTATION IN INDUSTRY: FIRST FRUITS

The first meeting of the Joint Consultative Board of Industry and Labour last week, appears to have made a fair start towards reaching tripartite agreements on the immediate problems of employer-employee relations in industry. The value of this institution for resolving differences might improve in due course, but it would depend mainly on the representative character of the employee organisations participating on the Board. The employers raised last week the issue that the existing prohibition on their taking action without permission against workers, under the disciplinary provisions of the standing orders, while other proceedings are pending before Government or tribunals, is unjustified. The workers contended that they have also been under a corresponding disability because of the restrictions on strikes even on matters outside the scope of the proceedings pending before the authorities. The agreement finally reached by the Board enables employees to take action under the standing orders of each establishment on matters outside the scope of a pending dispute, with payment of a month's salary in cases of dismissal or discharge of workers. The worker has the right of applying to the authorities if such action is within the scope of a pending dispute; the employee's discharge or dismissal is also subject to approval by the authority concerned on a reference, which is obligatory. It is doubtful whether these conditions which are complicated will greatly facilitate the maintenance of discipline.

The controversy over the necessity for appellate tribunals is an old one. The workers' organisations have always disliked the more legalistic, if objective, decisions of appellate tribunals and the expenses involved in defending themselves before these bodies. The employers regard appellate tribunals as essentially revising authorities. The mere existence of such authorities can act as a check against the less responsible judgments in individual cases, while ensuring uniformity of law and precedent, which is essential if the burdens imposed by labour tribunals should not vary greatly between one area and another. The agreement now reached about the necessity for a two-tier machinery for adjudication at the State level and at the national level would not greatly simplify the system, though this is the object. The demarcation of jurisdiction is not an easy process, though under the Bombay Industrial Relations Act it has been possible. When the Joint Consultative Board is able to agree on a list of subjects to demarcate the functions at these two levels, there would be time to explore this matter further.

ANXIETIES ABOUT AGRICULTURE

The Srinagar Conference of State Agriculture Ministers which concluded last week did not reflect the optimism which current levels of agricultural production in the country warranted. The anxiety over the possible fall in agricultural prices diverted attention to the problems of price stabilisation in this sector. Only the next few months will reveal the real trend; the pre-monsoon decline in the grain markets cannot be taken as a true indicator. It may be politically expedient to talk of price supports, involving Government purchases at certain levels. To an administration which has learned to handle procurement up to 4½ million tons of food grains annually, this must appear to be easy enough. The difference in the future, however, would be that in a situation of real plenty, the offtake from Government godowns would be poor unless prices are reduced below support levels, in which case the free market prices would be affected again, throwing a heavy burden on State finances. Actually, the problem is unlikely to develop to this extent. If proper storage facilities are provided under co-operative or other reliable systems of purchase, the cultivator will be less under a compulsion to sell immediately after harvest. This compulsion can be reduced further by adequate provision of credit for agricultural operations so that the farmer is not placed entirely at the mercy of the grain dealing middlemen for working capital. On both matters progress so far has been very slow.

The second cause for serious concern is the prospective shortage in the supply of fertilisers just when their use has become known sufficiently to create a stable demand. The reasons for the shortfall in the Sindri factory have not been disclosed and the Agriculture Minister of Madras has expressed concern about securing even the low quota of 75,000 tons of ammonium sulphate for this deficit State. The decision to import fertilisers has apparently taken some time to reach. The best guarantee for these supplies being made available in time is to increase the production at Sindri, if the reasons for low production can be remedied, and to utilise private units—which have been neglected for some time—to the best advantage.

MORE OPTIMISM OVER U.S. ECONOMY

The latest figures announced by the Department of Commerce show that the total value of U.S. goods and services produced in 1953 set an all-time record of \$365,000 million, a gain of five and one half per cent over 1952. The nation's "real volume of output" for 1953 was "greater than that recorded for any other year." Total national earnings from current production reached \$305,000 million, as compared with \$291,000 million in 1952. Personal income also reached a new record of \$286,000 million for 1953, compared with \$271,000 million for the year before. The net disposable personal income—the amount available for spending or saving after taxes and related payments—was \$250,000 million, a gain of \$13,000 million over 1952. At the same time personal spending for goods and services increased by \$12,000 million.

It is pointed out that since price increases last year averaged only slightly more than one per cent, "the bulk of the expansion in national output represented a real gain in the physical quantity of goods and services produced". Personal income for May 1954 has increased slightly over April. This is attributed to a rise in factory wages, longer work weeks, higher farm income and lower unemployment compensation payments.

Dr. Gabriel Hauge, one of the President's Advisers, told the 46th annual Governors' conference recently that the nation's economy, having overcome its readjustment

problems, "is catching its breath for a new advance," and is about to begin a new era of economic growth. It is said there is no reason why the United States' gross national product—the value of all goods and services produced—should not reach \$450,000 million in the next five years. Dr. Hauge's optimistic forecast, warmly applauded by the conference, generally supported the individual reports of most Governors on conditions in their home States.

Among favourable economic factors noted by Dr. Hauge were a strengthening of retail buying, a downward trend in savings deposits because of increased purchases, a shrinkage in unemployment, an upsurge in stock market prices, production stability, an increase in construction contract awards, and the general firmness of average hourly and weekly earnings.

The basic conditions making for a confident economic outlook, according to him, include:

1. The impetus of the fast-growing population in the U.S.
2. Rapid technological progress. He said the U.S. Government will continue to provide financial support for research and development.
3. Attitude of the American people, who want "more and better" things, thus providing an expanding field for American industry.

Dr. Hauge added that Americans are coming to the conclusion that we "need not and will not have another depression".

IRAN ENDS OIL DEADLOCK

The agreement on Iranian oil, which would have made headline news a year ago, has been now overshadowed by the international developments at Geneva which are of far graver import. The negotiations with the consortium of eight oil companies have been completed and the formal agreements are expected to be ready in a week. The outstanding feature of the agreement is that the question of compensation has been made a minor issue. The separate agreement on this matter, which is to be reached later is to provide compensation of £30 million. This is apparently a major concession because of the more favourable terms under the proposed agreement. There was a difference of opinion over the period of the agreement between Iran and the consortium; Iran has now agreed to the latter's demand for a period of 40 years, with an option to seek a renewal after the first 30 years.

The other details are also interesting. The real measure of the damage to Iran so far can be judged by the fact that in the first year of the agreement oil production would be only 13 million tons or two-fifths of the production rate before Abadan closed down. Oil production will increase to 20 million tons in the second year and to 27 million tons in the third, recovering former levels in the fourth year. Iran is to get over £2 per ton of oil which might work out to 70 cents (U.S.) per barrel, a much higher rate than what Iran received previously. The consortium has to invest £100 million to reactivate the Abadan refinery, but the modest initial output of oil is expected to flow out within three months of the commencement of operations. The negotiations have succeeded because they were conducted by business men on commercial lines. The ratification by the Parliament may not be as smooth but the radical change in the political atmosphere must prove helpful to the success of the new approach.

The Virgin Princess Krishna

Adorning the pages of history is the episode about this enchanting beauty, known as The Flower of Rajasthan. The rivalry in the princely order for her hand reached such a pitch that her father

in great agony and distress

ultimately decided to eliminate the

cause, namely, Krishna Kumari, and

put her to endless sleep.

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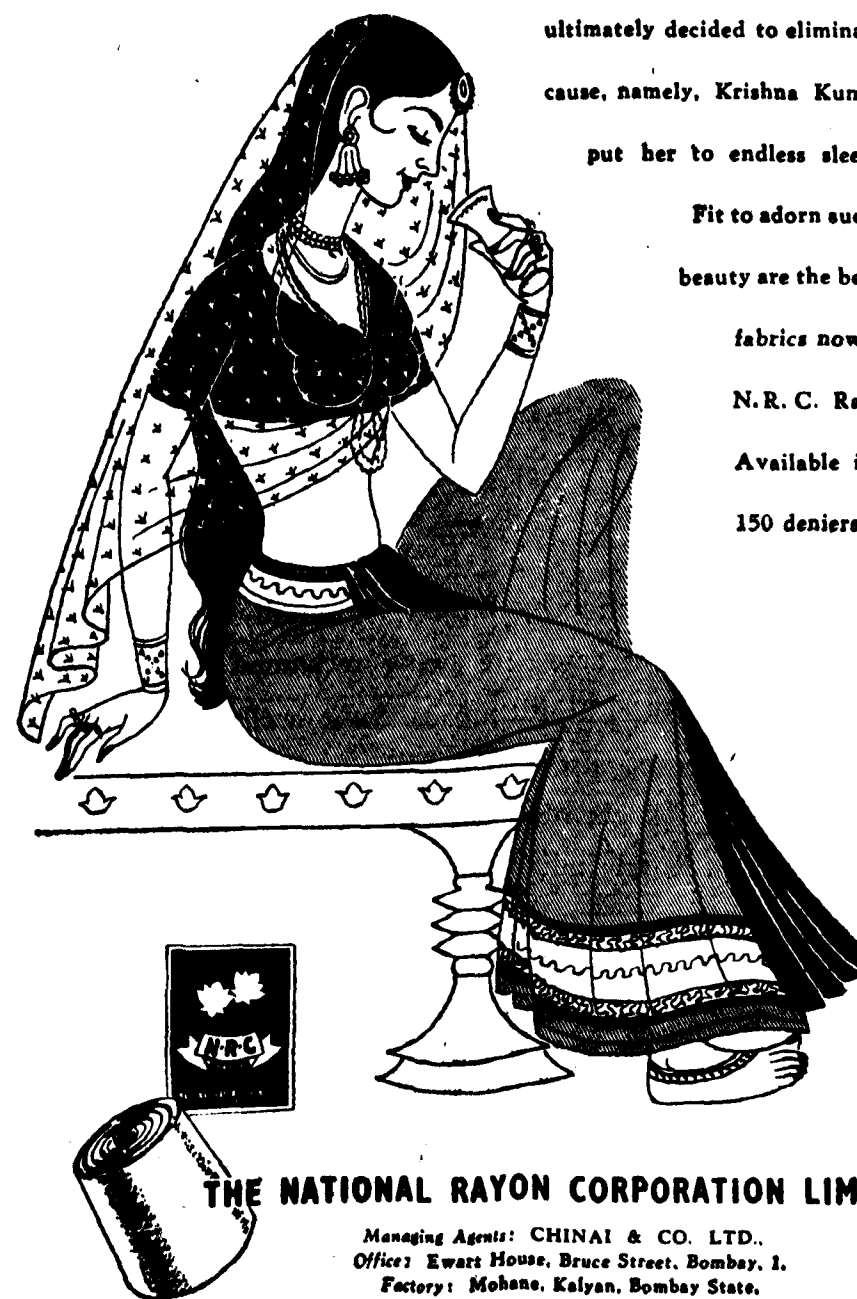
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WORLDGRAM

INDUSTRY

Cashewnut Industry in India: There are 213 cashewnut factories employing over 50,000 workers in this country, according to an inquiry conducted by the Labour Bureau of the Union Ministry of Labour during March-April, 1953. The report deals comprehensively with the system of wages and conditions of employment in cashewnut processing industry. Women form about 73 per cent of the labour force. The rate of labour turnover is very high. Labour absenteeism in the industry is also a common feature especially among women during the harvesting season. Hours of work in cashewnut factories are 8 per day and 48 per week. Roasting, grading and packing are paid for at time-rates (Re. 1 to Rs. 1-12 per day for men and from 9 as. to Re. 1 for women) and shelling and peeling at piece rates (1 anna to 1 anna and 2 pies per lb.).

Pakistan Mill Produces Paper Worth Rs. 1.25 Crores: The Karnaphuli Paper Mills has produced more than 8,000 tons of paper of the value of about Rs. 1,25,00,000, since it started working on October 16, 1953. It is further learnt that the mills' production has recently increased from 55 to 60 tons a day and is expected to go up to 100 tons. The Pakistan Industrial Development Corporation is making arrangements to popularise this paper in the Middle East countries and Indonesia through International Fairs. Pakistan's present requirements of paper are about 25,000 tons (excluding newsprint), and she is expected to have an exportable surplus of 5,000 to 7,000 tons of paper a year.

Quality Control for Indian Bicycles Likely: Following the receipt of several complaints regarding the unsatisfactory quality of Indian manufactured bicycles from outside countries, particularly from Tibet and the Far East, the Government of India has written to Indian manufacturers to pay special attention to the quality of their products; and is considering the establishment of quality control machinery. At present there are six Indian bicycle factories with a total installed capacity of 4,17,500. Demand for bicycles is estimated between 4,00,000 and 5,00,000 a year, and production of complete bicycles this year is expected not to exceed 3,25,000. Last year's total output was 2,64,000. Import of 82,000 bicycles was allowed during 1953. This year import is expected to be allowed again. The total value of bicycles, excluding spare parts, imported between 1950 and September 1953 is estimated at Rs. 4,23,28,000.

AGRICULTURE

Half-Million More Hectares to be Irrigated in China: Another half-million hectares of arid land in China will be supplied with water through various irrigation projects this year. In North, East and Central-South China alone 137,000 wells and 140,000 water-wheels are being added. Irrigation systems are being constructed and repaired along the Yellow River, Hual River and the Amur River. In Inner Mongolia canals and other irrigation works will benefit 36,000 hectares. During the four years up to 1953, irrigated area in the country increased by 3.8 million hectares. It is also found that irrigation increases agricultural output on the average from 50 to 200 per cent.

Increase in Production of Compost: According to information released by the Government the production of compost, which was 1.82 lakh tons in 1944, had gone up to 18 lakh tons in 1953-54, while the number of municipalities preparing compost had increased from 260 in 1944, to 1,720 in 1953-54. The total potential capacity of compost from the corporations is about 10

lakh tons, from the municipalities 32 lakh tons and from the town committees 12 lakh tons, making a total of about 64 lakh tons.

Measures Against Soil Erosion: The Standing Committee of the Central Board for Soil Conservation has favoured the linking of training research and demonstration and agreed to the establishment of combined centres in seven regions in the country, viz. Sholapur (Bombay), Hazaribagh (Bihar), Shivpuri (Madhya Bharat), Jodhpur (Rajasthan), Sahibnagar (Hyderabad), Hoshiarpur or Chandigarh (Punjab) and Kalsi (Uttar Pradesh). Some of the measures which would be necessary in each of these projects are (1) an effective vegetative cover on abandoned land, (2) transfer of erodible cultivated land to permanent pasture or tree-plantation, (3) growing of erosion-resisting crops, (4) bunding of different types for moisture conservation, and (5) planting of tree-shrubs for gully-control.

New U.S. Act for Overseas Farm Shipments: President Eisenhower recently signed into law a measure designed to utilize part of the U.S.A. surplus farm products in helping friendly nations and in stimulating new trade channels. The Agricultural Trade and Development Act provides for the shipment abroad to non-Communist countries, over a three-year period, of \$1,000 million worth of farm products. Part of the authorized shipments would be paid for in foreign currencies. The remainder would be distributed without charge to the receiving countries.

TRADE

Jute Decontrol Programme: The Australian Government's decision to remove the control over jute and jute goods, announced on May 12, will be given effect as follows: (1) Government control over the purchase and distribution of jute and jute goods should cease for (a) Cornsacks as from February 1, 1955, (b) Woolpacks as from January 1, 1955, (c) Chaffbags and raw jute from a date to be mutually agreed upon. (2) The trade will be given the right to commence buying operations as follows: (a) Cornsacks—August 1, 1954, (b) Woolpacks—July 1, 1954, (c) Chaffbags and raw jute from a date to be mutually agreed upon. (3) In all cases no sales are to be made by the trade from privately imported stocks until the decontrol dates set out in (1). Considerable quantities of cornsacks and woolpacks have been purchased to ensure ample supplies for all users up to the dates of decontrol. The present jute goods position is satisfactory and stocks held sufficient to meet all normal requirements.

U.S. Procurement Orders in Japan Drop: American special procurement orders in Japan in the fiscal year ending June (1954) dropped to half the volume of the preceding year. Orders during the fourth year since Korean outbreak in June 1950, totalled \$249,396,000 or only 52 per cent of the previous year. The amount comprised \$87,909,000 for goods and \$161,487,000 for services. American purchases in Japan during the past four-year period totalled \$1,386,264,000 as at June 30.

Austrian Glass Exports Go to 33 Countries: Austria's glass industry registered a turnover figure of 80 million Sch. (approx. Rs. 160 lakhs) for 1953. Eighteen million Sch. (approx. Rs. 36 lakhs) of that amount arose from exports. During the first quarter of 1954, exports valuing 5 million Sch. (approx. Rs. 10 lakhs) were shipped. The percentage increase over 1950 (=100 per cent) is 1951 = 22 per cent, 1952 = 125 per

cent, 1953 = 220 per cent. At present, exports are going to 33 countries, including U.S., U.K., Italy, Yugoslavia, Switzerland, Holland, France, Belgium, Western Germany and Turkey. Laboratory glass, pressed glass, flasks, chandeliers and "Cablonz-type" costume jewellery are among export items.

Sterling Area's Volume of Trade in 1953: The volume of imports into the sterling area from the non-sterling world increased in the second half of 1953 and showed a marked recovery from the low level in the second half of 1952. During 1953 as a whole the volume of United Kingdom imports stood at the same level as in the base period and 6 per cent above the 1952 figure. For the rest of the sterling area, however, the index was about 13 per cent lower than in 1951 or 1952, though 11 per cent above 1950. The volume of sterling exports declined sharply in the third quarter of 1953, almost entirely owing to the fall (largely seasonal) for the rest of the sterling area. In the fourth quarter it rose to about the level of the corresponding period of 1952, bringing the volume for the year as a whole slightly above the 1952 level for the whole sterling area, and 6 per cent above it for the rest of the sterling area.

FINANCE

Savings in Holland During 1953: The 1953 report of the Netherlands Savings Banks Association states that deposits with the member savings banks in that year were higher than in any previous year. The balance of deposits over withdrawals was nevertheless larger than had been the case in any year since 1945, the year of the monetary purge. Political and economic stability in the Netherlands, the increasing stability of the guilder (reflected, inter alia, in the striking stability of the cost of living), the low unemployment, the increase in overall wages and the catching up with tax arrears are mentioned as possible causes. Accordingly the increase in savings not only occurred with the associated general savings banks, but also with the Post Office Savings Banks and the Rural Banks. This is clear from the combined figures for the three groups of institutions (in millions of guilders)

	1951	1952	1953
Deposits	1,416	1,743	1,929
Withdrawals	1,578	1,572	1,634
Balance	-162	+171	+293
Due to depositors at December 31	3,985	4,245	4,640

Egyptian Ten-Year Production Plan to Cost £500,000,000: A ten-year plan to increase production in Egypt is reported to have been prepared by the Technical Committee of the National Production Council. The plan, which will cost £500,000,000 will be carried out in two stages. The plan contains recommendations concerning development of industrial, agricultural and water resources. Special stress is laid on the development of steel, iron and mineral resources; it is estimated that Egypt will be able to save up to £80,000,000 annually in imports. The gross national income after ten years, it is estimated, will increase by 50 per cent.

Sharp Increase in Capital Issues: The total amount of capital issues sanctioned by the Government of India during 1953 reveals that capital issues to the tune of Rs. 81,40,00,000 in respect of 232 companies were agreed to as against Rs. 39,79,00,000 covering 254 companies in 1952. The amount sanctioned was the highest since 1948. Industrial companies absorbed as much as Rs. 71,40,00,000 (87.7 per cent) of the total capital issues, the share of non-industrial companies being only Rs. 10,00,00,000.

Sweden's Payment Deficit Higher Than a Year Ago: Sweden's balance of payments for the first quarter of

1954 showed a deficit of kr. 222,000,000 (£15,300,000) as compared with kr. 77,000,000 for the corresponding period of last year. Comparative figures for the period January-March 1954 (and 1953 in brackets) are given below:

Imports c.i.f. (-1,962) -2,140; Exports, f.o.b. (+1,597) +1,674; Other current payments (net) (+200) +200; Trade balance (-165) -266; Capital transactions (net) (+88) +44. The net revenue of Swedish shipping during the first quarter is estimated at about kr. 200,000,000 or approximately the same figure as in the preceding year.

Joint Arab Financial Organisation: The Arab League Permanent Committee for Economic and Financial Affairs met recently to discuss questions relating to the meeting of the Arab Supreme Economic Council—comprising the Arab Finance and Economic Ministers. A three-man Committee to study a plan for the establishment of a joint Arab financial institution to finance economic development schemes in Arab countries was decided upon. The institution will have a bank with a total capital of 2,000 shares of £(E)100,000 each, distributed among the Arab countries as follows: Egypt, 800; Iraq, 340; Saudi Arabia, 320; Kuwait, 240; Syria, 80; the Lebanon, 48; Jordan, 430; the Yemen, 24; Qatar, 60; the Sudan, 40 and Bahrain, 8.

\$25,000,000,000 Rise Needed: The United States must increase its output of goods and services by \$25,000,000,000 at least during the next 12 months to keep in a healthy economic condition, says a report issued by the National Planning Association. Two ways of forcing that extra \$25,000,000,000 are suggested: (a) A heavy increase in spending on national defence, and (b) Encouraging people to spend more by cutting prices and taxes; urging business men to lay out heavily on modernising industry and spending more public money on public works such as schools and roads.

Uganda Bank to Advance Loans: The Government-sponsored Uganda Credit and Savings Bank has decided to advance loans to Africans in Uganda to enable them to build their own houses. In normal circumstances, loans up to 50 per cent on land security will be granted, but on Government housing estates where provision is made for privately owned houses this proportion will be increased to a maximum of 80 per cent. A maximum period of ten years is to be allowed for the repayment of loans, and interest will be charged at five per cent with a reduction of one-half per cent for prompt payment of the instalments. The bank will pay the money after the applicant's share of the cost has been spent.

Extension of the Bill Market Scheme: The Bill Market Scheme introduced in January 1952 has during the two and a half years of its operation greatly facilitated borrowings by eligible scheduled banks from the Reserve Bank for meeting their busy season demands without disturbance of their investment portfolio. These facilities during January-June 1954 amounted to Rs. 122.22 crores as against Rs. 60.84 crores during January-June 1953 and Rs. 74.02 crores in 1952. The advances availed of, under the Scheme during the current season, exceeded those against Government securities at Rs. 116.05 crores during that period.

MISCELLANEOUS

F.A.O. Fellowships Awarded During 1954: The foreign-study fellowships by the United Nations Food and Agricultural Organisation programme is designed to enable students of developing countries to train abroad in order to carry on and extend the line of work recommended for their countries by F.A.O. experts. Since its beginning the F.A.O. fellowship programme has provided 340 grants in 29 countries. Awards granted thus far in 1954 total 107.

NEWS IN BRIEF

INDIAN

The Government of India have decided to include Hyderabad in the free wheat zone comprising Bombay (excluding Bombay City), Madhya Pradesh, Madhya Bharat, Rajasthan, Bhopal, Mysore, Saurashtra and Kutch States, enabling free movement of wheat within the zone.

A sum of Rs. 16,68,230 was sanctioned by the Government of India during June 1954, as subsidy and loan for the construction of 779 tenements under the Subsidised Industrial Housing Scheme.

The B.C.G. campaign was started in 1948, and actual work began only in 1949. So far 1,01,58,258 people have been vaccinated. This year's total so far is 21,22,164, while that for last year was 38,56,778.

The Indian Jute Mills Association have informed the Government of West Bengal that working hours of Mills in the Association will be increased from 42½ to 45 per week from July 12, 1954.

The net profit of the Indian Overseas Bank Ltd., for the half-year ended June 30, 1954, subject to audit, including the amount brought forward from last year's account, amounts to Rs. 8,51,192-1-2.

According to a Press communique issued by the Reserve Bank of India, during the week ended July 9, 1954, the Government of India Treasury Bills for Rs. 6,08,75,000 were sold in favour of the Reserve Bank.

The Planning Commission has agreed to the constitution of two circles for the collection of basic hydrological data by the Central Water and Power Commission; to enable the Commission to advise on optimum utilisation at minimum cost of water resources in the country.

The Union Ministry of Education is to award nine scholarships during 1954-55 to blind students of certain Part A States for higher education and advanced professional training, bringing the total number of scholarships under the scheme to 24.

A group of Indian business men are planning to open a factory in Bombay for the manufacture of sparking plugs on a small scale. The new industry is being planned to produce plugs at a price lower than that of the imported article.

Mr. J. G. Beevor, Managing Director of the Commonwealth Development Finance Company, is expected to visit Australia, New Zealand, India, Pakistan and Ceylon early next year. Now touring Rhodesia and South Africa, Mr. Beevor will return to London in September to make final arrangements for the tour.

The Indian Central Sugarcane Committee has set up an expert sub-committee to tour research stations and development centres, to review and reorient production and development centres, to begin on July 24, 1954, and is likely to conclude by February 1955.

FOREIGN

Among the countries which have so far indicated their intention to exhibit at this year's Zagreb Fair in Yugoslavia are U.K., U.S.A., France, Western Germany, Austria, Holland, Belgium, Denmark, Italy Turkey and Greece.

An Indo-German Chamber of Commerce is reportedly being established in West Germany at Stuttgart, nerve centre of German industry. The Chamber is to encourage trade relations and will have branches in India.

The Viet-Minh Government is to receive 30 million marks worth of textiles, shoes, medicines, trucks, tractors and machinery for reconstruction purposes from the East German Government, in exchange for its rice and raw materials.

The Netherlands Central Bureau of Statistics has announced figures relating to the first quarter of 1954 for the production of pig iron—151,500(162,800) tons; crude steel—230,200(204,400) tons; iron foundry products—49,900(47,100) tons and steel rolling mill products—175,100(154,600) tons. Figures in brackets are for corresponding period of 1953.

There are 14,500 companies currently registered in Israel. Of these, 12,000 are private companies, 2,000 public corporations and 500 foreign organisations. In addition, 4,700 partnerships have come into existence since the end of the Mandate, bringing the total of partnerships to 12,700.

Throughout Czechoslovakia 175,000 working people are studying in specialised night schools or taking correspondence courses. 1,600 are doing university courses at night or by correspondence. 33 per cent of all students in university level schools come from working class families.

Orders worth £117 million for British Hawker Hunter swept-wing jet fighters reported to have been placed including those made under licence in Holland and Belgium include a £3-million contract with Denmark and a £12-million deal with the Swedish Air Force.

Iraq's revenue from oil for the quarter ended June 1954 amounted to 14 million dinars, against 13 million dinars for the first three months of 1954. Royalties are 50 per cent of profits made by oil companies in Iraq and 70 per cent of oil revenue is allocated for development projects.

French industrial production during May was the highest on record, reaching an index of 158. June figures are expected to show further increases, though foreign currency shortage is expected to come in the way of further raw material supplies.

The Director of Australian Sugar Experiment Stations announces that the anticipated cane harvest in 1954 aggregates 9,478,836 tons from 375,383 acres. This is expected to yield 1,308,900 tons of 94 net titr sugar—a 7 per cent increase on 1953 output.

Reducing Absenteeism the Modern Way

One of the important problems that confronts employers of labour everywhere is *absenteeism*. It is the enemy within the factory that silently, stealthily robs employers of thousands of man-hours and output every year. In India, and other malarious zones of the world, a major cause of absenteeism is sickness, and the greatest offender is malaria.

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A Window On The World

WHAT GOES ON IN CHINA?

By

ODYSSEUS

I KNOW things are not perfect in India. But I'm tired of being told that they are perfect in the U.S.S.R. and China, and that if we would only imitate the political and economic techniques of these countries, we should achieve the millenium overnight. I therefore rejoice when someone like Mr. Brajkishore Shastri, of the Praja-Socialist Party, who has spent six weeks on an officially conducted tour of Communist China, on which 'ex hypothesi' he saw only the best that the regime could offer, comes back and says in effect: "If this is the Communist best, it does not come up to the average in Nehru's misgoverned bourgeois India! We in India are living in a golden age! If you don't believe me, get yourself invited to China and see what goes on there."

Today I conclude the extracts begun last week from Mr. Brajkishore Shastri's important Report on China, published in the "Bulletin of the Socialist International".

Everyone admires the patriotic "social discipline" displayed in Communist China. Mr. Shastri reveals how this is achieved. Every householder is required to maintain a "home-book" which contains the number of family members, their ages, and other particulars. Every week or fortnight, a government official comes to inspect this book to satisfy himself that the movements of all the members of the family are properly accounted for. For every 12 or 15 families the Government has appointed a headman whose job it is to keep himself posted with the latest arrivals and departures in his ward and also to see that Government orders are obeyed. Parents hesitate to discuss politics before their children. For children in China are expected to report to their teachers on the day's happenings in their homes. The teachers in their turn report to the police the gist of the information so collected.

How the Mao cult is being fostered among children was to some extent evident during the May Day parade in Peking. About half a million young people had gathered there to offer their salutations to Mao Tse-tung. Their faces were aglow and apparently their hearts were throbbing at the mere glimpse of Mao Tse-tung. China's new god has unquestioned power in his hands to make or mar the future of his people. One of Mr. Shastri's companions compared this spectacle in Peking with the Nuremberg rallies in Hitler's Germany.

CHINESE AND INDIAN WAGES

In Canton, Mr. Shastri talked to a Chinese wage expert. The figures he was given compared unfavourably with those of the earnings of Indian workers. The Chinese expert quoted wages in points. One wage point is equal to 0.8 cattie of rice, 0.02 cattie of salt, 0.05 cattie of oil, 2 catties of coal, 2½ catties of fire-wood and three inches of cloth. One cattie is roughly equal to nine chataks. This practice of computing wages in terms of points has so far been applied only to the industrial workers. In Chinese currency one wage point would be equal to about 2,200 to 2,500 Yuans. In Hangkow it was 2,220, in Shanghai it was 2,500. Four thousand seven hundred Yuans make one rupee. According to Chinese experts, a wage-earner needs 50 points per month (or about Rs. 26-8) to keep

body and soul together. I should be interested to know of any Indian industrial worker whose services can be secured for only Rs. 26-8 a month.

In India, minimum wages are fixed on the basis of a three-member family unit. In China, the family unit consists of two members. Besides, the Chinese minimum wage makes no provision for items like medicine, birth, marriage, death, etc. (Entertainment, of course, has no place in it.) The Chinese worker's diet is, says Mr. Shastri, inferior to an average Indian worker's diet. The Chinese worker's usual diet consists of rice, green vegetable soup and a vegetable. Mr. Shastri noticed this at a canteen as well as in a worker's private home. A Chinese worker would need 50 wage points a month to secure this diet, he says.

Mr. Shastri bought a pair of glasses for 223,000 Chinese Yuans. An ordinary bar of bathing soap cost him the equivalent of Rs. 2 in Indian money. Rice in China is, of course, cheaper than in India, although there are grades of rice ranging from 1,700 Yuans to 2,040 Yuans per cattie. One cattie of wheat costs 1,200 Yuans. You cannot buy an ordinary shirt for less than 27,000 Yuans. Mr. Shastri bought a silk shirt-length in Hongchow at 38,000 Yuans per yard. The better variety cost at least 56,000 Yuans per yard. Mr. Shastri bought a quarter-pound pot of vaseline and paid 26,000 Yuans for it. A three-ounce bottle of hair oil cost 14,000 Yuans. In India, one can buy it for less than Re. 1.

Workers' wages differ not only from industry to industry but also from factory to factory. Mr. Shastri was struck by the disparity between the wages of an average worker and the salary of a manager. On May 25, he went to see a cement factory near Shanghai, which was said to be a model private capitalist's factory. Near this are situated five other smaller factories. The eldest son of the factory owner is its manager; in addition to dividends on the capital invested, he gets 5,600,000 Yuans as salary. (This sounds impressive until you work it out and discover that it equals about Rs. 119. It is a pity that Mr. Shastri did not ask him how much he got in dividends. One cannot help feeling that it would probably be politically expedient to pay none!) Lung Kung Chang, the manager, is a science graduate. There is no legislation for minimum wages for agricultural labourers.

TRADE UNIONS IN COMMUNIST CHINA

Mr. Shastri participated in the All-China Congress of Trade Unions. There were about 800 delegates and 153 fraternal foreign delegates, who met in an air-conditioned hall.

The most notable speeches at the conference were made by Liu Shao-chi, General Secretary of the Chinese Communist Party, and Lei Jo-yu, present Chairman and former General Secretary of the All-China Congress of Trade Unions. Every speaker made it a point to praise the Chinese Communist Party and Chairman Mao. There was no trace of difference of opinion on any subject under "discussion".

The burden of Liu Shao-chi's address was that the Chinese workers must produce more, improve the

quality of goods they produce and must at the same time reduce the cost of production. In short, rationalisation was his demand. To this end the trade unions were urged to spread Communism amongst the workers. This was, he said, the only way to achieve new victories and greater glory for the Chinese workers, the Chinese Communist Party and its infallible leader, Mao Tse-tung.

Liu Shao-chi laid a special responsibility on the workers for fulfilling China's Five-Year Plan. Details of this plan incidentally remain tucked away in the impenetrable secrecy of Chinese Communist hierarchy. Despite several attempts, Mr. Shastri could not secure a copy. The present Chairman and former General Secretary of the All-China Congress of Trade Unions was definite that the working class and the labour movement could not fulfil their role properly without the active guidance of the Communist Party. The workers should be a bridge between the Communist Party and the masses. The address ended with a suitable quotation from Mao Tse-tung and Stalin amidst thunderous applause.

In Mr. Shastri's view, these speeches suggest that there is no distinction between the Chinese Government and the so-called Chinese labour movement. The All-China Federation of Trade Unions, formerly known as the All-China Federation of Labour, is a new version of the Labour department of the Chinese Government.

Section 3 of the Trade Union Law of China lays down that no trade union, unless affiliated to the All-China Federation of Trade Unions, shall be recognised by the Government. Section 9 of the same law lays down the duties of trade unionists. These include, among other things, the responsibility of so educating the workers that obedience to law and executive orders is enforced without difficulty. The work which was formerly done by the Labour department of the Chinese Government has been entrusted to the All-China Federation of Trade Unions. Perhaps to remunerate it for its services, the Government has placed various facilities and resources at the Federation's disposal. Every Chinese worker must pay 2 per cent of his earnings to it. Seventy per cent of the amount so collected is supposed to be set apart for labour insurance and the remaining 30 per cent for organisational work.

The stated purpose of the labour insurance fund is to provide for sickness relief, old-age pension, allowance for pregnant women, etc. In no circumstances are the workers allowed to strike. If the trade union feels that some worker has been dismissed without sufficient cause, all that it can do is to appeal to the higher authorities within a week of his dismissal. Mr. Shastri drily observes that any demand for reduction in working hours, or for an increase in wages, is regarded as high treason in this workers' state.

Mr. Shastri points out that he went on a conducted tour, which meant that he was shown only the best. But, he asks, how good was the best? In India, a worker cannot be forced to work more than eight hours a day. Out of these eight hours he must have at least half an hour's recess. In China, however, a twelve-hour day is the rule and there is no recess. If a worker has to go out for a personal need, his next-door neighbour must look after his work in his absence. There are only four days' paid holidays in the year.

China's industrial workers are being pressed into three different classes: (1) ordinary workers, (2) model workers, and (3) worker heroes. The model workers are those who produce more than ordinary workers, i.e., who help to rationalise production. The worker heroes are Communist Party members who

help to enforce government and party instructions. The last two classes have special wages and privileges such as rest hours and holidays.

Mr. Shastri concludes with a question and a prayer: "Does Workers' Rule really mean hardship and regimentation of the working class? I wish more people could see what is happening in China!"

HASTINGS MILLS LIMITED

NOTICE

The Annual Ordinary General Meeting of the Shareholders will be held at the Registered Office of the Company, 14, Netaji Subhas Road, Calcutta, on Monday the 2nd August, 1954, at 3-30 P.M. for the purpose of receiving the Directors' and Auditors' Reports, passing the Accounts for the year ended 31st March, 1954, declaring dividends, electing Directors, appointing Auditors and transacting such other business as may be brought forward.

The Share Transfer Registers of the Company will be closed from 20th July to 2nd August, 1954, both days inclusive.

The Dividends will be paid to Registered Shareholders.

By order of the Board.

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Calcutta, 9th July, 1954.



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BOOK REVIEWS

PROF. VARGA, CHOU EN-LAI AND THE FUTURE OF INDIA

Basic Questions of the Economy and Policy of Imperialism. Prof. Yevgenii Varga: Moscow State Publishing House for Political Literature.

At a time when an unprecedented effort is made by the Soviet and Chinese leaders to woo the Indian public and to seek the collaboration of the Indian Government with fine phrases such as "independence", "equality between nations", and so on, it is not without interest to review a book written by the most authoritative living exponent of Soviet politics and economy outside the Politburo, Prof. Yevgenii Varga. His work "Osnovnye Voprosy Ekonomiki i Politika Imperializma" (basic questions of the economy and policy of Imperialism) which could apparently not be published in Stalin's life-time is now on sale and it contains a fairly substantial chapter on India. Not propaganda for foreign consumption this, but a statement of the Politburo's attitude towards India and its leaders and Soviet policy towards this country.

Yevgenii Varga it will be remembered is the grand old man of Soviet economy and political theory. During the first world war, in a series of articles in the monthly of the German Social Democrat "Neue Zeit" he demonstrated that the economic planning as practised by the Kaiser's Germany was really something very near to Socialism. Later, in a brochure published already in Soviet Russia ("The economic conditions of proletarian dictatorship") he drew attention to the possibility that the Soviet regime would become reactionary under certain conditions. But since the late twenties he identified himself more and more with Stalinist conformism notwithstanding occasional minor deviations. His book on the economic and political consequences of the second world war was sharply denounced in 1948-49 because he had then expressed the opinion that a new major crisis in the capitalist world was not imminent. He was also the first of the Soviet spokesmen to venture the opinion that the relations between the former colonies in Asia, now independent, and the mother countries underwent some change during the last 15 years. After all, he said in the famous open discussion on his book, the fact that there is now an Indian Ambassador in Moscow and a Soviet diplomat in Delhi, this alone should show that the colonial status of India has been somewhat modified. But even this argument was not accepted.

What then has the most liberal and independent Soviet political theoretician to say on India in his new book? One of his favourite comparisons ever recurring is the one between the Congress party, Gandhi and Nehru on the one hand and the Kuomintang and Chiang Kai-shek on the other. The arrest of such leaders as Gandhi and Nehru by the British was mere eye-wash: "They were dealt with like Lords, given private countryhouses, freely communicated with the outside world, but the very fact of their so-called arrest made them martyrs in the eyes of the masses, and made it easier for them to betray the people" (p. 356). Varga is quite explicit in his characterisation of Nehru's rule—after all his pages are not scheduled to be read in India: "Nehru became Prime Minister, but the situation of the peoples of India did not improve at all as a result of this. The government of Indian landowners and of this. The bourgeoisie established a regime of terror against the people, against all progressive elements in the country. The prisons overflow in India. The same workers who were arrested under the British are imprisoned anew in 'free India' (p. 363). The Soviet author wishes to analyse the economic position but this is nearly hopeless: "One must not believe the statistic figures of India" (p. 363).

But even so he does not fail to refer to the fact that Russia and China sent India grain in 1952 while the U.S. according to his description did not: "The working people of India have realised the difference between the attitude of the U.S. on the one hand and Soviet Russia and China on the other" (p. 366). Surveying India's foreign policy, Varga reaches the conclusion that it would appear on a first look as if India followed sometimes an independent line (recognition of Peking, on the Korea issue, peace treaty with Japan, etc.). This, however, is very much misleading because "if we analyse all these anti-imperialist steps, it emerges that they concur with the British line on China and Korea", (p. 374). India has remained, we see, a British colony.

Congress rule, however, is approaching a rapid end. There was a time when the Congress succeeded in hiding its reactionary character behind the reactionary teachings of Gandhi and the 'Socialist' teachings of Nehru. But after the compromise with the British (e.g. the independent status of India in 1948) the Congress lost its basis and raison d'être just as the Kuomintang in China did after Chiang Kai-shek's betrayal in 1927" (p. 375-6), and he continues: "Just like the leaders of the Kuomintang, the Congress leaders made their party in 1948 the party of the landowners and the bourgeoisie" (p. 377). Varga likes the Indian Socialists even less. They are traitors (he does not say of what or to whom): "Dr. Lohia has received from the Americans 45,000 dollars while Jaiprakash Narayan has received 30,000 dollars (p. 380). The sole task of the Socialist party is to betray the masses, while the 'Congress' following the example of the Kuomintang becomes ever more corrupt (p. 378). 'Corruption and bribery are the most prominent features of political life in India'. Nehru's government uses more and more frequently 'fascist methods' (p. 378). The Communist party had to go into illegality in 1951 and if to believe Prof. Varga the party is not legal even now but everywhere persecuted, suppressed and hunted. However, even this 'terror' of the Nehru government will 'not be able to save the regime of the Congress just as it did not save Chiang Kai-shek' (p. 379). The policy of the Congress 'becomes every day more reactionary and anti-popular and loses its last shreds of prestige and influence among the masses (p. 381-2). Varga praises the record of the Communist Party of India and especially its record in Hyderabad, Travancore-Cochin and Telengana in 1949-50, and points out that only this party will be able to save the country.

This is what Prof. Varga has to say on India, its leaders and its future. It is not even off the record. His book has been published this year by the 'State publishing house for political literature' in 60,000 copies. And he is, mind you, the most liberal and independent of all Soviet writers today on world affairs.

—Mark Alexander.

A CRITIQUE OF MARXISM

German Marxism and Russian Communism: John Plamenatz; Longmans, London: In India Orient Longmans, 17, Chittaranjan Avenue, Calcutta: Available from the Public Opinion Bookshop, 52, Queensway, New Delhi: 25 sh. net.

This remarkable book running into 350 pages may justly be described as the most penetrating analysis of Marxist teaching which has appeared in our time. Unlike many critiques, both for and against, it does not allow itself to drop into Marxist jargon, the temptation for which is always strong. Partly as a result of this determination to speak simply, and partly because of the patent clarity of his thought, John Plamenatz has succeeded in producing a critique of Marxist philoso-

phy which is unique in its clarity. That in itself is an accomplishment of no little note.

In an introduction which will be read with as great interest as any chapter in the text, there will be found many wise words which place Marx's social theory in a perspective which is at once new and provocative. The purpose of the book is stated to be "to describe one of the two European ideologies that divide not only the Europeans but all the peoples of the world against one another. Since both are in origin liberal, what sets them so far apart that men who owe allegiance to the one regard adherents of the other as enemies? Are they as different as they seem? What are the differences between them, and how have they arisen? This book does not offer a complete answer to these questions, but seeks rather to put the reader in the way of answering them for himself."

There is genuine appreciation for Marx's social theory expressed warmly in a sentence such as this: "What more can be justly said in praise of him than that, in spite of inconsistency, confusion and obscurity, the problems he raised are among the most important and difficult that confront the social theorist?" On the other hand, Lenin has been depressed as much as Marx has been raised. "Russian Communism" says Plamenatz, "is not worth scrupulous criticism; it is enough to expound it and explain as to how it arose. I have not attempted to do more"....."Lenin left Marxism poorer than he found it; he took little interest in what was truly profound or subtle in it, and used it mostly as a source of quotations and slogans to justify his many and not always consistent policies. He did not even understand how he had distorted it. He added nothing to it that was really his own except some reflections about the peculiar character of the class struggle and the proper organization of a revolutionary Marxist party in a backward country like Russia, together with a variety of precepts about the tactics that party should adopt in order to get power sooner than Marxism, as most people then understood it, would lead one to suppose was possible. Since Marx was himself often inconsistent, and sometimes (in his impatience for action) gave advice incompatible with his own theories, Lenin could always find the quotations needed to justify his policies. His precepts are certainly important and only a shrewd and bold man would have thought of them; but their importance is entirely practical. To the mere political and social theorist

they are not interesting. Nor did Lenin ever understand how acceptance of his precepts, as soon as the attempt is made to justify them theoretically, produces a corpus of doctrine in some ways profoundly different from the Marxism of Marx and Engels."

In these 350 pages there will be found answers agreeable or otherwise, to many questions on Marxism which constantly recur. Why did the Marxist prophecy of a proletarian revolution in Germany not materialise? Why was Russia, incomparably less fitted for the Marxist role, the country most affected by it? Why has Communism turned back on its liberal role to enslave men instead of making them free? Plamenatz sees Marx as a liberal in tradition of the great liberals; Communism is thus a denial of Marx.

This is unquestionably one of the most important books on the history of political thought published in our time. It is hoped that in India, where confusion is even greater than elsewhere, it will be widely and objectively read.

CONCRETE IN LOW-COST HOUSING

Forty Designs for Low-Cost Houses: Issued by The Concrete Association of India, Bombay: Rs. 1-0.

This attractive brochure, the result of a nationwide competition, should help those wishing to build a house of their own, either in the suburbs or in the countryside. The Concrete Association of India asked for designs for low-cost houses. Architects from all over India and Pakistan sent in their plans, and the entries were exhibited in Bombay last year. Forty of the best were chosen for this booklet.

Plans have been divided into two groups—for houses in wet or dry regions. Dry-zone houses, shown in the brochure, have been planned to keep out the heat, through walls, roofs and openings. They either have thick walls or else use hollow concrete blocks. The roof is similarly heat-insulated, whether it is a flat terrace or a pitched tile-roof.

For the wet-zone, on the other hand, free movement of air through the house is essential during most of the year. Large windows and other openings are provided, with adequate protection against the monsoon. Walls are thinner and the roofs, whether flat or pitched, are designed with proper slopes to carry off the rain water.

LETTER TO THE EDITOR

"AN INDIAN EYE-WITNESS IN CHINA"

Sir,

I write this to correct a slight error in the excellent write-up on Mr. Brajkishore Shastri's articles on China (vide 'A Window on the World' in "The Eastern Economist", dated July 16, 1954).

The articles concerned were originally written in Hindi. Realizing that the articles deserved to be brought to the notice of a wider circle, we approached and secured from Mr. Shastri the rights of translating his China Diary into English and publishing them in "Thought".

The English version of the China Diary appeared in "Thought" and, on Mr. Shastri's request, we passed on the reprints of the articles to "Janata" and "Vigil" which published them subsequently.

Incidentally, I may also mention that Mr. Sampurnanand, the Home and Labour Minister of Uttar Pradesh, wrote a lengthy article in "The Pioneer", Lucknow, reviewing Mr. Shastri's diary. The "Manchester Guardian" also carried an Editorial Note in praise of the sharp observations made by Mr. Shastri.

We shall be obliged if you inform your readers about the above facts.

Yours faithfully,

A. K. Mukerji

Joint Editor,

"THOUGHT"

A DELHI DIARY

MY FRIEND: THE MAHARAJA!

I ENTIRELY forgot last week to give the devil his due. The devil in question is one for whom in the last month I have developed a quite unusual affection—the more remarkable because his existence is entirely mythical. He is the portly, Maharaja-like, individual who flies the route of the magic carpet, which is Air India International. This was the first occasion on which I have travelled both back and forth from India by Air India International. The experience was exhilarating; we had Indian crews the whole way, and everywhere I formed the impression that the service was as good as anywhere in the world. May I pay a tribute not only to my mythical friend the Maharaja, but to the very real maker of Air India International who was (and fortunately is!) Mr. J. R. D. Tata. He has built from scratch something of which all India can be proud.

In a Government undertaking (such as Air India International has since become) we are very apt to forget that practically everything really worth while is the work of individuals and not of that great fiction, which is the collective mind. I understand and believe in team-work, which is one individual mind's working on another individual mind, producing something plus, that is, more than the individuals could have each produced on his own. But this is not the same thing as saying that a Committee—particularly a large official Committee—is better than the Chairman operating on his own. I plead for fewer Committees and more imaginative builders with a free hand.

DR. SCHACHT'S ADVICE

Why do I plead for this particularly at this time? I might as well confess that this is the usual historical accident. This was in fact a piece of advice given to me by Dr. Hjalmar Schacht, whom I had the good fortune to meet at Dusseldorf last month. We conversed on many things, grave and gay, and (strange to relate!) this covered the economies of Germany and India on which we were both mostly gay. But as we drew near the door, the great financier turned to tell me a thing which was old, but seemed then to me profoundly new. He said: "You in India are building many new projects. I hope you will remember that all great things are built by the man with the spirit (and here he tapped his forehead). Perhaps it is necessary in our political age to have Committees. Even when they do not obstruct the man with the spirit, they spend time because Committee members must be heard. My fear is that you may sometimes not give a free enough rein to the man with vision, who can really both conceive greatly and build soundly. I hope you will stress sufficiently the need of managerial leadership of the right kind being left unhindered when the passion comes to your men of spirit." I address these remarks not only to the Government of India and State Governments. I address them to our Managing Agency Houses. They come from one of the ablest financiers that the world has known.

WRONG NUMBER!

I cannot claim to have adjusted myself yet to the (altered!) pace of events in New Delhi after a ceaseless round in Western Europe. New Delhi is not the most hesitant of India's cities, but at present it looks almost pastoral and the occasional cow or bullock in the streets across a (broken!) line of traffic tends to exaggerate a difference, which is, perhaps, not as large as it now seems. I may, perhaps, have been unlucky in this first week since my return, but I calculate that

one telephone call in four has been the wrong person, if not the wrong number. It has suddenly occurred to me that there are two directions in which Western Europe has jumped ahead since I last knew it in 1947. The first is the new efficiency of the telephone system; trunk telephones are nearly as good as they are in the United States. The other is public transport, buses and undergrounds in particular. We have no undergrounds and the less I say about the buses the better. But why has there been no improvement in our telephone system?

ACCOUNTS AND AUDIT

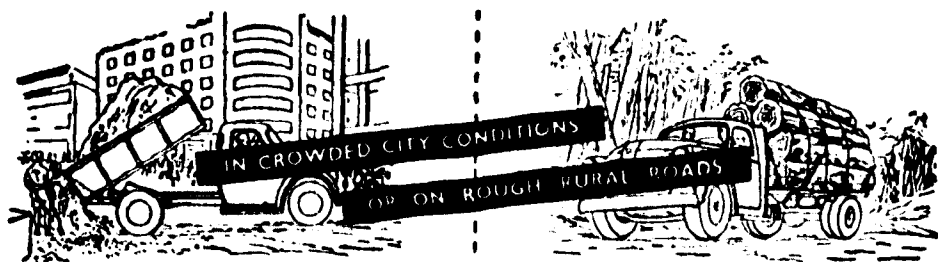
Was this listlessness of Delhi visible at the function on Wednesday of the laying by the President of foundation stone of the office of the Comptroller and Auditor-General of India? I noticed that many rows of sofas on one side of the pandal were empty, and (possibly because there were no fans for the people!) the enthusiasm of the audience was not very marked. It may be that Audit and Accounts are incapable of awakening enthusiasm in any country; but I obtained the impression that the importance of this occasion was insufficiently appreciated. It may be that a Presidential circular which requires officers to appear in khadi closed-collar coats on these occasions explains the high percentage of official absentees. But this does not explain the failure of those present to applaud more vigorously at two or three obvious opportunities which the speakers seem deliberately to have placed before them.

I must confess that the vital point stressed by both the President and Mr. Narahari Rao that Audit should be separated from Accounts failed to record on me and (I assert!) on every Pressman present. Nobody, except the Accounts officers present really understood what this was all about. We are not technical-minded and when the technique is accounts, I believe we are not even (interest) minded; period, as the Americans say! After the function I asked many people if they appreciated the importance of the distinction. It is only from Accounts officers that I obtained an explanation, and I am not sure that I yet see clearly why the separation of functions should be considered so vital. Does it corrupt the judgment of an Audit officer if at some stage of his career he is also an Accounts officer; or is it the point that the Auditor-General combining both functions has both judicial and executive duties in the form which makes the separation of the judiciary a live subject elsewhere? I demand a Special Article on this subject; words of two syllables only preferred!

EXIT AND ENTRANCE

I was happy there was loud applause when the President paid a warm tribute to Mr. V. Narahari Rao, the Auditor-General who is now laying down his office. Few people know the courage and devotion he has brought to his task; one feels that the Press has failed entirely to do the work of the Auditor-General justice. One simple point is the protection of India's Consolidated Fund; raiding the Fund without Parliamentary appropriation was becoming quite a scandal. It is the Auditor-General who stopped that prodigious leak. The tribute Mr. Narahari Rao paid to his successor was also well deserved. Mr. A. K. Chanda comes to his office after great distinction in the Ministry of Production (and some little controversy elsewhere!). One hopes he will enjoy the support of every high authority, not least that of the Finance Minister. After all, has not a distinguished economist said that in economics (which includes finance!) by-gones are for ever by-gones?

ARGUS.



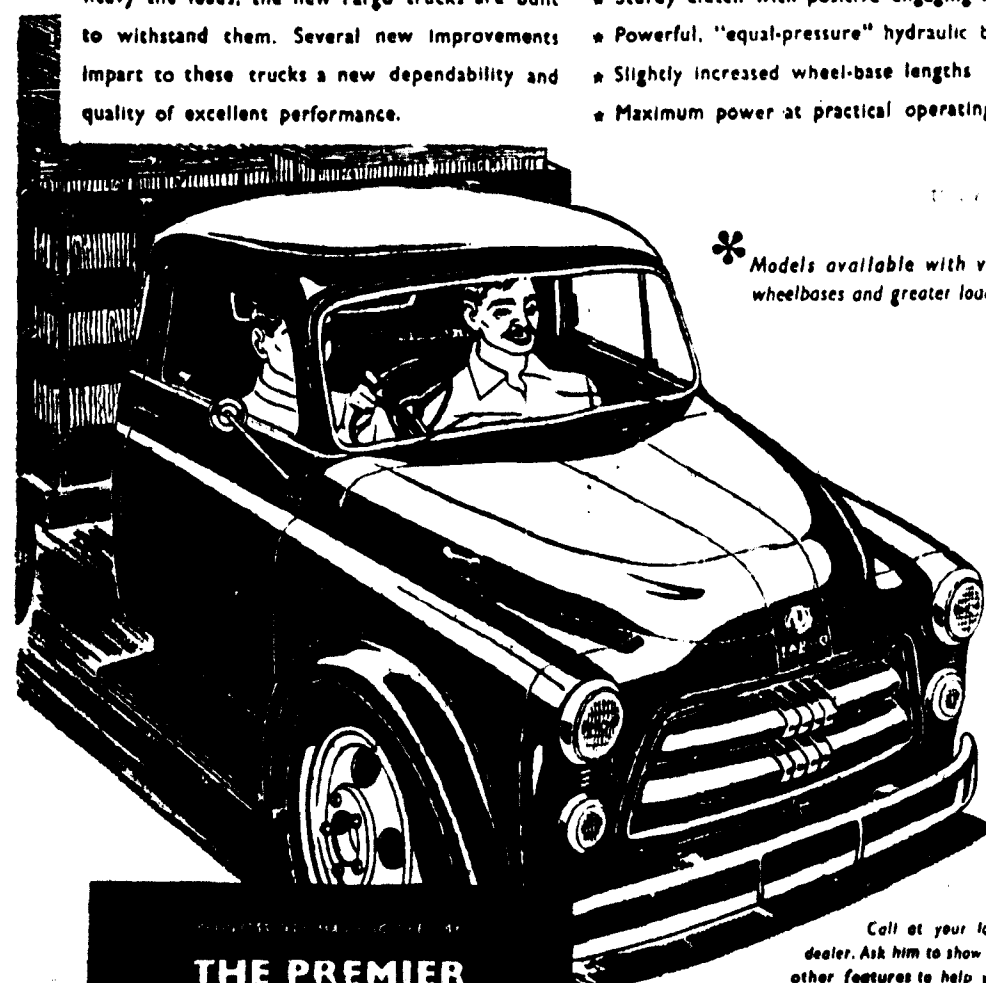
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INITIAL PALLING

SPECIAL ARTICLES:

SOME PROBLEMS OF GENERAL INSURANCE

SHRI GOCULDAS'S speech at the recent annual general meeting of the Indian Insurance Companies Association deals—apart from the hardy annual regarding the permissible reserves to cover unexpired losses—with the question of reducing premium rates in general insurance business, and many other questions which are of general interest to insurers. The official demand of the insurance companies is that in place of the administrative instructions at present, under Rule 6 of the Schedule to the Income Tax Act, statutory provision should be made for authorising transfers to reserves, counting as expenses, up to the following amounts.

(i) Up to 100 per cent of the premium income of the year in respect of fire and miscellaneous insurance.

(ii) Up to 150 per cent in respect of marine cargo and 200 per cent in respect of marine and aviation hull business.

While the Taxation Enquiry Commission is to make its recommendations regarding these demands, there has been a fresh development recently. The industry's Tariff Committee has been directed to consider the question of a downward revision of rates in general insurance. Indian insurance companies thus face at the present time the prospect of lower revenue and continued incidence of taxation on the existing principles, with probably a rising claims ratio—if as Shri Goculdas has pointed out, it is true that the trend in the future, as far as general insurance is concerned, is likely to be contrary to the recent mortality experience in the life insurance departments.

The market for general insurance is by no means widespread, and it is not surprising if the industry views these developments with alarm. The table at the end of this article summarises the position regarding reserves for unexpired risks, special reserves, and gross premium less reinsurances, for some of the principal insurers in general insurance business, selected at random. It will be seen, therefrom, that in relation to the premium income, the level of the reserves is, except for New India, fairly low.

While this may not leave the insurers seriously exposed normally, the contention, however, is valid that in an emergency, the reserves will be found inadequate. The whole claim for some generous tax treatment rests on the argument that it is too soon yet to assume that there will be no such emergency, or that Indian insurers will be financially able to meet it. Claims may have to be met, especial-

ly in the fire department, in heavy amounts concentrated in particular periods.

General insurance is still competitive. Absence of fire-fighting facilities in rural areas, concentration of risk in congested areas, and moral hazards are additional problems. Claims experience in the fire and motor departments has recently been such that the downward revision of rates, with the existing rules for taxation continuing unaltered, would leave the companies in an extremely vulnerable position.

Reinsurance might provide a way out, no doubt. But if reinsurance placed outside the country is to sustain Indian companies in the event of unforeseen contingencies, this will mean the loss of premium income, at a time when they are trying to make the best of a restricted market, which even as it is, is being constantly threatened by special arrangements which are being made by the States. Moreover, the recent attempts to tax the profits of reinsurance business, on the ground that Indian companies placing such insurance abroad are acting as agents, is bound to complicate matters.

The ideal arrangement from the point of view of the insurance companies will be a substantial liberalisation of the ceiling limits now prescribed for transfers to reserves, incorporating them in the Schedule to the Income Tax Act itself. This should be accompanied by an agreement among the insurers themselves to charge existing rates, and by the final abandonment of the attempt to tax the foreign treaty insurers. The financial position of the general insurers can be strengthened in such circumstances. But, perhaps, all this together, although it would be the ideal, may prove to be too much to hope for.

Pressure for downward revision of the premium rates may exist for some time; even without that pressure, business will have to be attracted; and rates may therefore be lowered. A lightening of the burden of taxation on the lines indicated so that it does not fall on reserves will be all the more necessary in such a contingency.

This relief will not cost the government much, for if the proposed new limits for reserves for unexpired losses, and for additional and unforeseen purposes are to be tried experimentally for some time, till the financial position has been strengthened, the companies will cease to be entitled to make the transfers after a certain stage and the position can then be reconsidered. General insurance in this country is very much in its infancy. No suggestion which is likely to strengthen insurers can, therefore, be lightly ignored.

STATEMENT SHOWING RESERVE FOR UNEXPIRED RISKS

(In lakhs of rupees as at the end of 1952)

Name of Company	Reserves for unexpired risks			Additional reserves			Premiums less reinsurances in and outside India		
	Fire	Marine	Miscellaneous	Fire	Marine	Miscellaneous	Fire	Marine	Miscellaneous
New India	94.00	83.00	26.18	56.00	41.00	22.00	229.29	91.15	65.74
Oriental	5.98	0.17	0.52	..	..	..	10.55	0.57	3.51
United India	3.83	10.22	1.37	..	..	..	7.73	11.50	3.21
Bharat Fire & General	3.66	2.35	2.09	3.66	0.24	3.25	7.50	1.95	3.89
Indian Trade & General	5.42	6.28	3.06	1.36	..	0.77	22.61	9.90	8.02
Jupiter	14.17	4.75	7.91	2.83	3.75	0.09	18.90	4.47	14.85
National Fire and General	8.90	5.90	4.75	..	..	..	19.73	6.62	11.92
Sterling General	1.66	0.91	2.30	..	..	..	3.15	2.93	9.55
Jayabharat	17.28	4.35	3.01	..	..	..	32.33	7.23	6.76
British India General	15.82	2.00	8.09	3.96	3.01	2.53	34.29	5.62	17.83
Concord of India	12.01	12.18	3.74	3.00	..	0.94	31.39	10.69	9.60
Ruby	9.01	5.37	15.63	..	..	..	25.94	9.75	34.09

PROBLEMS OF THE ELECTRIC SUPPLY INDUSTRY

A BASIC industry, the problems of which have not received adequate consideration at the hands of the authorities, is Electric Supply. The industry is governed by the Electricity (Supply) Act which is a unique piece of legislation and no mechanism of price control in other industries compares to the financial provisions under the Act to which the industry is subject. The Electricity Supply industry is a basic essential, on which most important national development plans are founded. The major part of the industry is still in commercial hands the breakdown on ownership at the end of 1952 being as in the table below.

Despite all the great multi-purpose projects (the bulk of the power from which will also be purveyed by distributing licensees) commercial undertakings play a major role but their economic well-being is not being fostered by the authorities; the reverse is the case.

The formula laid down in the Sixth Schedule to the Electricity (Supply) Act is inelastic and constituted, metaphorically, a coat which has to fit every back. It is designed to provide a basis whereby a common standard would be applicable throughout the country and replace the method of 'ad hoc' Local Government Pricing Committees which by their vagaries had created a sense of uncertainty in the industry.

The investor in the Electric Supply industry is permitted to earn a Standard Rate of 5 per cent to be applied to the Capital Base, elaborately defined. The Capital Base in turn can be briefly defined as the original historical cost of fixed assets less actual depreciation set aside according to a prescribed Schedule, plus certain additions for working capital, stores, etc. More roughly, the Capital Base can be reckoned as the Gross Block less depreciation written off.

The effect of the application of the Standard Rate on the finance of electric supply undertakings has not been conducive to maintain the financial health of the industry so as to be in a position to maintain its services and expand.

In the period following the enactment of the Electricity (Supply) Act a number of undertakings had been able to maintain their dividends but fresh issues of capital have diminished their capacity to do so. A number of companies had followed a policy of thrift and had in the past ploughed back earnings into the business. This had resulted in a healthy ratio between the share capital and the capital base and as new capital coming in is only permitted to earn 5 per cent, dividends have tended to be watered down. The

ratio of reserves to share capital cannot nowadays be correspondingly maintained because the Electricity (Supply) Act provides very little for reserves. Unless therefore the Standard Rate is increased to at least 6 per cent, expanding companies would not be able to maintain their dividends. This is having an adverse effect on the financial strength of undertakings which in turn is inhibiting raising of development capital. In any case, a return which was already low in 1948 is entirely out of keeping with the present day.

Some undertakings have until recently raised finance and this may lead to the erroneous assumption that as long as a utility is capable of attracting capital its financial condition is sound and no additional earnings are needed. This argument overlooks the ability of some enterprises to attract capital on some terms. Even bankrupt utilities might be able to operate indefinitely. But the ability to go deeper into debt certainly provides no reasonable measure of the level of earnings required to maintain a financially sound utility enterprise.

Another point which should not be ignored is the requirement for fairness to the past investor. The very concept of a fair rate of return can in fact apply only to the past investor because new investors, apart from being in a position to dictate the terms, know of the conditions under which their money is sought.

The framers of the Act have made no special provision for rehabilitation or renovation presumably on the assumption that this would be met from the historical cost depreciation or if need be by raising additional capital. The Act provides for a Contingencies Reserve which is limited to a maximum accumulation of 5 per cent of the original cost of fixed assets. Even this is not available for undertakings except with the special permission of State Governments and such permission is sparingly granted. Another restriction is that the Contingencies Reserve should be invested in Trust Securities. A suggestion has accordingly been made that 50 per cent of the Reserve should be permitted to be utilised by undertakings. For the specific purpose of rehabilitation a suggestion made is that an additional 1½ per cent over and above the Reasonable Return should be permitted to be earned.

A serious problem faced by the industry is the effect of diverse provisions in the Indian Income Tax Act and the Electricity (Supply) Act in respect of depreciation. In arriving at the Reasonable Return to be earned by the investor the Electricity (Supply) Act by the Seventh Schedule prescribed certain lives in respect of fixed assets, and depreciation is to be set aside in

accordance with this Schedule either by the straight line method or by compound interest method. Conversely, the Income Tax formula especially, when taking into account the relatively new initial and special depreciation allowances, permits accelerated depreciation of assets. This has given rise in the case of expanding undertakings to special problems of deferred tax liability, excess dividends tax and denial of shareholders' right to 'gross up' their dividends. The excess dividends tax can be briefly explained by saying that while under the Electricity (Supply) Act an undertaking might earn the permissible "clear profit", contemporaneously higher depreciation allowance for income tax will result in the assessable profits being much less or even nil. Payments to shareholders out of such "clear profit" would therefore be subject to excess dividends tax, or where the "assessable" profits are nil the 'grossing up' of dividends in the hands of shareholders is being disallowed. Here then is double taxation peculiar to the industry because the incidence of ordinary taxation is merely deferred. The problem is further accentuated by State Governments taking the view that the scheme of the Act does not provide for accumulating a reserve to meet such tax in future.

These are the major problems facing the industry. Suggestions made as early as April 1951 for essential amendments of the Act are still awaiting solution in the Ministry of Irrigation and Power.

Between the upper stone of statutory obligation to meet growing needs in the licensed area (which is a peculiar problem in relation to other industries) and the nether stone of regressive contradictory legislation, the industry is slowly being squeezed. Urgent action to assist the industry is therefore called for on the part

of the authorities. Indeed, remedial action in this respect will be an objective test of Government's good faith.

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			kW	per cent	per cent	Millions	per cent	per cent
			As at 31-12-1952	Percentage of grand total	Increase in 1952 as compared with 1951	kWh. generated in 1952	Percentage of grand total	Increase in 1952 as compared with 1951
(i) STATE-OWNED								
(a) Government	..	190	857,545	41.6	25.3	2,846,265	43.2	9.3
(b) Municipalities	..	14	25,191	1.2	35.4	37,461	0.6	4.0
(ii) COMPANIES	..	220	1,178,019	57.2	4.2	3,436,621	56.2	1.1
TOTAL	..	424	2,061,755	100.0	12.3	6,120,347	100.0	4.5*

* Source: Public Electric Supply All-India Statistics, 1952.



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THE BUSINESS WORLD

REMITTANCE FACILITIES

Among the minor recommendations of the Shroff Committee, those relating to the modernisation of the scheme of remittance facilities, which in its present form dates from the 1st October 1940, and was last revised with effect from the 1st September, 1951, are of considerable interest to the leading scheduled banks. The recognition that remittance and resource facilities in India are not adequate by modern standards is not new. Four years ago, the Rural Banking Enquiry Committee had pointed out that although some steps had been taken since the establishment of the Reserve Bank, "the position was nowhere near the stage at which funds could move freely from one place to another without any charge".

Modern standards should mean, in this context, in view of the country's size, the practice which prevails in the United States. There the position briefly is that facilities for the collection of cheques at par exist on a very large scale, because the Federal Reserve System maintains what is known as a par list, namely, a list of banks which agree to the payment of cheques collected through the System without any charges. Even when a member bank, which incidentally is bound to agree to payment of cheques drawn on it at par, does not send to the System cheques creditable to its own account, forwarding it to city correspondents instead, these city correspondents themselves may have recourse to the facilities provided by the System for collection at par; moreover, the Federal Reserve System gives immediate credit or credit within one or two days after receipt of the cheque, and since 1st September, 1939, the maximum period of credit deferment for any cheque payable anywhere in the United States has been three days. These arrangements must involve the System in some loss. It has been estimated that credit given by the System in advance of collection runs into several millions of dollars each day.

In addition to nation-wide facilities of collection at par, remittance is also appreciably easier in the United States, because of two reasons. Firstly, telegraphic transfers of funds for any purpose and in any amount without limitation as to descriptive data can be made at charge, and telegraphic advice if necessary can be given at a rate approximating to the actual telegraphic charges. Where the remittance is not urgent, mail transfers in unrestricted amount can be made; these facilities are available to both member banks and non-member clearing banks.

The position in India is, in contrast, unsatisfactory in several ways. There are no facilities for collection

at par. The remittance facilities scheme is also restricted in several ways. Scheduled bank branches can credit the principal account with the Reserve Bank only once a week and are required to pay for most other remittances at 1/64 per cent. Practical difficulties, as the bankers pointed out to the Shroff Committee, supervene and discourage transfers. There are telegraphic delays and staffing and space are inadequate.

The Shroff Committee has proposed accordingly four principal measures in order to overcome these difficulties.

(i) A teleprinter service between Reserve Bank offices and important Imperial Bank offices should be established. (This seems to be the recommendation of a needless luxury, but it is in line with the general policy of the Posts and Telegraphs department.

(ii) In order to cut short the delay in communications between places not served by the Reserve Bank's or agency's teleprinters or the general teleprinter service of the telegraph offices, a new priority for these telegrams regarding remittance advices should be introduced.

(iii) The free limits for remittance should be liberalised in easy stages. (Though the Shroff Committee has recommended mainly an increase to twice a week in the frequency with which the right of free remittance can be exercised, there is no reason why monetary and time-limits should not become more liberal or even be abolished in due course.)

(iv) The Reserve Bank should purchase from bank offices telegraphic transfers at a small cost, against a general cover, the Act being amended for this purpose.

It goes without saying that these suggestions will involve an increase in the working expenses of the Reserve Bank both directly and indirectly, directly because the commission on remittances will be reduced, and indirectly because additional expenditure on staff and facilities will have to be incurred. It cannot also be overlooked that treasury and resource operations call for an efficient though not high-powered administrative organisation, or that during the war, the operation of even the existing scheme proved to be unsatisfactory and had to be suspended in Bihar. But the expense will not be great; and it should not be any consideration. The toning up of the administration, by way of extending the number of agency offices, increasing the staff, and strengthening inspection, is not

STATEMENT SHOWING THE GROWTH OF REMITTANCES IN 12 YEARS

(In crores of rupees)

Remittances through the Reserve Bank of India (T.T.'s issued)	1941-42	1952-53
Remittances through the Imperial Bank of India (D.D.'s purchased)	328.12	903.03
Remittances between the Reserve Bank of India and the Imperial Bank of India and Treasury agencies (T.T.'s and drafts and mail transfers)	163.71	1302.97
TOTAL		
To scheduled banks at par	530.06	1725.62
To scheduled banks at premium	283.48	787.13
To approved non-scheduled banks	32.05	196.31
Others	4.56	11.39
Total remittances between the Reserve Bank of India and the Imperial Bank of India and Treasury agencies	209.97	730.79
	530.06	1725.62

NOTE: Figures relating to Karachi, Lahore and Rangoon circles for 1941-42 have been omitted under Reserve Bank remittances for 1941-42.

also impossible or even very difficult; both bank and treasury agencies have been devoting some attention to this problem and can devote more, if necessary.

The main considerations are that the leading banks will be enabled to transfer their funds freely and promptly and to save some money, if the Shroff Committee's recommendations are implemented. The extent to which they will benefit from the recommendations

should be apparent from the table appearing on the preceding page. On the Shroff Committee's own estimate, it is reasonable to expect that some Rs. 20 crores will be released for bank lending, if remittance becomes easier and cheaper, and, of course, as the economy grows, the benefits will become more and more appreciable. It is necessary, therefore, that this part of the Committee's report should be studied with care and be implemented as early as possible.

TRADE WITH CHINA

By
CROESUS

Whether as a result of the effectiveness of the embargo on exports of strategic goods to China or as a result of China's desire for "normalisation" of her trade with other countries, as a recent Trade Mission to Britain put it, it seems that China is out to establish fresh, and also improve her existing, trade contacts. Although the spokesmen of Chinese Trade Missions to other countries speak of "normalisation", they have yet to satisfy these countries, especially the democratic countries where trade is in private hands and not handled by the State, that there will be no restrictions on the activities of foreign traders in China. However, dealing with China cannot be said to be—at any rate today—on the same footing as that with other "Iron Curtain" countries, in particular the satellite countries. Thus, China does not attempt to do business with other countries through Moscow, although one cannot swear that Moscow is utterly ignorant of all that Chinese Trade Missions have been doing or are out to achieve. Secondly, unlike in Russia, Chinese private firms, it is stated by the British Council for the Promotion of International Trade (B.C.F.T.P.O.I.T.) "continue to participate to some extent in foreign business". In other words, the pattern of the Chinese organisation of foreign trade today is not an exact replica of the Russian. This does not rule out the existence of many similarities.

I have started saying all these, because China is presently interested in entering into a trade agreement with our country. One of the offshoots of Mr. Chou En-lai's recent visit to India has been to set in motion trade negotiations between Chinese and Indian officials to explore further possibilities. But since the Chinese side was only represented by officials in the Embassy in New Delhi, they had not apparently been "fully briefed", which necessitated a break in the talks to enable the Chinese officials in India to contact Peking and obtain definite and specific instructions. Presumably these instructions have been received since, wherefore we are told that negotiations will be resumed next week. It is further understood that the conclusion of a possibly full-scale trade agreement will follow the visit of a regular trade delegation from China at a later stage when final negotiations will take place.

Meanwhile, it may be relevant to examine the respective trade policies of the two countries to see if there is something in common between them. India has made it clear that her trade policy towards communist countries—by the way, when the proposed trade agreement with China is concluded, India will be the first non-communist country in the world to have trade pacts with all communist countries as she already has trade agreements with the U.S.S.R., Czechoslovakia, Yugoslavia, Bulgaria, Poland and Hungary—is governed by four factors. First, our trade policy is non-discriminatory; secondly, import licences are issued by the Government of India purely on currency considerations, on the basis of multilateral trade within a given currency area; thirdly, there is no condition pre-

scribing destination quotas, and, fourthly, India does not wish to have any bilateral balancing or barter basis of trading. We have no direct means—at least I don't have—of knowing what the declared foreign trade policy of China is. But the analysis and guide for the British business man—"China's Foreign Trade"—an expert study by the B.C.F.T.P.O.I.T. (price 5 sh.)—sums it up succinctly, I think, when it speaks of the need to remember the principle of "gearing of imports to the Plan and of exports to imports" as being of fundamental importance in understanding the way in which Chinese foreign trade is organised. Here is an extract from the publication which explains the position more fully:

"The adoption of the First Five-Year Plan (1953-57) increased the urgency of fitting China's foreign trade into her industrialisation programme. This determined not only the shift in the general composition of Chinese imports but also the more specific commodity and country break-down, in so far as the plan fulfilment in crucial industrial sectors required a certain and prompt delivery of various types of capital goods, for instance, the strict accordance with the targets of expansion. Unreliable delivery dates, or, worse still, orders of revocation by embargo or blockade, became intolerable risks, which might jeopardise the whole programme and had, therefore, to be avoided, wherever possible. Exports, likewise, were planned to cover import needs largely on pay-as-you-go basis."

We too have had a First Five-Year Plan and are presently engaged in determining the nature and extent of the Second Five-Year Plan. Judging from the A.I.C.C. discussions bearing on this question, one feels encouraged in that the emphasis in this second plan at least will be more on industrialisation. If so, it is perhaps worth considering by our Planning experts whether the "gearing of imports to the Plan and of exports to imports" is not a more effective principle that should govern our trade with any other country than the country's present four-feature foreign trade policy I have referred to above. But this is only by the way.

The next point we should examine before entering into any trade agreement with China is how much of Indian goods China can take and pay for and in what currency (for instance, will she pay in sterling, or gold or dollars, or rupees?). While the following table of imports from, and exports to, China over a series of years—both pre-Peking regime and now—gives an idea of the trend and possibilities, the B.C.F.T.P.O.I.T. study shows that, besides what China might earn from her exports, she has "certain other sterling resources from which, under freer trade conditions, she (China) might well spend around £15 million annually on British goods over the next two or three years". The sterling resources referred to here include existing sterling balances—amounting to £15-25 million—gold reserves and current gold production, emigrant remittances—in good pre-war

years, these amounted to as much as U.S. \$150 million, it is stated—and surpluses on current account with Hong Kong and the rest of the sterling area. The study has also discussed the possibility of triangular and multilateral trade involving sterling area countries and assumes that "the clearing would take place within the sterling area with Ceylon emerging as a sterling creditor and India as a sterling debtor" (because "India might want to buy food from China—with the expansion of China's food surplus—without China desiring to take anything in direct exchange").

As the figures in the table below disclose, the total volume of India-China trade shows very wide fluctuations not only in the pre-Peking days but even during the present regime. The broad trend, however, has been distinctly towards a considerable shrinkage; even in 1953-54, when India's exports to China showed some improvement over the previous year, China's exports to this country dropped sharply from Rs. 22.66 crores in 1951-52, to Rs. 13.44 crores in 1952-53 and to only Rs. 1.78 crores last year!

It is not easy, nor correct, to base any forecast of the future of India-China trade on the basis of the above figures, and, besides, as the British Council's study points out, there are a number of uncertainties. These are (i) whether or not there will be some revival of entrepot trade; (ii) whether or not Britain's balance of payments position will permit any fair-sized importation of Chinese handicrafts and manufactured goods; (iii) whether Chinese production of the commodities listed will rise sufficiently to yield the export surplus envisaged and, finally, (iv) whether these new exports can be offered on sufficiently attractive terms. True, all these do not apply to India. For example, India may not be able to build up any sizable entrepot trade as Britain hopes to. However, the other conclusions hold good in the case of this country as much as in the case of Britain. But the possibilities of mutual trade expansion cannot be of the same order as in respect of the Sino-British trade. For the two countries are not only in more or less the same under-developed stage of economic growth—actually India can well claim to be much ahead of China—but the economies of the two countries are competitive, rather than complementary. The U.K. could very well take Chinese tobacco or cotton—the quality of Chinese cotton has improved since, according to the study—but India has no use for either of these, inasmuch as, while she has herself a surplus of tobacco, she does not require the short-staple cotton—not even the improved variety—that China produces. Again, the British Council's study postulates that China will so greatly expand her food production that she will be able to have an exportable surplus. But India will certainly not continue to need China's surplus food, what with all her irrigation projects taking shape, thereby greatly adding to the already improved food production in the country. Possibly, some scope exists in the field of industrial raw materials, such as jute, and consumer goods, such as jute goods, cotton and rayon piecegoods, and certain other lines, such as fans, sewing machines and non-ferrous sheets, batteries and even motor cars, in which lines India has made considerable headway both quantitatively and qualitatively so as to withstand some degree of fair and reasonable world competition. So, given mutual goodwill, there may be some prospects, although not of the same order as that envisaged by the Council in the case of Britain. There

is not the same scope for India as for Britain to benefit from China's balance of payments surplus or deficit with the rest of the sterling area or from the invisibles that accrue to Britain from shipping, insurance, and dividends on foreign investments in the countries exporting industrial raw materials to China, such as Ceylon and Malaya. Again, if India should import more, there will be the problem of finding compensating exports which depends not only on India having an exportable surplus but also on China wanting only those goods in which India has an exportable surplus. This is admittedly a restricting factor.

There are doubtless a couple or so of favourable factors which must also be mentioned. In the first place, this country has not so far been deterred, to any great extent, by the embargo on export of strategic goods to China from improving its trade with that country. As a matter of fact, India imported 450,000 tons of Kaoliang and 66,000 tons of rice when she was threatened with famine conditions in 1952, and, in payment therefor, exported jute and jute manufactures. India continues to this day to send jute manufactures. A second favourable factor is the anxiety of China, as of other communist countries, to have more trade with democratic countries—"Capitalistic" countries as the communists insist—generally and with India in particular. In a statement at a Press conference on May 15, 1954, Mr. Lei Jen-min, Vice-Minister of Foreign Trade of the People's Republic of China said, inter alia:

"The People's Republic of China has consistently stood for the restoration and development of commerce and trade relations with the Government and people of any foreign country on the basis of equality and mutual benefit. During the past four years, we have concluded various trade agreements, pacts, payments agreements and long-term contracts with the Governments of 25 countries. As long as the principle of equality and mutual benefit is observed, we are prepared to establish and expand trade relations that are consistent with the interests of both sides.

"We consider that the restoration and expansion of normal international trade and economic relations will not only enable the various nations to develop their peace economy and improve the living conditions of their people but will also contribute to the further relaxation of the international tension and of safeguarding peace and security in the world."

One need not be carried away by these high-sounding and patronising statements. As "The Daily Telegraph" (London), remarked in its issue of July 14, "it (China) has the opportunity now at Geneva to reach a settlement, attesting China's resolve to become a peaceful neighbour and so enabling the embargo to be lifted. The fact that it (the embargo) has effectively hampered her is one reason for hoping that such settlement may be obtained". "The Daily Telegraph" has verily proved prophetic, whether the reason for the settlement (reported to have been reached as I write these lines), is what it ascribed or it is something different. But not a few in India share the London paper's view that there is still need for attesting in more positive terms China's resolve to live as a peaceful neighbour. The development of mutual trade between India and China, in my opinion, will, in the final analysis, be more directly governed by the extent to which there is concrete manifestation of this resolve than by any other single factor.

INDIA-CHINA TRADE

(Twelve-month Period)

	1947-48	1948-49	1951-52	1952-53	1953-54
Exports	10,96,51,117	5,57,39,462	6,76,58,686	41,25,232	79,66,922
Imports	2,41,92,180	1,20,30,256	15,89,16,154	13,02,61,049	98,37,342

(In rupees)

BUSINESS NOTES

CAPACITY OF ORDNANCE FACTORIES

Information released last week about the offer of surplus defence equipment and stores, manufactured in the ordnance factories, for disposal abroad has once again brought the question of the utilization of their capacity to the full. The fact that defence stores and equipment produced in these factories have turned to be surplus to the requirements of the Defence Ministry clearly points out that the question of using more of the capacity of ordnance factories for production of civilian goods has become pressing. It is this aspect of the question which needs to be decided not in isolation but in conjunction with the working of the private units in the engineering industries.

The value of the output of civilian goods in Government ordnance factories is reported to have reached an annual rate of Rs. 2.5 crores now. This is substantially in excess of an output of Rs. 73 lakhs two years back. This increased tempo in civilian production in the last two years coincides with a period, when several units all over the country in the mechanical engineering industries are languishing and have been clamouring for preference to their products in Government's stores purchase programme. It is now reported that priority has been given to the civilian output of ordnance factories. This policy is motivated by a desire to obviate the choice of retrenchment and working the factories below capacity and in fact retrenchment there has been reduced to the minimum. In that case, underemployment of capacity will be prolonged in the engineering and other industries.

Since the Mulgaokar Committee's report disclosed that in several units of the engineering industries at least 50 per cent of capacity is lying idle and it can be pressed into service immediately by placing orders for Government requirements, no solid action has been taken. The Railway Minister's assurance in his last budget speech about exploring the immediate possibilities of engaging part of this unused capacity for railway requirements has apparently not been implemented. Clarification on this point is certainly due. On the contrary, railway orders for steel goods on some ordnance factories have been stepped up in the current year about five times the last year. The time is now surely long over-due when the policy of production of civilian goods in ordnance factories ought to be decided with clarity so as to avoid duplication of production of goods manufactured by the private sector. To avoid the ruinous effects of such competition, specialisation by ordnance factories in the production of goods which are imported at present is essential.

TALKS ON CONVERTIBILITY

The conference of the O.E.E.C. countries on currency convertibility at London at a ministerial level had a brief session lasting two days only. While the short duration presupposes much preliminary work to have been completed before hand, the discussions at London and the decisions finally taken were also confined within a narrow range. It is recognized now for a long time that there can be no question of achieving convertibility of currencies expeditiously and at any rate it is not to be achieved at the sacrifice of liberalisation of trade towards a multilateral basis. The external payments position of most countries registered a positive improvement in 1953, but there is a frank appreciation of the fact that the state of their reserves is by no means sufficiently strong to meet the full claims of free exchange in case convertibility is announced. Supply of credit from the I.M.F. needs to be assured in a much larger measure than at present for successful free exchangeability of currencies. This

is an issue which can be taken up only at the I.M.F.'s forthcoming meeting on September 22 next.

What was achieved at London was a broad agreement on the principles which must be followed for the attainment of convertibility accompanied by liberalised multilateral trade. A policy of non-discrimination against dollar imports has been agreed upon and urged. But since it touches only one aspect of trade with the dollar area, its success will depend on the extent to which imports into the dollar area are allowed with the minimum of restraints. Within the O.E.E.C. area itself, in case only some of the currencies are made convertible to begin with, the non-convertible currency countries are to be enjoined not to apply trade restrictions. This objective cannot be achieved at once and trade restrictions may have to be tolerated in the period of transition. A payments arrangement after the accomplishment of convertibility constitutes another major requirement as a successor to the E.P.U. system. While agreement on the principles that should govern relations after restoration of convertibility has been announced, the crucial questions about the manner in which practical effect should be given to these principles has been left for detailed settlement in the ordinary course by the O.E.E.C. It is, therefore, premature to be enthusiastic about the restoration of convertibility at an early date. It is also arguable that the preference of the underdeveloped countries for their development requirements over hasty attainment of convertibility will need to be given due consideration.

SUPPLY OF FERTILIZERS

There is surely an element of surprise in the reversal in the trend of the supplies of ammonium sulphate. From the position a year ago of accumulated and unsaleable surplus stocks of this commonly used type of chemical fertilizer to a state of shortage at the present time is a sudden change. A satisfactory estimate of the correct position is difficult due to inadequacy of statistics, but a rough estimate may nevertheless be attempted.

Sindri's annual output of a little below 3 lakh tons and other production of about 80,000 tons add up to an aggregate of 3.5 lakh tons of home output. The present state of carry-over stocks, together with stocks with the trade, is not clear. It is also not clear on what basis the annual requirements of ammonium sulphate inside the country have been placed at 5 lakh tons a year, as stated by Mr. K. C. Reddy. The part played by superphosphate and other nitrogenous fertilizers, either produced in this country or imported from abroad, also needs to be taken into consideration in assessing the likely demand for ammonium sulphate. The broad generalisation that can be drawn from the available data is that imports of ammonium sulphate of the order of one lakh tons, which are said to be contemplated by the Government, are pitched at a high figure. The fact of the growing popularity of chemical fertilizers undoubtedly explains the current short supplies. But it is a matter for closer scrutiny whether there could be a sudden spurt in demand in a period of about one year and this factor also leads to an examination of a related aspect of the problem, namely, the actual working of the system of distribution of fertilizers in the consuming areas.

INDUSTRIES IN PUNJAB

While private initiative, strengthened by active and generous assistance from the State Government, has served to give a fillip to the rehabilitation of industries in Punjab after the dislocation caused by

partition, it can hardly be claimed that the position has been consolidated. The emergence of competitive conditions and some measure of recession have posed fresh problems for the future of industry in this State at least in the short run. There are undoubtedly certain spheres of industry in which there is a reassuring prospect of continuous expansion. The light engineering industries like manufacture of agricultural implements and bicycle parts and the heavier type represented by production of complete bicycles belong to this category. Immediate relief required by them is a reduction in the price of steel and iron, which, according to the State Industries Minister, is Rs. 54 per ton above the price charged at the port towns. The hosiery industry, which is heavily concentrated in this State, and sports goods industries also hold out reasonable prospect of speedy progress. But most other industries are found to be unequal to the pressure of competition. Their labour force is facing unemployment in varying degrees, the maximum being represented at 60 per cent by the handloom industry.

The State Standing Advisory Committee for Industries which met at Simla last week has proposed certain schemes for industrial reorganisation. An outstanding feature of industries in Punjab is the medium or small size of an overwhelming majority of them. Its preservation is necessary in the interest of stabilising skilled and semi-skilled employment. The spirit of individual enterprise and initiative, coupled with capacity for hard work, which is markedly in evidence in this State, needs to be encouraged by measures of active assistance. The State Financial Corporation is now in a position to provide additional credit. Re-organization, however, is badly needed for promotion of co-operatives and concerted action to meet the requirements of small units, mostly concentrated in a few centres and also spread over a wide area. The Advisory Committee has proposed an intensified drive for the organisation of industrial associations for them in stages. This emphasis on the formation of associations cannot but prove to be valuable as cheap power from the Bhakra-Nangal project offers opportunities for expansion of medium-sized industries. The Advisory Committee's proposal to convert, in the first instance, fourteen of the Government-owned work centres into enterprises jointly owned by the State Government (with 51 per cent shareholding) and private industrialists, with guarantee of a fixed dividend initially, for ultimate transfer to private shareholders, lacks a tone of conviction. If capital is shy in this State, as some observers believe it to be so due to its situation on the frontier, it is debatable whether the transitional device of mixed ownership and dividend guarantee can cure the defect within a reasonable period of time. But the State Government may consider the continuance of the work centres in their present condition a less attractive alternative.

ANOTHER EXTERNAL AIR ROUTE

The inaugural flight of Air India International's Constellation on July 16 on its India-Singapore service, from Bombay via Madras, adds a new route to the schedule of India's overseas air transport services. In a strict sense, this is not an addition of a new service but a continuation of an old service with a drastic change in the route prescribed for it. It is a substitution for Bharat Airway's India-Singapore service from Calcutta, which had to be transferred by Indian Airlines, in which Bharat Airways merged after nationalisation, to Air India International.

The main purpose of the renewal of this service being to establish direct air communication between India and the neighbouring region of South-East Asia, the criterion to be applied in deciding an appropriate route was providing transport facilities where the demand was great. The result of the survey conducted by Air Indian International into the traffic potential of

this service clearly established the fact that in view of the preponderance of the Indian community from the South among Indians having commercial and other economic ties with South-East Asia, the rational routing of the service would be via Madras. Linking Colombo with this route would have been in the fitness of things, but by reason of the reluctance of the U.K. Government to agree to this proposal, Ceylon has not been brought within the coverage of this service. However, since parallel international services operated by airlines of different nationalities are quite common, it is to be hoped that in course of time negotiations will succeed in securing British agreement to the inclusion of Colombo in the new route.

NEPA—TRANSFORMATION OF OWNERSHIP?

Mr. C. D. Deshmukh's personal visit to the Nepa newsprint factory in Madhya Pradesh has raised expectations that the stalemate into which the project had got stuck would be broken and a start would be made in production at a speed. These expectations have proved to be well-founded from recent reports. The talks that followed Mr. Deshmukh's visit between him and the State Finance Minister have made it clear that the bottleneck of finance in the operation of the mill will be removed and the way cleared for the manufacture of newsprint. Trial manufacture is scheduled to start in October next after which, in progressive stages, the output will be raised to 30,000 tons per annum.

Out of the loan of Rs. 2 crores to be advanced for this project by the Union Government, the outstanding balance of Rs. 1.03 crores, which is badly required to finance the production programme, is to be paid at an early date. This important decision has been followed by proposals, emanating from the State Government, to change the financial structure by converting the Union Government's loan into share capital. Since transformation of ownership which it will inevitably involve is not being questioned, the exact possibility of such change now depends on the attitude which the Union Government will choose to take. The Union Finance Minister has deliberately taken a non-committal stand, but he has given enough indication of an affirmative decision, depending on the state of the assets of the factory at the time of the payment of the balance of Rs. 1.03 crores of the loan. The assets are unlikely to change their nature in the interim period. Mr. Deshmukh's unequivocal suggestion to the effect that, in the event of the Union Government's undertaking to convert its loan into share capital, the State Government too should adopt a similar course, with regard to its loan of Rs. 2.04 crores, shows the final emergence of the two governments being equal partners in ownership. An immediate effect of this proposal will be to reduce the strain of interest charges on Nepa's finances and make room for effective control of management.

CZECH TRADE MISSION'S VISIT

Inherent difficulties attendant upon all endeavours to sustain bilateral trade on the basis of equilibrium through barter deals are being faced by Czechoslovakia in her trade with countries outside the Communist bloc. The progressive gap in India's exports to Czechoslovakia and imports from that country, which is taking a turn in favour of this country, is tabulated below:

(In lakhs of rupees)			
Year	Exports from India	Imports into India	Surplus (+) or Deficit (—)
1950-51	108	279	—171
1951-52	129	282	—153
1952-53	118	135	— 17
1953-54	308	114	+192

One reason of the marked decline in Czechoslovakia's exports to this country is to be traced to the

condition of the economy of that country in the recent past, of which the confusion over currency is an important symptom. The Czech Trade Mission, which is now touring the chief industrial and commercial centres of this country, has an unusually large proportion of technicians and engineers in it. The composition of the Mission explains the emphasis which it is placing in all its discussions on the possibilities of larger exports from that country of machinery and equipment. The Mission has expressed its readiness to export technical know-how along with capital goods and deals of this kind are to be discussed on a concrete basis with the technical experts included in the Mission. The high level of India's imports from Czechoslovakia in 1950-51 and 1951-52 is accounted for principally by her offtake of machinery. While the prospect of exactly balancing the imports and exports under the current trade agreement between the countries is not within the range of possibility and India's trade surplus promises to continue, large imports of Czech machinery may be possible on acceptable terms.

MANUFACTURE OF STEEL PIPES

This war-time industry which is localised virtually in West Bengal has now organized itself into an association. Mr. Kishori Lal Chaudhary's review of the present situation in the industry, in his presidential address at the first annual meeting of the Indian Pipe Manufacturers' Association, shows that organisation and concerted efforts to improve the tone of the industry are coming rather late, nevertheless, not too late to prevent the rot that has set in in one of the two components of this industry.

This is the lesser component which is devoted to the manufacture of steel pipes for water, gas and steam. As against the industry's estimate of domestic requirements of these varieties of pipes of the order of 50,000 tons, indigenous production is only 5,000 tons equivalent to 25 per cent of the installed capacity. The small units comprising this sector of the industry are unable to withstand the competition of imports, which were as high as 62,082 tons in 1953-54. The Association has made a modest claim that imports of pipes of sizes between 1" and 3" should be banned as these are produced in the country. It has also asked for Government assistance in a regular and adequate supply of sheets—the principal raw material required by the industry. While these demands deserve sympathetic consideration and redress, possibilities of putting the units on a healthy and developing basis need to be explored by the Association, since many units are uneconomic. A total ban on the home-produced sizes of pipes presupposes that actual or prospective assurance regarding quality and price is given and carried out.

The larger component of the industry, confined to the manufacture of conduit pipes, has rendered a reassuring account of its rapid progress in a short period of time. Output exceeds home demand and 25 per cent of the production is now allowed to be exported. The Association's plea is for the total abolition of 45 per cent duty on exports. The patently high rate of this duty suggests that low price of steel in this country and freight advantage which Indian exporters enjoy in relation to the neighbouring markets are the principal reasons for its levy. To what extent incidence of this duty is prejudicial to exports is not clear from the chairman's speech.

COMPENSATION STILL IN THE AIR

The Communications Ministry's reply to the Bombay Shareholders' Association on the question of expediting the payment of compensation for assets of the private airline companies, taken over by the Government after nationalisation of civil aviation about a year back, lacks precision. The likelihood of further delay beyond the time-limit anticipated by the Ministry

cannot be ruled out. The general principles on which the amounts of compensations are to be assessed having been laid down statutorily at the time of the passing of the nationalisation Act, there is little scope for vexatious uncertainty and, whatever the standards of assessment, there is no re-opening of the issue of mode of determining the compensation. While this is so, actual assessment must leave no room for genuine grievances.

It will be recalled that the patience of owners of assets in the airline companies was strained to a point when the Bombay Shareholders' Association had to make a special representation to the Communications Ministry in this matter. The Ministry's statement pleads extenuating circumstances involving a complex procedure in evaluation of assets and liabilities. Some complexity in certain aspects of the job of assessment may not be denied, but even so, the legal and technical machinery at the disposal of the Government should have enabled it to cut short the delay. The official reply seeking to clarify the position is vague and it only holds out the probability of compensation being paid in different stages according to the settlement of the cases of individual companies by September next. For over a year shareholders' capital has remained locked up for which receipt of interest is an inadequate compensation. If part at least of the zeal shown in rushing through the decision on and process of nationalisation is shown in settling the issue of compensation, there is hope that the final chapter on this subject will be closed according to the present schedule.

LATEST ABOUT THE SUGAR INDUSTRY

Mr. Kidwai has flung a surprise at sugar circles in the country by his new move to resort to the authority of delegated legislation to give final shape to the formula linking sugarcane price with "excess profit" earned by sugar mills. Legal opinion has now assured him that the normal procedure of enacting legislation, as originally contemplated, with its attendant virtues of full discussion, free expression of opinion and opportunity to modify the proposals made by the Executive, for the purpose of giving legal effect to the profit-sharing formula, can be circumvented by a departmental order under the Essential Supplies Act. The Food Ministry has no doubt undertaken to give consideration to the suggestions invited from both the parties to prepare the formula, but the tone of peremptoriness imparted to this procedure is hardly calculated to inspire confidence. Reportedly, the profit-sharing formula has not found favour in the South and it may be asked why a unilateral decision should be imposed on the interests concerned in that region.

Information disclosed by Mr. Kidwai about the shifting of sugar mills from the North to the South is significant, if disturbing. It is not clear how many out of the forty applications referred to by the Minister in his statement to Press representatives relate to the setting up of new units and how many to shifting to the South. But it is clear beyond doubt that, even after the Central Government's undertaking to bear half the expenses involved in transfer of plants, the major obstacle to the process is the staunch opposition of the two State Governments of Bihar and U.P. The case for transfer is easily argued on the merits of a much longer crushing season extending up to eleven months in the year, about 135 per cent higher yield of sugarcane in the South and a greater percentage of sugar recovery. All these advantages must combine to lower production costs and eventually the price of sugar. If cane price is linked not to weight but to sucrose content, there will be further and rational cheapening of price. But involvement of all these measures of reform in politics has retarded the progress of the sugar industry towards increasing efficiency and productivity.



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COMPANY AFFAIRS

HIND CYCLES LTD.

The fourteenth Annual Report of Hind Cycles, Ltd. (Managing Agents: Birla Brothers Ltd.) for the year ended December 31, 1953, discloses that Rs. 2,56,000 were allocated for Taxation; Rs. 6,09,500 towards Depreciation; Rs. 74,477 towards Commission to Managing Agents, and the balance carried forward from the previous year leaving a sum of Rs. 3,67,232-0-8 available for distribution. The Directors propose payment of 5 per cent interest on 5,000 Taxable Redeemable Cumulative Preference Shares of Rs. 100 each, absorbing Rs. 18,437-8; 5½ per cent interest on 7,000 Taxable Redeemable Cumulative Preference Shares of Rs. 100 each absorbing Rs. 28,401-0-8; 5½ per cent interest on 1,926 Taxable Redeemable Cumulative Preference Shares of Rs. 25 each, absorbing Rs. 1,956-1-6; a dividend of Rs. 8 (tax free) on 12,428 Ordinary Shares of Rs. 100 each absorbing Rs. 99,424. The Directors recommend the transfer to Dividend Equalisation Fund of Rs. 1,00,000; Rs. 50,000 to Debenture Sinking Fund; Rs. 50,000 to Reserve Fund and the balance of Rs. 19,013-6-6 to be carried forward.

During the year, the Company purchased a plant for the manufacture of bicycle chains, and began manufacture of free-wheels leaving bicycle-wheel spokes as the only imported component. Production of bicycles fell from 1,30,051 in 1952 to 1,20,327 in 1953, showing a reduction of 7½ per cent. As a result of the 1952 slump and accumulating stocks, the Directors had discontinued the third shift from the beginning of 1953. The Company are awaiting the report of the Tariff Commission concerning protection to the Indian Bicycle Industry with interest.

The working results of the Company for the year ended December 31, 1953, are summarised below:

Year ended December	1953
	Rs.
Profit	3,67,232
Depreciation	6,09,500
Taxation	2,56,000
Allocation to Reserves	2,00,000
Dividends	1,48,219
Carried Forward	19,013

THE NEW GREAT INSURANCE CO., OF INDIA, LTD.

The Directors' Report of The New Great Insurance Company of India, Ltd. for the year ended December 31, 1953, discloses that paid-up Preference Capital amounting to Rs. 12,50,000 was refunded during the year in conformity with the provisions of the Insurance (Amendment) Act, 1950. In consequence, with effect from June 1, 1953, share capital consists only of Ordinary Shares of single face value Rs. 100 with Rs. 20 paid-up. The working of the various departments is summarised below:

	Fire department	Accident and miscellaneous department	Marine department
Net premiums (Rs.)*	22,88,383	13,91,544	15,10,957
Net claims paid and outstanding (Rs.)	6,92,077	6,24,049	12,61,575
Expenses of Management, Bad Debts and Foreign Trade (Rs.)	11,26,931	6,50,450	5,46,701
Reserve for Unexpected Liability	11,44,192	6,95,772	15,10,957
Balance transferred to Profit & Loss Account	6,02,397	32,145	5,29,938

* After deduction of refunds and reinsurances.

During the year under review 3,055 proposals amounting to Rs. 89,73,175 were received for insurance. Of these and a few others awaiting completion as at December 31, 1952, 2,466 proposals resulted in policies for Rs. 73,11,800 of which a sum of Rs. 2,17,750 was reassured. The total number of ordinary policies in force was 10,891 assuring a sum of Rs. 3,75,29,574 of which a sum of Rs. 55,55,340 has been reassured. The net premium amounted to Rs. 17,68,188-6. Total net claims paid and outstanding, inclusive of bonuses amounted to Rs. 1,02,589-13. Life Fund amounted to Rs. 58,91,776-13-4.

After crediting the Revenue Accounts with the approximate interest earned by the various departmental funds, the remaining interest and transfer fees, amounting to Rs. 1,30,783-12-5 has been credited to Profit and Loss Account. A sum of Rs. 6,02,396-9-4 has been transferred from Fire Revenue Account and Rs. 33,145-0-10 from Miscellaneous Revenue Account. Rs. 3,527-5-4 were transferred from Life Department towards Shareholders' portion of the Life Profit. Expenses of Management, not applicable to any particular fund or account and losses sustained on account of sale of Investment amounted to Rs. 10,381-3-6. Rs. 5,29,938-4 is transferred to Marine Revenue Account and the balance of Rs. 2,28,533-4-5 is carried forward to Profit and Loss Appropriation Account.

The sum of Rs. 22,679-2-1 brought forward from 1952 brings the amount available for disposal to Rs. 2,51,212-6-6. The Directors propose payment of the ninth dividend on Preference Shares (less tax) for the period 1-1-53 to 31-5-53 absorbing Rs. 20,833-5-4; fifth dividend on Ordinary Shares for 1953 (income-tax free) absorbing Rs. 1,25,000; transfer to Taxation Reserve of Rs. 80,000 and the sum of Rs. 25,379-1-2 to be carried forward to next year's account.

THE ALL-INDIA CO-OPERATIVE FIRE & GENERAL INSURANCE SOCIETY, LTD.

The Directors' Report of the All-India Co-operative Fire and General Insurance Society, Ltd. for the year ended December 31, 1953, discloses that the paid-up Capital stands at Rs. 3,75,000. During the year 272 shares of Rs. 100 each were subscribed for, 3,679 policies were issued to cover risk of Fire Insurance in sum of Rs. 7,70,53,739, the gross direct premium on which amounted to Rs. 2,05,933-7 apart from re-insurances received from sister Insurers. As members of the Indian Insurance Companies Association Pool, the Society had underwritten Miscellaneous business, premium income being Rs. 7,468-4-6. Net premium income from Fire and Miscellaneous Departments amounted to Rs. 1,12,864-7. Interest, Dividends, etc., amounted to Rs. 12,420-12-1. Net Fire claims paid and outstanding stood at Rs. 11,441-2-3. Expenses of management, within the limits laid down by the Insurance Act, inclusive of commission, stood at Rs. 97,619-9. 40 per cent of the premium income, at Rs. 45,145-9-5 are transferred to Fire and Miscellaneous Reserve Account; Rs. 13,750 as additional Reserve against Unexpired Risks and Rs. 4,600 to General Reserve Fund, bringing the General Reserve Fund to Rs. 7,685.

The Directors recommend payment of 6½ per cent bonus to policyholders on premiums as against 5 per cent declared last year absorbing Rs. 5,776-12-8. A sum of Rs. 10,000 has been provided for the policyholders, and a policyholders' Bonus Equalisation Fund set up. Dividend is to be given at the rate of 3½ per cent as against 2½ per cent declared last year absorbing Rs. 12,354-3. Rs. 11,500 have been transferred to Dividend Equalisation Fund.

BOMBAY SUBURBAN ELECTRIC SUPPLY, LTD.

The Directors' Report of Bombay Suburban Electric Supply, Ltd., for the year ended March 31, 1954, marks the Silver Jubilee of the Company. In the year under report 4,368 new customers were connected to the Mains bringing the total to 33,875—an increase of 14.3 per cent. The number of units purchased from the Bulk Suppliers rose by 23.90 per cent. The following table summarises the development of the sales of energy for the last three years (in kilowatt hours sold):

Year ended March	Public lighting and general purposes	Power purposes	Total
1952	16,086,156	16,552,256	32,638,412
1953	16,654,977	16,439,792	33,094,769
1954	19,975,661	20,688,683	40,664,344

A surcharge of 124 per cent on bills covering meter readings from July 1, 1953, was necessitated to cover a similar surcharge on bulk supply from the Tata Hydro-Electric Companies, increasing operation costs in general. The Tata Hydro-Electric Companies have intimated that from April 1, 1954, they intend imposing a thermal surcharge of a further 15 per cent. During the year 10 new Sub-stations were added, and the transformer capacity of 8 existing sub-stations was reorganised. High and Low Tension systems have been substantially strengthened and extended.

The Second Call of Rs. 25 per share on the 50,000 Ordinary Shares issued in October 1953, was made payable on April 1, 1954, making the Issue Rs. 75 called up. The gross profit, after charging Depreciation in accordance with the Electricity (Supply) Act, 1948, amounts to Rs. 13,82,751. Depreciation absorbs Rs. 5,53,845. Rs. 1,07,500 have been transferred from Equalisation of Dividends Reserve and Rs. 716 brought forward from last year making a total of Rs. 14,90,967. Rs. 3,28,073 are provided for Taxation; Rs. 51,732 for Statutory Contingencies Reserve, Rs. 1,208 are written off from New Share Capital Issue Expenses and Rs. 8,950 from Promotion Expenditure; all being done in conformity with the Electricity (Supply) Act, 1948. Rs. 51,020 are taken to Employees' Retiring Gratuities Reserve. After the payment of an ad-Interim Dividend of Rs. 3 per share, proportionate to the amounts called up, absorbing Rs. 4,49,928, the available balance is Rs. 6,00,056. From this the Directors propose to pay Dividend at the rate of Rs. 4 per share (7 per cent) tax free, proportionate to the amounts called on Shares of New Issue absorbing Rs. 5,99,906 leaving Rs. 150 to be carried forward.

The working results of the Company for the last three years are summarised below:

Year ended March	1952	1953	1954
Profit (Rs.)	13,24,827	14,82,289	13,82,751
Depreciation (Rs.)	3,93,402	4,77,140	5,53,845
Reserve Fund (Rs.)	1,24,114	89,486	51,732
Dividend (Rs.)	8,09,606	9,16,595	10,49,834*
Carried Forward (Rs.)	1,643	711	150
Taxation (Rs.)	35,728	..	3,28,073

* Including Ad-Interim Dividend of Rs. 4,49,928 for half-year ended September 30, 1953.

THE HYDERABAD CONSTRUCTION CO., LTD.

The Audited Accounts of The Hyderabad Construction Co., Ltd. (Managing Agents: Messrs. Babu Khan and Sons) for the year ended December 31, 1953, show that the total turn-over was about Osmania Sikka (O.S.) Rs. 59.4 lakhs (Receipts Rs. 30,22,878-4-4 and Payments Rs. 29,26,178-3-3). After allowing for all working and management expenses and providing for

Depreciation at Rs. 15,000; Contribution to Employees' Provident Fund at Rs. 14,238-11-3; and Commission to Managing Agents at Rs. 37,512-11-5, the working of the Company resulted in a net profit of O.S. Rs. 3,37,614-6-7. The sum of Rs. 580-9-8 brought forward from last year brings the amount available for distribution at Rs. 3,38,195-0-3. The Directors recommend payment of a Dividend of 4 per cent on Preference Shares of Rs. 100 each absorbing O.S. Rs. 80,000; 4 per cent on Rs. 4 Dividend on Shares of Rs. 100 each fully paid, and Rs. 3 per share partly paid at Rs. 75 (free of income-tax in both cases) absorbing O.S. Rs. 1,05,000. Rs. 19,500 were allocated for Bonus to Employees; Rs. 1,25,069 to Taxation Reserve; Rs. 3,000 to Contingency Reserve; Rs. 2,000 to Reserve against fall in value of investments and Rs. 1,000 each to Dividend Stabilisation Reserve, General Benefit Reserve and General Reserve.

Income from Dividends on Shares of Investments and Interest on Securities brought in Rs. 43,342-1-4. Managing Agency Commission and other allowances brought in Rs. 4,44,648-7-5. Machinery and Buildings of the Starch Products Factory have been purchased and the registration of the sale deed in favour of the Company is being attended to. Confectionery manufacture machinery, ordered last year, has arrived and is expected to be installed shortly. Though the working of the Company this year shows improvement over 1951 and 1952, the profits are short of anticipated returns; the matter being under active consideration of the management.

SONE VALLEY PORTLAND CEMENT CO., LTD.

The Directors' Report of the Sone Valley Portland Cement Co., Ltd. (Managing Agents: Martin Burn Ltd.) for the year ended December 31, 1953, discloses that both production and despatches decreased for the year under report:

	1952	1953
Production (tons)	2,32,640	2,13,900
Despatch (tons)	2,38,657	2,10,878

Production decreased as a result of the periodic overhaul of the Turbine Plant and the Dry Compound Mill. Offtakes of limestone from quarries was restricted to works' needs and labour concentrated on development work. The work of modernising and rehabilitating the plants was continued during the year; low controlled selling prices of cement, together with the below-market rates for packing not permitting adequate sums of money being ploughed back into the business, after providing a reasonable return on shareholders' investments. Raisings from the Hutar Colliery were 62,598 tons as against 39,214 tons in 1952 of which 57,740 tons in 1953 against 34,239 tons in 1952 were despatched to the works.

The Profit and Loss Account discloses that Rs. 94,199-2 were paid as Managing Agents' Commission; Rs. 3,98,009-15 allocated towards Depreciation; Rs. 2,00,000 provided to Reserve for taxation and other allocations leaving Rs. 6,20,290-4-6 as net profit for the year. Of this amount Rs. 50,000 are transferred to General Reserve and Rs. 40,000 to Reserve for Rehabilitation of Plant and Machinery leaving a balance of Rs. 5,30,290-4-6, to which are added Rs. 38,657-15-2 brought forward from the previous year making Rs. 5,68,948-3-8 available for distribution. The Directors recommend payment of a Dividend of 7½ per cent, free of tax absorbing Rs. 5,62,500 leaving Rs. 6,448-3-8 to be carried forward.

The working results for the last three years are summarised below:

Year ended December	1951	1952	1953
Profit (Rs.)	16,51,905	14,58,875	6,20,290
Depreciation (Rs.)	4,01,006	4,00,057	3,98,910
Taxation (Rs.)	9,80,000	6,90,000	2,00,000
Reserve and Other Funds (Rs.)	6,00,000	3,50,000	90,000
Dividend (Rs.)	6,00,000	7,50,000	5,62,500
Carried Forward (Rs.)	81,400	38,658	6,448
Dividend rate per cent	8	10	7½

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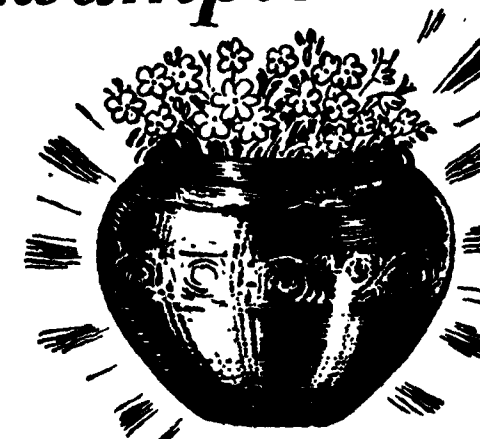
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INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48	306.1	377.5	281.6	286.4	456.2	308.2	..	..	..	..
1948-49	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50	391.3	471.7	331.0	347.2	570.7	385.4	..	..	..	..
1950-51	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
September 1953	390.0	475.3	363.8	364.4	717.4	403.8	90.3	101.3	87.1	91.6
October	385.6	447.7	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November	378.9	441.4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December	367.0	450.3	356.5	363.8	711.6	389.4	90.3	101.6	87.8	98.2
January 1954	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
April	381.6	472.1	362.6	380.0	704.4	402.6	90.6	101.4	88.3	103.8
May	366.3	464.9	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0
June	343.2	441.0	355.6	378.7	647.2	381.6	90.3	100.9	88.5	106.9
Week Ending										
5-6-1954	348.1	451.3*	356.9	378.4	645.5	385.0*	90.1	100.9	88.2	104.9
12-6-1954	345.4	442.6	354.9	378.8*	646.3	382.4	90.2	100.9	88.5	106.2
19-6-1954	341.3	439.0	354.0	378.8*	649.7	380.5*	90.4	100.9	88.7	107.7
26-6-1954	338.0	431.0	356.7	378.7	647.4	378.4	90.5	100.8	88.7	106.9
3-7-1954	340.7	430.5	354.8	378.6	645.5	381.9	90.7	100.4	88.7	110.1

†Economic Adviser's Series.

c Average of weeks.

*Revised.

††Reserve Bank Series.

WORKING CLASS COST OF LIVING (August 1939=100)

Period	Bombay			Delhi	Bengal	U. P.	Central Provinces		Madras	E.P.	Bihar	All India†
	Bombay	Bombay June 1934 = 100	Ahmedabad July 1927 = 100	Delhi†	Calcutta	Kanpur	Nagpur	Jubbulpore†	Madras June 1936 = 100	Ludhiana†	Jamshedpur†	
1939 (Aug.-Dec.)	103	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	349	434	372	153	325	165	145	139
1951	314	330	261	142	370	451	391	168	334	167	160	145
1952	321	337	250	143	351	441	380	150	330	151	154	142
1953	346	363	275	140	349	453	387	151	351	147	156	146
1953 May	346	363	275	139	345	441	391	155	356	146	152	146
	353	371	282	140	363	453	393	159	360	148	156	150
July	355	373	288	142	375	465	394	160	355	148	158	153
August	358	376	285	144	373	469	397	157	352	149	160	153
September	353	371	283	146	366	464	391	154	351	150	163	152
October	350	368	282	144	349	457	389	153	352	150	162	149
November	344	361	280	144	339	453	385	148	353	149	155	146
December	342	359	268	140	329	438	380	146	350	149	145	142
1954 January	346	363	269	139	325	442	377	144	353	151	142	144
	331	348	257	139	316	432	375	144	352	151	141	141
	332	349	257	138	319	416	374	143	345	150	138	139
April	338	355	255	141	323	428	—	—	341	—	—	—
May	338	355	—	142	339	415	—	—	341	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED											
	17-7-1954			10-7-1954			3-7-1954			26-6-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola)	85-7	83-4	84-0	85-4	83-15	84-10	86-3	83-11	84-14	85-14	83-6	84-13
Silver (per 100 fine tolas)	156-10	152-2	154-8	155-4	152-13	154-1	153-15	150-7	152-11	150-10	147-15	149-12

**RESERVE BANK OF INDIA
ISSUE DEPARTMENT**

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupee Coin	Rupee Securities	Total Assets
1938-39*	182.36	28.28	210.64	44.42	36.95	111.37	52.91	67.11	32.16	210.64
1947-48*	1,227.82	47.12	1,274.95	44.42	1,135.32	1,179.74	92.53	32.36	62.84	1,274.95
1948-49*	1,231.84	22.02	1,253.86	42.40	907.47	949.86	75.43	42.96	265.02	1,253.86
1949-50*	1,123.91	24.00	1,147.91	40.02	617.94	657.96	57.33	50.53	415.30	1,147.91
1950-51*	1,163.21	17.19	1,180.40	40.02	621.70	661.72	56.01	57.21	458.47	1,180.40
1951-52*	1,180.84	27.78	1,208.62	40.02	625.27	665.29	54.61	63.98	488.36	1,208.62
1952-53*	1,114.84	27.87	1,142.72	40.02	564.40	604.42	52.89	80.22	458.98	1,142.72
1953-54*	1,133.95	23.03	1,156.97	40.02	591.92	631.94	54.80	92.83	430.11	1,156.97
Average of Fridays										
November 1953	1,101.00	22.10	1,123.10	40.02	568.15	608.17	54.00	96.60	421.39	1,123.10
December ..	1,121.06	12.26	1,133.32	40.02	573.65	613.67	54.32	96.30	421.38	1,133.32
January 1954	1,151.24	15.34	1,166.58	40.02	610.15	650.17	55.73	95.03	421.38	1,166.58
February ..	1,174.08	16.14	1,190.22	40.02	635.65	675.67	56.74	93.80	421.35	1,190.22
March ..	1,190.15	12.48	1,202.63	40.02	618.15	658.17	55.52	93.12	421.34	1,202.63
April ..	1,220.24	13.08	1,233.32	40.02	674.15	714.17	57.01	97.81	421.34	1,233.32
May ..	1,220.26	25.62	1,245.88	40.02	688.15	728.17	58.45	96.40	421.22	1,245.88
June ..	1,196.24	30.20	1,226.44	40.02	679.40	719.42	57.98	96.80	421.22	1,226.44
Week Ending										
4-6-1954	1,211.54	33.90	1,245.44	40.02	688.15	728.17	58.47	96.05	421.22	1,245.44
11-6-1954	1,208.60	30.71	1,239.31	40.02	688.15	728.17	56.47	95.03	421.22	1,239.31
18-6-1954	1,190.33	30.01	1,220.34	40.02	668.15	708.17	57.75	96.05	421.22	1,220.34
25-6-1954	1,174.40	38.17	1,212.57	40.02	653.15	693.17	57.16	98.26	421.22	1,212.57
2-7-1954	1,176.69	36.28	1,212.96	40.02	653.15	693.17	57.15	98.57	421.22	1,212.96
9-7-1954	1,178.80	34.31	1,213.10	40.02	653.15	693.17	57.14	98.81	421.22	1,213.10

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS*	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14.80	..	16.19	75	31.84	1.28	33.12	28.38	1.53	4.21	1.72	2	0.30	80
1947-48*	366.70	16.93	102.47	34.21	520.40	14.55	534.95	17.21	2.62	406.95	1.57	21	81.53	4.85
1948-49*	222.17	6.62	80.53	56.52	365.72	15.33	381.05	22.12	4.28	307.78	1.71	3.34	75.65	4.14
1949-50*	141.19	23.12	67.00	64.39	295.60	15.76	311.36	21.12	4.30	280.91	3.36	8.39	960.54	4.34
1950-51*	148.00	17.71	62.22	62.29	290.82	18.14	308.97	17.31	3.04	107.70	2.37	0.77	70.72	5.00
1951-52*	181.30	15.95	58.68	69.22	325.15	18.62	343.77	27.92	6.31	187.14	5.90	10.42	95.19	11.91
1952-53*	136.40	7.79	52.89	61.93	259.02	23.69	282.71	28.03	6.64	133.56	2.85	10.03	89.77	12.83
1953-54*	105.44	23.40	46.52	57.45	232.80	23.91	256.72	23.22	9.49	123.31	1.78	10.84	81.68	7.51
Average of Fridays														
November 1953	98.60	27.00	57.14	57.14	240.77	17.72	258.50	22.40	3.74	141.08	73	11.48	82.14	6.93
December ..	99.75	19.83	52.81	57.44	229.82	20.10	249.92	12.46	8.83	141.91	1.81	11.61	76.07	7.32
January 1954	103.82	20.24	41.98	58.30	224.33	22.08	246.41	15.57	10.49	121.22	1.02	20.14	74.15	7.82
February ..	80.63	21.74	40.14	61.05	203.56	22.40	225.96	16.36	12.76	105.69	75	31.19	71.29	8.40
March ..	80.90	42.08	40.14	42.99	206.11	24.91	231.02	12.72	10.46	90.86	1.12	30.83	68.70	8.04
April ..	64.51	30.52	42.16	45.21	182.40	27.95	210.35	13.35	12.98	78.55	1.21	40.01	65.17	9.09
May ..	63.14	20.61	43.30	46.10	203.15	28.17	231.32	27.90	10.11	65.23	1.12	57.83	71.91	9.51
June ..	110.50	18.52	43.21	43.79	216.04	28.28	244.32	30.14	9.07	171.44	1.20	30.99	85.31	9.84
Week Ending														
4-6-1954	103.89	19.54	40.10	45.66	209.19	28.57	237.76	31.13	9.10	62.35	1.47	45.60	85.43	9.71
11-6-1954	106.63	15.41	43.50	40.14	211.67	28.13	239.80	30.91	10.65	62.47	1.18	43.81	86.30	9.67
18-6-1954	115.37	18.80	44.17	41.84	220.17	28.29	248.46	30.27	9.89	78.54	1.43	37.41	85.27	9.75
25-6-1954	116.47	20.31	45.05	41.91	223.74	27.82	251.56	30.13	9.73	90.10	1.07	29.60	86.15	10.23
2-7-1954	116.66	23.84	42.66	35.92	219.08	26.77	245.85	30.44	2.68	93.70	1.7	23.81	91.29	7.67
9-7-1954	114.50	19.52	41.12	37.91	213.05	28.03	241.08	34.45	1.52	92.77	20	24.88	91.25	7.77

Note: Figures in brackets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid-up and Reserve Fund. *Average of Fridays. † Includes cash and short term securities.

SCHEDULED BANKS

(Rs. in Lakhs)

Period	LIABILITIES			Cash (Notes + Coins)	Balances with Reserve Bank	(5+6) as percent- age of (4)	Advan- ces	Bills Discount- ed	(8+9) as percent- age of (4)	Invest- ments in Govt. Securities in India
	Demand	Time	Total (1+2)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1938-39*	123.81	103.30	227.11	6.88	15.88	9.80	111.34	100	51.05	..
1947-48*	706.65	343.89	1,050.54	39.92	100.81	13.40	427.51	10.2	42.30	..
1948-49	674.56	303.88	978.44	37.51	79.46	11.95	424.55	16.44	45.10	..
1949-50	697.79	272.59	970.38	34.47	65.85	11.53	426.74	15.35	50.79	..
1950-51	599.13	278.45	877.59	34.68	60.78	10.88	447.03	11.87	52.29	..
1951-52	593.73	290.82	884.55	37.33	57.29	10.70	523.59	22.81	61.77	303.49
1952-53	546.23	309.26	855.49	33.33	51.82	9.95	461.64	38.47	58.46	306.34
1953-54	526.75	328.26	855.00	31.97	44.48	8.98	442.79	51.40	57.80	321.29
Average of Fridays										
May 1952	557.98	290.00	847.97	33.45	48.74	9.69	502.53	49.46	65.10	295.03
June	557.25	298.72	855.97	33.01	50.13	9.71	483.75	45.90	61.88	298.17
July	559.78	309.90	869.69	33.71	55.10	10.21	466.25	45.15	58.80	299.95
August	566.29	313.64	879.92	32.81	61.28	10.82	448.58	38.18	55.95	302.80
September	549.13	317.19	866.32	33.04	65.75	11.40	442.73	27.49	54.28	305.43
October	546.05	316.42	862.48	33.95	61.88	11.11	439.48	25.92	53.95	312.63
November	542.19	318.51	860.70	32.81	55.14	10.22	426.22	26.85	52.62	321.54
December	535.07	317.85	852.92	33.42	44.65	9.15	432.43	28.08	53.99	327.66
January 1953	526.17	315.26	841.44	34.14	45.08	9.41	450.25	32.29	57.35	313.69
February	526.03	315.32	841.35	32.84	43.06	9.00	459.73	40.96	59.51	303.13
March	530.19	313.43	843.61	32.58	41.66	8.80	465.93	52.18	61.42	302.29
April	541.81	317.11	858.91	32.94	44.49	9.01	469.89	58.62	61.53	301.43
May	541.81	322.18	863.99	31.91	39.92	8.44	473.64	60.87	62.77	300.46
June	527.17	324.96	852.11	31.86	30.94	8.59	464.10	58.39	61.32	309.77
July	527.42	328.21	855.63	31.86	42.99	8.70	443.69	52.63	57.69	314.39
August	527.25	329.39	856.64	30.86	44.55	8.77	430.70	49.09	56.01	323.14
September	525.61	330.22	855.73	31.12	48.48	9.30	422.67	43.08	54.50	331.04
October	527.00	332.50	859.50	31.11	53.01	9.78	417.26	39.55	58.15	336.85
November	525.93	334.01	859.94	32.18	55.21	10.15	414.71	39.76	62.96	338.57
December	523.72	332.41	856.13	31.83	51.10	9.68	412.87	42.06	63.15	337.21
January 1954	518.56	329.04	847.60	33.11	41.00	8.74	436.63	50.08	57.42	325.85
February	518.80	330.61	849.41	31.99	38.41	8.34	460.45	56.11	60.85	320.55
March	524.03	328.75	852.78	31.72	39.25	8.32	460.98	66.33	62.54	318.19
April	541.21	327.70	868.91	32.30	43.11	8.08	480.65	75.08	63.89	316.86
May	537.42	329.08	866.50	32.93	41.43	8.58	484.46	95.91	66.98	323.65
June	542.87	332.10	874.97	33.01	41.75	8.54	472.41	87.61	64.01	326.97
Week Ending										
11-12-1953	528.29	333.10	861.49	32.12	53.87	9.98	408.79	40.69	52.18	338.40
18-12-1953	519.35	331.48	850.78	31.88	47.17	9.23	416.69	41.66	53.87	337.30
25-12-1953	516.31	331.85	848.16	32.08	44.58	9.04	415.67	45.43	54.36	336.04
1-1-1954	517.78	331.15	848.94	30.47	45.67	9.68	419.02	46.92	54.88	328.65
8-1-1954	513.64	329.04	842.68	32.10	39.72	8.62	431.65	50.84	57.26	329.02
15-1-1954	516.10	328.08	844.18	33.12	41.17	8.78	436.84	50.78	57.61	324.69
22-1-1954	523.20	328.98	852.18	32.12	40.24	8.49	441.54	50.68	57.74	324.16
29-1-1954	520.09	327.97	848.06	31.74	38.18	8.24	454.28	51.29	59.62	322.72
6-2-1954	516.85	329.45	846.31	32.10	37.10	8.18	459.15	52.11	60.43	322.20
13-2-1954	513.66	330.41	844.07	32.80	39.40	8.63	461.68	53.66	61.04	320.61
20-2-1954	522.30	331.20	853.50	31.96	39.84	8.41	462.46	55.88	60.73	320.14
26-2-1954	520.70	331.38	852.08	31.33	38.90	8.24	458.62	62.89	61.19	316.23
6-3-1954	522.74	330.71	853.45	32.13	37.38	8.14	461.30	66.30	61.82	318.76
13-3-1954	525.76	329.57	855.34	31.75	40.19	8.41	466.18	64.18	62.00	318.03
19-3-1954	518.74	327.14	845.88	30.93	38.00	8.22	470.51	60.51	63.49	317.10
26-3-1954	528.89	327.57	856.46	32.07	40.83	8.61	469.85	68.34	62.84	318.87
2-4-1954	541.51	325.41	866.93	31.38	50.45	9.44	472.23	73.27	62.92	318.85
9-4-1954	539.86	327.84	867.70	31.26	41.56	8.39	477.93	74.23	63.64	316.33
16-4-1954	542.20	328.06	870.26	33.00	41.07	8.51	481.61	75.13	63.97	312.38
23-4-1954	546.67	328.71	874.28	33.45	41.96	8.63	481.30	76.83	63.84	313.93
30-4-1954	536.92	328.47	865.39	32.43	40.52	8.43	487.20	75.93	65.07	322.85
7-5-1954	528.34	329.15	857.49	32.32	39.65	8.39	491.29	75.96	66.15	323.25
14-5-1954	536.75	328.60	865.35	32.64	42.01	8.74	485.31	95.92	67.17	328.03
21-5-1954	541.35	328.95	870.30	33.04	42.93	8.78	482.86	99.72	66.60	324.25
28-5-1954	543.23	329.64	872.87	32.73	41.12	8.46	478.27	94.21	65.60	324.06
4-6-1954	539.45	329.62	869.07	33.42	41.60	8.63	480.44	91.96	65.86	326.31
11-6-1954	543.30	330.94	874.24	33.19	42.33	8.63	473.09	93.03	64.18	327.31
18-6-1954	541.94	333.43	875.37	32.40	41.34	8.42	470.47	94.51	63.63	327.44
25-6-1954	546.80	334.40	881.19	33.02	41.83	8.49	485.84	93.95	62.87	326.83
2-7-1954	546.35	335.62	881.97	33.18	42.67	8.69	469.32	91.28	62.71	327.31
9-7-1954	544.05	336.96	881.01	31.60	42.95	8.46	467.30	79.87	62.11	328.64

EARNINGS OF FACTORY WORKERS IN INDIA

Indices of earnings for 1952 on base 1951=100 by States and Industries

INDUSTRY	Assam	Bihar	Bombay	Madhya Pradesh	Madras	Orissa	Punjab	U.P.	W. Bengal	Ajmer	Delhi	All States
Textiles	118	115	105	110	148	148	113	104	111	101	92	107
Footwear, other wearing apparel & made-up textile goods	—	103	90	—	299	—	—	98	97	—	119	112
Wood and Cork except furniture	98	95	103	101	102	111	89	102	100	—	129	102
Furniture and fixtures	—	95	102	72	46	—	126	81	109	—	153	86
Paper and paper products	—	100	113	—	102	96	130	142	99	—	119	106
Printing, publishing and allied industries	104	106	102	101	133	109	88	104	101	73	141	109
Leather and leather products (except footwear)	—	110	98	—	84	102	—	105	88	—	—	91
Rubber and rubber products	—	—	81	86	115	—	82	88	107	—	74	102
Chemicals & chemical products	113	297	101	110	106	98	64	99	104	—	96	112
Products of Petroleum & coal	115	101	88	137	123	—	100	—	93	—	78	102
Non-metallic mineral products (except products of petroleum and coal)	95	94	107	104	90	127	67	103	106	—	115	99
Basic metal industries	—	121	100	158	108	88	100	117	101	85	103	114
Metal products (except machinery and transport equipment)	132	239	111	116	134	119	88	104	101	—	92	107
Machinery (except electrical machinery)	100	102	108	58	144	133	110	99	98	114	105	99
Electrical machinery, apparatus appliances and supplies	—	122	115	96	131	—	105	—	98	—	99	105
Transport equipment	101	140	111	136	274	35	118	100	104	104	101	142
Miscellaneous Industries	—	202	108	69	87	89	115	98	77	130	31	95
Electricity, gas and steam	121	127	109	133	95	114	91	75	106	103	104	102
Water and sanitary service	123	71	119	108	614	—	89	109	115	—	102	100
Recreation services	—	—	89	—	110	—	—	—	69	—	—	95
Personal services	—	142	90	—	59	98	—	—	99	—	85	92
All Industries	110	119	105	95	132	112	105	103	103	100	100	108

INDICES OF EARNINGS FOR FACTORY WORKERS BY STATES

State	Average annual earnings in 1938	Indices of earnings (Base : 1939=100)									
		Rs.	1944	1945	1946	1947	1948	1949	1950	1951	1952*
Assam	264	236	264	283	302	323	389	418	424	466	
Bihar	416	129	134	131	205	217	228	269	278	329	
Bombay	370	235	224	221	267	317	337	319	349	366	
Madhya Pradesh ..	—	231	256	221	276	324	386	483	406	386	
Madras	176	192	204	243	338	372	439	342	378	499	
Orissa	162	229	230	264	300	403	418	450	521	586	
Punjab	296	198	210	+	234	256	346	305	285	279	
Uttar Pradesh ..	236	217	224	242	264	381	427	402	419	433	
W. Bengal	249	170	177	194	223	282	334	345	363	372	
Ajmer	164	227	234	281	273	341	343	412	443	445	
Delhi	309	242	242	240	266	328	324	348	454	454	
General Index (all States)	292	202	202	209	253	304	340	334	357	386	

* Figures estimated by linking + Information not available

INDEX OF REAL EARNINGS

1944=100

	1945	1946	1947	1948	1949	1950	1951	1952
General Index of Earnings	100	103	125	150	168	165	177	191
All India Cost of Living Index	100	106	120	134	138	138	144	141
Index of Real Earnings	100	97	104	112	122	120	123	134

INDIA'S TRADE WITH THE U. K.

I. PRINCIPAL EXPORTS

(Thousand £)

	Year 1952	Year 1953	May 1954	5 Months Jan-May	
				1953	1954
Total All Exports	114,717	113,443	7,485	43,662	57,788
Of which :-					
Tea	48,743	51,928	1,335	17,255	26,298
Leather, leather manufactures & dressed furs	9,284	14,009	1,235	5,783	6,323
Tobacco & tobacco manufactures	6,956	5,790	1,702	1,853	2,401
Hides, skins & fur skins, undressed	540	958	55	385	426
Wool & other animal hair	3,496	4,608	396	2,043	2,225
Cotton	2,297	2,993	131	1,477	1,356
Miscellaneous textile fibres & waste	1,395	629	149	275	449
Metalliferous ores & metal scrap	3,980	4,388	205	2,205	1,702
Miscellaneous animal & vegetable crude materials, inedible	4,304	3,258	411	1,353	1,862
Animal & vegetable oils, fats, greases & derivatives	3,573	2,442	58	1,651	253
Miscellaneous textile manufactures	16,578	12,736	965	4,554	8,147

II. PRINCIPAL IMPORTS

(Thousand £)

	Year 1952	Year 1953	May 1954	4 Months Jan-Apr.	
				1953	1954
Total All Imports	112,635	114,491	11,386	46,558	50,394
Of which :-					
Machinery other than electric	29,595	27,791	2,597	12,366	12,411
Electric machinery, apparatus & appliances	17,138	17,944	1,308	8,364	6,595
Wool & other animal hair	3,293	4,828	536	1,924	2,361
Petroleum & petroleum products	2,509	3,953	448	1,988	2,126
Chemicals	13,426	13,058	1,358	4,468	6,220
Paper, paperboard & manufactures thereof	1,923	1,229	66	647	502
Iron and steel	4,785	4,689	476	1,838	2,473
Non-ferrous base metals	1,031	2,137	134	958	630
Manufactures of metals	6,329	7,399	466	2,858	2,321
Railway vehicles	5,655	3,758	450	1,881	1,751
Road vehicles & aircraft	9,564	8,758	969	3,209	4,556
Scientific instruments; photographic & optical goods; watches & clocks	1,806	2,206	221	914	912

III. INDIA'S IMPORTS OF MACHINERY FROM THE U. K.

(Thousand £)

	Year 1952	Year 1953	May 1954	5 Months Jan-May	
				1953	1954
Total Machinery	46,733	45,735	3,905	20,730	19,014
Of which :-					
Boiler & boiler-house plant	1,458	1,653	142	759	749
Internal combustion engines	4,511	1,356	196	639	853
Agricultural machinery	495	151	28	78	73
Machine tools (excluding portable power tools)	1,336	1,934	172	884	869
Pumps	980	856	89	381	301
Industrial & works trucks & tractors & mechanical handling equipment	1,024	1,471	183	584	701
Excavating & earth-moving machinery & road rollers	867	528	102	216	203
Mining & well drilling machinery	546	519	46	251	225
Printing & bookbinding machinery & printing type	628	791	46	303	235
Textile machinery	8,668	6,990	591	3,242	3,082
Air-conditioning & refrigerating machinery	253	290	30	113	122
Generating sets, generators & motors	2,184	2,689	211	1,306	929
Converting machinery, transformers, switch gear & switchboards	3,321	4,608	368	1,766	1,706
Electronic valves, & radio, television, radar & sound reproducing apparatus	2,203	1,485	211	758	590
Electric cables, wires, strips & strands, insulated	5,026	5,034	201	2,841	1,328

Source :- Trade and Navigation Accounts of the U.K. (H.M.S.O.)

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Verdict on the Press

ON Monday this week there was released a preliminary summary of important recommendations made by the Press Commission whose Report will be released in full only at the end of next month. While there has been naturally some inconvenience as a result of seeing a skeleton form, inadequately clothed with argument and with evidence, the Government of India was wise to release for public information the main features of a Report which has awakened interest on a great scale, both in India and abroad. From the preliminary recommendations now available, it is possible to say that the Press Commission has discharged splendidly the high expectations which have

been entertained. Here, at long last, is a study, judicial and abundantly constructive, on one of the most vital instruments in the working of Indian democracy. The Fourth Estate, whatever its achievements in the past, has certainly been in need both of fair diagnosis and wise prescriptions. It has had the good fortune on this occasion, it would seem, to have found them both.

That a Report of this kind should be unanimous on all important recommendations is a tribute to two outstanding personalities who were able to compose the differences of a large Committee, and make it an

instrument of concerted action. A tribute, warm and sincere, should be paid to the Chairman of the Commission, Mr. Justice Rajadhyaksha, and to Sir C. P. Ramaswami Aiyar who, it is known, was one of the two main architects of this Report. Both the Chairman and Sir C. P. Ramaswami Aiyar have brought to their task their fine judicial training and mature experience. The result has been that every interest in the Press has received fair treatment; the Report may justly be considered a final judicial settlement of their respective claims.

While different interests will view the place which has been assigned to it with somewhat different feelings from those of the signatories of the Report, it should be said at once that the Report should be accepted as a whole, and should not be subject to piecemeal alteration to accommodate pressure from any interest. It is sincerely to be hoped that the Government of India, having set up a Commission of this eminence, will not now attempt to sit, as with the Film Committee's Report, in petty ministerial judgment on particular sections on which Government have no particular expert knowledge. The Commission's recommendations should all be accepted; Government's contribution should be solely in using its authority for vigorous implementation.

The recommendations on details are numerous, and it is not necessary here to mention any except the most important. It is proposed that India should have an All-India Press Council to safeguard the freedom and independence of the Press, and to build up a code of journalistic ethics. Better conditions are provided for the service of working journalists. The growth of monopoly newspaper chains is not viewed with favour, and the division of newspaper ownership through the voluntary transfer of management to public trusts and limitation of profits is suggested.

It is not in these special recommendations but in the broad concept of extending freedom that the main virtue of this Report resides. It is this broad concept of extending freedom and resisting executive encroachment which is expressed particularly in the handling of the law of defamation. In particular, the Commission does not approve of the suggestion that when a public servant is defamed that should constitute a cognizable offence. To meet the possibility that there may be cases where serious allegations are made which would require police investigation, and the possibility that there may be public servants who would not be willing to bring cases into Court to clear themselves of their defamatory allegations, the Commission suggests that a third provision may be added to Section 198 of the Criminal Procedure Code so that a Magistrate should have jurisdiction and may take cognizance of the offence upon a complaint by an officer other than the one defamed. An administrative order, it is recommended, should prescribe that such complaints should be filed in the Court of the District Magistrate. A pernicious piece of legislation proposed by the Home Ministry has thus been happily nipped in the bud.

In the last analysis, the Press Commission recognises that it is on the editor that the final responsibility for the raising of the standards of Indian journalism rests. It would be foolish to deny that there is substantial truth in their assessment that there has been some decline in the status of editors in this country since Independence, and there is almost no doubt that it is the editors of India that must bear the major share of the blame for this falling off in their status and in the quality and calibre of their papers. There has not been a dedication equal to the responsibility

which editors have carried in the New India. The proposal to vest the editor with a new recognition of his added responsibility is welcome, but it is here, perhaps more than anywhere else, that the recommendations of the Commission are likely to fall short of expectation.

The position of Indian editors is, in part, the result of the pressure on managerial and executive talent in the upper reaches of all Indian administration. Largely because of the inadequacy of salaries lower down, the Press does not receive anything like its fair share of the available talent of the country. It has, indeed, a great compensation in that it provides, like the Universities, a congenial occupation even if at a somewhat heavy price. Why has the Press not attracted to itself talent at least equal to that which goes in for University lectureships? The answer is almost certainly that the Universities have greater latitude than the newspapers for the expression of opinion. If sub-editors could be made to feel that their opinions are respected at least as much as those of University lecturers, there might well be new hope in the lower rungs of the ladder. And if talent is built up at the bottom, surely it will in several cases work itself up to a higher level.

It is this traffic between the sub-editor via Special Representatives and Joint Editors which is frequently blocked in the Indian Press. It would not be a grievance if it were blocked only because of a shortage of vacancies. This happens everywhere; the pyramid in all administration implies that there are not enough jobs at the top to go round. But the traffic in the Press is often not on the basis of merit in the upper ranks. Personal considerations enter as much as in managing agency houses into selections for important posts. And editors must take the responsibility for these preferences. If there were among editors a ruthless devotion to professional skill, the problems of editors would become simple. Making the act of succession easy is in fact the soundest method of administration. The trouble about many Indian editors is they are too ready to fear talent in reaches near to themselves.

Unless the Indian Press can attract to its own ranks men big enough to replace existing editors, the situation cannot improve. A mere exhortation to existing editors will not do the job. Fresh blood is sorely needed. It can only come by making newspapers into good business houses, not merely by making them into an industry under the Industries (Development and Regulation) Act.

Newspapers cannot be made into good industrial propositions unless there are brought into the Press good managers as well as good editors. The management of some Indian newspapers is such that without proprietorial support they would perish in a few months. For reasons which are not clear business men do not wish their good managers to spend their time in their newspapers. But this situation can no longer be accepted with resignation. It is essential that good management should make it possible for editorial salaries which will attract good men to be paid.

The real problem in the Press, as almost everywhere else, is this shortage of managerial ability and skilful leadership of a team. It may be that things will improve of themselves once the other recommendations of the Press Commission are implemented. But this is certainly not a matter on which the highest assurance can be entertained.

Audit Without Accounts

THE Comptroller-and-Auditor General's speech last week summarising the progress of his department since independence reiterates the need for separating audit from accounts—and this has been a favourite theme with him for the last five or six years. Slowly but steadily over a period of time, the weight of expert opinion on this matter has now changed, or rather been changed; and with the publication some time ago of a report on exchequer control by a sub-committee of the Public Accounts Committee, the case for separation was virtually made so water-tight that the Government of India has had little option in the matter of accepting this suggestion.

It is unnecessary at this stage to disguise the fact that the frequency and vehemence with which the Comptroller-and-Auditor General has been expressing his views on this matter have seemed to some to be out of all proportion to the importance of the reform; and there are quite a few conservatives still left, who think that not forms or organisation but only the men working them can and will matter. It may be useful, in view of the lukewarmness with which this proposal has been regarded, to attempt to assess the precise significance of separation.

The situation which exists in India at the present time is full of anomalies. Control over issues from the exchequer has been prescribed in great detail in several countries; but for various reasons it is virtually absent in this country at present, and the rules regarding the regulation of expenditure against parliamentary votes, which enjoin certain duties on controlling officers, are nominal rather than effective. Such frauds on the rules as the drawal of colossal advances which remain unaccounted for—as in the case of the Chief Refugee Administrator in Bengal in war-time—are no longer possible, perhaps. But controlling officers do not know, and by tradition do not care, if parliamentary votes are exceeded; and accounts officers are not in a position to cut off the supply of funds once the allotment is spent. The size of the country is immense. Exchange accounts, on the clearing of which expenditure is finally brought to account, are also complicated; and they remain unadjusted for prolonged periods. Budgeting moreover is not, and in the nature of things cannot be, close. In these circumstances, the relationship, if any, between what the departments spend and what Parliament has voted is now more or less accidental.

The solution for this state of affairs, the Comptroller-and-Auditor General points out, is to make the departments responsible for the detailed control of issues from the exchequer. The departments may veil themselves of the services of accounts officers. That, however, in so far as the Comptroller-and Auditor General is concerned, is only a matter of detail. The Auditor-General is concerned only to ensure that as the watchdog of Parliament, executing the statutory office of safeguarding the Consolidated Funds, he should not be placed in the position of having to permit withdrawal of money without regard to what Parliament has voted; or of advising the governments regarding their estimates, or of committing himself in any other way to the anticipation of the opinion, which, as the final auditor, he may hold on any matter. This may compromise his position; in any case it will divert his attention from audit against appropriations and general and higher audit. This is the main brunt of the case for separation.

What results can or will follow, if accounts officers are removed from the administrative control of the Comptroller-and-Auditor General and placed independently under the control of the finance ministries concerned (or even under the control of the concerned departments) it is too early to anticipate. It is general-

ly held that trained manpower will be the more useful the nearer it is to the place where decisions are made and money is spent. On the other hand, accounts officers, when they lose their independence—in the sense of being attached to departments or of being subordinate to them or to finance departments or rather wings of the finance departments which are too much under the influence of ministries—may start crossing the t's and dotting the i's of the executive officers in no time; and this could conceivably make the situation worse. It is hoped, however, that English tradition can somehow be created here, although it has to be created for the first time.

Internal compilation-cum-audit offices, or accountants-general functioning on the periphery of the mighty and important spending departments can become diluted and ineffective, and in consequence worthless, but there is not nearly the same fear now as there was once upon a time that this will necessarily happen. Supervision and inspection of accounts offices by the finance ministries concerned promises to be the safeguard against this result. These ministries, as the Comptroller-and-Auditor General sees matters, can benefit from outside advice in exercising this supervision. Under Article 150 of the Constitution, the initial accounts, for example, have to be kept in such form as the Comptroller-and-Auditor General may advise; and in respect of matters not covered by the terms of this Article, the general tenor of his advice to Parliament from time to time is bound to carry considerable weight. Under ideal or satisfactory conditions, this can go a long way. If finance departments are determined to build up sound traditions, the mere fact that accounts officers will no longer be under the protecting wing of the Comptroller-and-Auditor General need not lead to the loss of authority.

That the difficulties are going to be many, and are, perhaps, such as to intimidate those who have already been converted to the Comptroller-and-Auditor General's proposal in principle need not be denied. If accounts officers are going to be in a position to render effective service, compilation, for example, should become much more prompt, and the adjustment of exchange and suspense accounts should become much quicker than they now are. Departmental manuals will need thorough-going revision, and many will have to be written for the first time. The jurisdiction of accounts officers will in all probability have to be functional, that is department-wise, and not territorial, as it is at the present time; and a cadre of supervising and inspecting account officers will need to be built up. Naturally, this calls for a major change in administrative structure; and with huge programmes for expenditure pending, and the more urgent demands on administrative and finance departments growing day by day, there is understandable reluctance to chart even the main outlines of this change. But here again, the solution is, perhaps, easier than one may think. The change need not be introduced wholesale or overnight. It may be gradual as, indeed, it is intended to be.

The rationale of the Comptroller-and-Auditor General's suggestion is that the regulation and audit of public expenditure in India should become more effective. On this as also on the need for implementing his suggestions in order to make this possible there is not, as there cannot be, any quarrel. As and when his scheme is adopted, the control which is exercised over spending authorities will, however, become real. The evidence which accumulates every day in the reports of the parliamentary financial committees makes it a matter of great urgency that this control must first be made effective and then intelligently and courageously exercised.

Manpower for Projects

THE appointment of an engineers' co-ordination committee some time ago by the Ministry of Irrigation and Power is a laudable attempt to create a permanent machinery for co-ordination, in between the seminars on engineering problems, which are now held at the major project sites. The committee has a very wide field to cover. But, naturally, one of the questions which it will have to tackle early is the recruitment of the engineers themselves.

The brief discussion of this subject at the Roorkee seminar last week—and the announcement of another ad hoc committee this week—indicate that the Ministers in charge are fully alive to the need for some fresh thinking at this stage. The engineers' co-ordination committee should, therefore, be assured of support at the very highest level, in case they have any concrete proposals to present. Here, however, is the heart of the difficulty apparently. Have the engineers any definite programme for the training and utilisation of technical manpower? They do not seem to have. Or at least, the engineers' co-ordination committee has not so far pursued its own earlier proposals with enthusiasm.

One of the four sub-committees of the Nangal seminar, held early this year, reported much dissatisfaction with the present state of affairs. It was feared then that the peak of construction activity on some of the major projects might pass by the end of 1955, resulting thereafter in the gradual retrenchment of personnel on these projects. Whether this fear is justified or not can only be known as the second five-year plan takes more concrete shape. But in the nature of things, there is bound to be some embarrassment, and some avoidable waste of manpower, unless forward planning is undertaken.

There is much that is unsatisfactory with the educational system. Engineering colleges have multiplied all over the country in the last few years and manpower should, therefore, be plentiful. But unfortunately, there is a hiatus between academic qualification and actual experience. The reports of the sub-committee at Nangal demonstrate the existence and widening of this hiatus, if anything. The machinery in use on the multi-purpose projects has been estimated to be worth more than Rs. 40 crores, for example. But the mechanical engineering departments are not satisfactorily staffed; and although the Plant and Machinery Committee has done useful work, it seems hardly unfair to say that with so many projects of such gigantic size on hand, the country is learning the hard way about many new problems. Among these are the question of standardisation, the cost of major overhauls and field repairs, depreciation, and the exact balance to be struck between getting the most out of machinery on the one hand and on the other quickening the pace of construction, which means more than the normal accumulation of machinery, and excess overheads. Modern construction engineers are required to deal with jobs requiring long leads and higher lifts; and tractor excavators, bottom dumps, and graders are in use, in round-the-clock multiple shifts. Naturally, the actual experience which an engineer or trainee acquires on such jobs is something for which there can be no substitute. Equally naturally, it would be a pity to waste that experience.

Existing conditions do not provide that there will be no waste of this kind. On the other hand here, as elsewhere, little thought has been taken for the future. The tenure of most engineers at the lower levels depends on the time taken for construction on various projects. What may happen thereafter is uncertain; and in such conditions, there is a drift of technical manpower, and uneconomic salaries have to be paid in order to attract talent but cannot be paid in actual

practice, government rules being what they are; and there is a much larger turn-over of personnel than would otherwise be the case. All the familiar evils which follow the lack of planning are there in other words.

The proposals to deal with this state of affairs are simple. One obvious solution is to form a central cadre of trained engineers, and to so phase the projects that work will always be available for this cadre. The engineers have in this context revived a favourite suggestion—that the Indian Service of Engineers should be brought back. Whether this proves to be acceptable or not, the suggestion that permanent cadres should be formed, from officers lent by the States, if necessary, is certainly worth pursuing.

The principal difficulty which holds up this suggestion at present is the fear that if the Centre is left without major construction work after some time, all the States becoming responsible for their own works, a central cadre of engineers, which does not have any work will prove to be a burden. This difficulty, however, may be imaginary, rather than real. It is not certain that the centre is going to dwindle into insignificance as an agency for the execution of the States' projects. It is not clear that the employment of these trained engineers cannot be stipulated as a condition for the grant of central assistance; and it need not be assumed—if only the scale of the second five-year plan is big enough—that the engineers' fears of a decline in the tempo of activity after the end of 1955 or 1956 will come true.

If a centralised service is the remedy, training for recruitment to that service are however, unlikely to be difficult. This may appear, perhaps, to be an extreme statement, for recent experience has apparently not been pleasant. The sub-committee has observed with regret that the Central Water and Power Commission's scheme to train thirty engineering graduates was not entirely successful; the candidates nominated by the Ministry of Education did not complete the course. But this may be because the training course by itself did not provide sufficient incentives for the candidates to stay on. If training leads to permanent employment, as it may, if a pool of trained engineers is always maintained, then there is little doubt that the popularity and usefulness of the scheme can be increased manifold.

The major drawback in the existing scheme of things is the fact that young and enthusiastic graduates are invited to face uncertainty if they offer themselves for field service on projects. There should be, but there is not, a premium on knowledge and experience. There is much to be said for shifting more and more emphasis on to training, the trainees being recruited fairly young; and less emphasis, if necessary, on formal schooling in a professional college will be understandable. An academic course can be a supplement to learning on the job later on; and it may not be a bad idea to send proved young engineers in their late twenties, who have worked on the projects for some time, back to the University in order to round off their experience. This system might prevent the present drift. It will assure the engineers of a certain career; and it will make them generally more useful than they are now. It would be desirable to give this experiment at least a trial.

The engineers' committee on co-ordination is born of a desire to ensure that the country as a whole gets good value for its money. If, as is commonly admitted to be the case, the training of the engineers themselves is its most complex and difficult task, the committee is entitled at any rate to all the co-operation and understanding that it can get.

THE WEEK'S NOTES

SEVEN-YEAR AGREEMENT ON THE SUEZ

The agreement on the Suez Canal Base dramatically announced on Tuesday was not preceded by any detailed information about the progress of the negotiations. There were only brief indications of the important changes in British policy over this longstanding dispute which has had many bitter interludes. It is difficult to avoid reflecting on the many unhappy developments which might have been avoided if there had been readiness to make the concessions now made on the British side. British troops will now have to be evacuated from the Canal Zone in 20 months and the strength to take this decision might have been derived from the lately improved outlook for reducing international tensions. Egypt has agreed to the re-occupation of the base in the event of an attack against Turkey or the Arab States but not in case of attack against Iran. This inclusion of Turkey marks an important change in the Egyptian attitude and may be traced to American efforts in the background for mediation in this dispute. The limitation of the period of this new agreement to seven years, instead of to 20 as demanded by the British, was only to be expected in view of the history of this dispute.

The main feature of the agreement is the arrangement now reached on the maintenance of the Canal Base. The old question of uniforms for British military personnel has also been solved in favour of the Egyptian view. The base will be maintained by British civilian contractors, who will employ the technicians in order to enable them to wear civilian dress. The maintenance of a foreign military base was repugnant only because it offended the nationalist pride of the Egyptians. All the trappings of military occupation had therefore to be discarded before there could be understanding between the parties.

The agreement has synchronised with the settlement with Iran over oil, thus ending nearly five years of Britain's anxiety over increasing hostility in the Middle East. While the British may well choose to rest content with these two achievements, it is obvious that American policy-makers will regard all these developments as a prelude to other steps for Middle East Defence, starting on the one hand with the link between Turkey and the Canal Base now established, and the accord between Turkey and Pakistan on the other.

DEMARCHÉ ON PORTUGUESE POCKETS

The Government of India delivered a note to the Portuguese Legation in Delhi last Saturday which is significant not merely for its strongly worded demands. It asserts, in keeping with Indian policy towards foreign pockets, India's right to take steps for the protection of anti-Portuguese nationalists in the Portuguese settlements. Though gross oppression has been alleged against the Portuguese administration, it is clear that the details of these repressive measures are less relevant to the validity of the note than India's determination to take measures to eliminate foreign rule in these pockets. This object has never been concealed and the more the Portuguese authorities resort to reprisals against the pro-Indian elements in the pockets, the more the excuses they would provide for Indian intervention in one form or another. It could serve little purpose for Portugal to lay the charge of aggression against India or to invoke the sympathy either of the British, under obsolete agreements, or of the NATO Powers, for a purpose for which NATO was never intended even remotely.

India has warned that the responsibility for the consequences of Portuguese repression of the political movement would rest on Portugal alone. These consequences have not been defined but may well be imagined. Those who sympathise with Portugal, if only because of their many dissatisfactions with Indian foreign policy, have not hesitated to draw the inference that in allowing Goans to enter Dadra through Indian territory while refusing access to Portuguese troops at the same time, India's bona fides have been laid open to suspicion. This is obviously unrealistic, even if it is logical, since India's declared policy entitles her to do both these things with perfect consistency. No obligation has ever been accepted by India at any time, directly or by implication, which would require her to provide support to the maintenance of colonial authority through force, least of all, in her own foreign pockets. India's support, moral and material, has never been withheld from all movements for freedom from colonialism anywhere in the world. If between these two policies Portugal finds itself in an awkward position, she has to thank her own lack of understanding of history hitherto. It must have been clear that India has refrained from encouraging violence and has shown great restraint in keeping the door open for a negotiated settlement.

REACTIONS TO THE LATEST SOVIET NOTE

On July 24, the Soviet Government addressed Notes to the British, the United States and French Governments proposing a conference of all European States and the United States of America to consider the Soviet proposals, put forward some months ago, for collective security in Europe. It was also proposed that the Chinese People's Republic should send an observer to this conference. Mr. Eden has stated in the Commons that the British Government wanted to make a most careful examination. He preferred not to make any hasty judgment on it, whatever conclusions formed themselves automatically on reading some of the paragraphs. British official quarters are not yet prepared to comment on the substance of the Soviet Note. The Note adds nothing to the proposals contained in the Soviet Note of March 31, which were rejected as unacceptable in the Western Notes of May 7. (The only new feature in the latest Note is a vague proposal for "co-operation in the economic sphere").

The timing of the Soviet Note strikes Western observers as significant. They consider it as clearly a propaganda move directed against the programme of Western integration at a time when the French Parliament is expected to make a decision on the European Defence Community. The Soviet Note argues that since agreement was possible on Indo-China at the Geneva conference, any of the international problems listed in the Note might equally be solved at another conference. The Note, however, overlooks the fact that the Geneva conference failed to achieve the reunification of Korea, just as the Berlin conference failed to reunite Germany, because in both cases the Communists rejected free elections under impartial supervision. The Soviet Note, moreover, makes quite clear that the Soviet Government still adheres to the same attitude as before the Geneva conference on all such questions as European security, the German problem, Austria, and disarmament.

MR. CHOU EN-LAI ON CHINESE ABROAD

Of the five principles of co-existence which have now become famous since the Chinese Premier's visit

to India, the main criticism has been based on the various possibilities about their interpretation by the Communists. The principle of non-aggression is more easily understood but there has not been the same degree of trust about mutual non-interference in internal affairs. The main suspicion arises from the manner in which Communist parties within independent countries have functioned with extra-territorial loyalties, acting as instruments of world Communist aspirations. A second source of suspicion, which has particular application to China, is the dual nationality right granted to Chinese abroad even when the latter have acquired voluntarily citizenship rights in the countries in which they reside. There are historical precedents for China for intervening on behalf of such Chinese residents abroad so that Thailand, Malaya, Burma and Indonesia have always been apprehensive of the Chinese minorities. With a strong Government at Peking their fears increased and a strong Note to Thailand from Peking some time ago only confirmed these fears.

It is in this context that we should read Mr. Chou En-lai's statement in East Germany that China will not use Chinese nationals abroad in Burma, Indonesia and Thailand for any political purposes. This is a valuable assurance so far as it goes and must be helpful to reconcile Burma and Indonesia in particular. If Thailand were a democracy, it could be argued that this was a propaganda move to prevent increased U.S. military aid to Thailand now under consideration. This interpretation may be now discounted. The main thing is, of course, to observe that Communist parties, behaving of their own accord in accordance with the wishes of Peking, are not covered by this assurance. Secondly, there is an omission of Malayan Chinese, apparently because of their being in a colonial area and not in an independent Asian country. But the independent Asian countries would be within their rights in demanding that Peking should abandon the traditional dual nationality doctrine so as to compel the Chinese to accept either the nationality of the country of residence or that of origin and not seek both. To accept that would be some proof of the good intentions of Peking.

CONFUSION ON CANAL WATERS

The issues relating to the Indo-Pakistan canal waters dispute have been greatly confused. The Prime Minister of Pakistan presented the legal aspect of Pakistan's case without indulging in violent charges. A few foreign correspondents with more enthusiasm than understanding or discretion have presented a picture of existing desolation in the areas served by the canal waters, though by all accounts the anxiety in Pakistan is about the future, which may not actually commence before September next. On the other hand, the Indian point of view has been, as usual, presented in crude and inept fashion. The assurance of historical supplies of the Sutlej waters to Pakistan was a temporary one and as early as 1948 Pakistan had notice of India's intention to utilise the Sutlej waters progressively for the benefit of East Punjab, to rectify the highly uneven division of the irrigation benefits by the partition of 1947. The Pakistan Government has not utilised the time available since to build up alternative sources of supply which are available within its territory and is now seeking largely to cover up its failure by invoking a historical right. Apart from its legal merits, this means simply that Pakistan can let her own abundant supplies run to waste and yet deprive India of its only source of water supply in the Sutlej which can make up for the wrongs of partition.

In any case, no new issue has now arisen and over Rs. 100 crores have already been spent by India on the Bhakra Nangal project over a very long period.

the consequences of which have been clear all along. The best that one can hope for in the common interest of the two countries is that India will yet be able to spare the maximum possible quantities of water in the lean periods, especially for the areas not accessible to Pakistan's existing canal systems, until Pakistan takes time to make up for past delay. This is not a question of philanthropy since India can have no interest in causing desolation just across her borders if it can possibly be avoided. But it would be foolish to expect that India's interests could be sacrificed or vetoed because of unproved technical rights.

India's interest in accepting the World Bank's plan was not so much that it was favourable to her in a legal sense as that it offered a method by which the administration in Pakistan could be compelled to pay early attention to the problem of building up the alternative canal systems in the Indus basin. The new Balloki-Suleimanki canal is expected to meet the major part of the deficit if the supplies from the upper regions could be secured without diverting water from existing uses. There is no need to minimise the prospect of shortage of supplies to Pakistan with increased utilisation of the waters in India. With good sense and moderation, it may yet be possible to make the best of the situation in the immediate future but wild charges and counter-charges will hardly help.



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WORLDGRAM

AGRICULTURE

Control of North Bihar Floods: A preliminary survey of 21,000 square miles of North Bihar reveals that approximately 700 miles of earthen embankment for river training, 400 miles of desilting of river beds, drainage of 350 marshes (chaurs), diversion of water from unstable into stable channels, legislation for the protection of engineering works against human agencies, and weirs and barrages in the upper reaches of the Bagmati and the Kamala rivers are necessary for the control of recurring floods. The cost is estimated at Rs. 250,000,000. It is estimated that well over 2,000 square miles would benefit directly in one way or another.

Campaign to Eradicate Rinderpest—Pilot Project Finalised: Inoculation of 10 million head of cattle against rinderpest in selected areas of Andhra, Bombay, Hyderabad, Mysore, and Coorg States will begin in October 1954, under a pilot project, the initial phase of an all-India drive to eradicate rinderpest from the country. The pilot project aims at mass vaccination of cattle with a newly evolved freeze-dried vaccine. The recently concluded Central Rinderpest Control Committee meeting states that rinderpest accounts for 60 per cent of cattle mortality in India. To guard against rinderpest in free areas of Madras and Travancore-Cochin, 20 quarantine stations and a mass inoculation programme all along the border belt are to be set up.

Forestry Conference at Poona: The Standing Committee of the Central Board of Forestry will review various State Governments' implementation of the national forest policy at a meeting to be held in Poona from August 2 to 4. The Committee will consider the question of supply of raw materials to the paper and paper board, matches and plywood industries. Other subjects to be discussed include promotion of the use of secondary timber after seasoning and preservation treatment, supply of railway sleepers, institution of a system of rewards to tehsils and villages for planting the largest number of trees in connection with the Vana Mahotsava, need for regionalising the training of foresters, and the 4th World Forestry Congress to be held in India towards the end of this year.

INDUSTRY

£20,000,000 Steelworks Planned for Scotland: A British company is to spend over £20,000,000 on building a giant steelworks in Scotland. The scheme will take three years to complete. Steel ingots will be turned out at the annual rate of 400,000 tons in the first place, installation of extra equipment bringing this figure up to 800,000 tons annually. Pig iron output will be 1,000 tons a day.

Paper Requirements of India: The average monthly consumption of paper in India, excluding Government requirements, is estimated at 10,000 tons. Production at present keeps pace with the demand; and with the turnover of the proposed Nepa newsprint factory, it is expected to increase. In 1953 the total production was 1,38,216 tons, as compared with 1,37,508 tons in 1952; 1,31,916 tons in 1951; and 1,08,912 tons in 1950. Imports of paper—printing, writing, special art and paper boards—will be considerably reduced. India is dependent on foreign countries for newsprint which comes from Canada, U.S.A. and Australia. The Planning Commission is expected to make Rs. 1,30,00,000 available to the Nepa factory next year in addition to Rs. 97,00,000 already granted last year.

\$200,000,000 Oil Contract: The biggest oil contract ever signed by Brazil is worth \$200,000,000 with two United States companies. The two companies will supply 45,000 barrels of crude oil daily over a period of five years to a refinery run by the Brazilian State oil monopoly, thus saving considerable amounts in foreign currency under the agreement, as it is more economical to buy crude oil and refine it.

Steel Output in Communist Countries Up: Last year's output of crude steel in the Soviet Union and the East European Republics totalled 49,975,000 metric tons, an increase of nearly 5,000,000 metric tons on the 1952 figure. Non-Communist Europe achieved 62,832,000 metric tons, a drop of over 500,000 tons on the previous year. The U.S.S.R. was by far the biggest producer in the group with 38,000,000 metric tons, an increase of 147,000 tons since 1949. Czechoslovakia came next with 3,982,000 tons, and Poland third with 3,597,000 tons.

Portugal Plans Railway to Tap African Coffee Belt: A Portuguese Government announcement reveals that a 200-mile railroad is to be built within two years from the Luanda seaport to the Central African interior, at a cost of 425 million escudos (about £15 million). The railroad will improve distribution of 180,000 tons of coffee, sugar and vegetable-oil products a year. It will also permit increased production of copper, asphalt and mica.

U.S. Tinplate Industry Looks Up: The tinplate industry is expecting a boom since it is expected that cans will displace bottles and the industry will soon be called upon to supply 12 million cans a year for soft drinks alone, eventually increasing to 28,000 million cans a year. Last year's total of 1,000 million cans for the beer industry was 25 per cent higher than in 1952.

FINANCE

\$98,000,000 Plan for Lebanon: The U.S. Foreign Operations Administration has submitted a plan to the Lebanese Government for the development of the Litani River. It would cost \$97,800,000 spread over 25 years. The scheme follows three years' work by F.O.A. experts who have been studying how the river could best contribute to the welfare of the Lebanon. It envisages the irrigation of 69,000 acres of land and the production of 171,000 kilowatts of hydro-electricity. Lebanon's present supply from all sources comes to only 40,000 kilowatts.

Fall in U.S. Industrial Pay-Roll: Statistics published by the U.S. Department of Commerce show that American consumers had more income in May over the preceding month, but less in comparison with the same period last year. The chief cause of the fall over 12 months, it was stated, was the cut of \$5,300,000 in industrial pay-rolls. The income during the first five months of this year was equal to an annual rate of \$285,000,000,000.

Oil Company to Get £75,000,000 for Nationalised Oil Installations: The Anglo-Iranian Oil Company will receive £75,000,000 over a period of 10 years for the nationalised Abadan oil installations. The payment for the installations would be borne on a half and half basis by Iran and the oil consortium. The agreement reached on the discount question is as follows:—In the first year with production at 12,500,000 tons there will be no discount; in the second year with production at 22,500,000 tons, the discount will be 5 per cent of the international Persian Gulf price; in the third year with

32,500,000 tons, the discount will be raised to 7½ per cent and in the fourth year with a production of 42,500,000 tons the discount will be 10 per cent. It was further agreed that Iran's share of the oil products, saleable to any customer, will amount to 12½ per cent of the total production.

British Coal Boards' Surplus for First Quarter of 1954: Colliery profits during the first three months of 1954 amounted to £8,027,461. Profits on opencast working and ancillaries bring the total to £9,144,461, but after deducting the loss on imported coal, provision for taxation and interest on compensation, the surplus for the period is £754,461 compared with £451,133 in the corresponding period of last year. Average earnings of all workers were £12-15s.-4d. and of face workers £14-11s.-8d.

Saudi Arabia Refuses U.S. Aid: Saudi Arabia has informed the U.S.A. that she does not want any new technical aid funds because they are too small. The Foreign Operations Administration is reported to be not considering any larger programme than the \$1.7 million allocation in the fiscal year beginning July 1. It is reported that the small grants, compared to those made to Israel, and the feeling that more was due on account of the oil concessions and air-base rights given to the U.S., have contributed to this feeling.

Loan to Brazil Steel Mills: The U.S. Export-Import Bank has been asked to lend Brazil's Volta Redonda Steel plant about \$35 million to help raise annual capacity from 710,000 to 1,100,000 ingot tons. It is stated that the credit, matched by about an equal amount of Brazilian capital would be approved.

World Bank Offers Dutch Guilder Bonds: A first issue of Dutch guilder bonds of the International Bank for Reconstruction and Development was recently offered in the amount of 40 million florins (about £10.5 million). The new issue bears interest at 3½ per cent, coming due in ten equal instalments beginning 1960. This is the eleventh issue of bonds sold by the Bank for currencies other than U.S. dollars. The total amount of these issues equals about \$129,700,000 in U.S. money.

Israel Income Tax Increases: The Israeli Government has introduced stiff income tax increases in order to continue subsidies on essential foodstuffs. Increased income tax or 'subsidy refund' as it is called, is expected to bring in £(I) 30 million in the remaining nine months of the current financial year. As income tax was originally designed to bring in £(I) 105 million, the extra amount means an increase of a third over only three quarters of the Budget period.

TRADE

U.K. Monthly Export Shipments Average £223 Mil- lion: The improvement in the rate of U.K. exports continues to be maintained. Exports in the quarter April-June 1954 averaged £223.8 million a month against £210 in the corresponding period last year. In the previous quarter, January-March, they averaged £224.4 million compared with £208.5 million during the corresponding period in 1953. For the half-year the increase has been from £209 million to £224 million—a rise of 7 per cent on the corresponding period last year and of 1 per cent on the second half of 1953. Imports average £279 million a month—a fall of 1 per cent on the first half of 1953—the visible gap thus falling, after reckoning re-exports to £46 million a month, or to 28 per cent less than the rate in the first half of 1953.

East-West Trade Conference: An East-West trade conference to discuss the removal of obstacles in the way of trade between countries on both sides of the

'Iron Curtain' will be held at Geneva during the second week of October. The conference will be held at the instance of the United Nations Economic Commission for Europe. Proposals made by the Soviet Union for similar talks which would include the representatives of Communist China and East Germany are now under consideration by the United Nations Economic and Social Council.

Decline in Pakistan Wool Exports: Wool exports from Pakistan during the first nine months of the trade year 1953-54 stood at 15,496,000 lbs. as against 22,904,000 lbs. in the corresponding period last year—a 30 per cent fall. The value of the exports totalled Rs. 32,508,000 as against Rs. 44,145,000. America's purchases of raw wool from Pakistan went up from 11,380,000 lbs. in July-March, 1952-53, to 4,292,000 lbs. in the same period of 1953-54. The earnings accruing from these exports also dwindled from Rs. 21,987,000 to Rs. 8,148,000. On the other hand, although exports to non-dollar countries showed a loss of 380,000 lbs. the value advanced from Rs. 22,178,000 in July-March, 1952-53 to Rs. 23,360,000 in July-March 1953-54.

Spain to Supply Armaments to Egypt Worth £1,250,000: Spanish manufacturers have signed a £1,250,000 contract for supply of armaments with the Egyptian Government. A British Foreign Office spokesman admitted that a number of representations had been made to Spain on this matter, but declined to enlarge on the reason for the British representations. It may be recalled that similar representations had been made in the past to Belgium and Switzerland.

Canadian World Trade Down: Canada's import-export trading in the first four months of 1954 was at its lowest level for any similar period since 1950. It totalled \$2,438,800,000 as against \$2,608,400,000 in the opening third quarter of last year. Over the same period, exports dropped from \$1,218,700,000 to \$1,164,500,000. Imports fell from \$1,389,700,000 to \$1,274,300,000. The adverse trade balance was only \$109,900,000 this year as against \$171,100,000 in the first four months of 1953.

India Buys More Machine Tools: Increases in the money paid for British machine tools by India and Pakistan contributed towards a significant rise in the prosperity of the machine tool industry in the U.K. at the beginning of the year (February-March). Indian imports rose from £104,296 to £216,230 and Pakistan's figure rose from £78,364 to £103,208. The value taken by the main buying countries as a whole—a group which includes India and Pakistan—rose from £1,600,000 to £2,080,000 over the same period. The monthly average last year was £1,930,000.

300,000 West Germans Win Wage Rise: Metal workers numbering 300,000 have received a 6 per cent wage increase subsequent to the labour-management tussle in West Germany. This success has encouraged another 236,000 section of Bavaria to demand a 15 per cent wage increase, and threaten strike. It is expected that the entire 1,600,000-member National Metal Workers Union, one of the strongest of the 16 national unions comprising the German Trade Union Federation might follow suit, and demand wage increases.

Limestone Deposits in Abu Road Region: According to the Geological Survey of India over 15 million tons of good quality limestone are available in deposits in the Abu Road region. The object of the investigations was to assess the deposits and allot separate areas for different industrial uses. Most samples analysed were found suitable for the manufacture of cement or lime, for which the local annual need is about 40,000 tons, for railway ballast, the annual need for which is 125,000 tons and the regions where a cement or industrial lime industry can be developed.

NEWS IN BRIEF

INDIAN

The Press Information Bureau, Government of India, discloses that out of a total of 176 million voters in India, the number of women reported to be eligible to vote is estimated at approximately 7.5 crores.

Official sources estimate that the target of 1 million K.W. for the production of electric power in the Five-Year Plan has already been achieved by one-half.

The Government of India discloses in a report that in the first two years of the Plan, the total amount of Small Savings amounted to an estimated figure of Rs. 103 crores.

Calcutta shipments to U.S. during January-May, 1954 show a rise from 250 million yards in January-May, 1953 to 270 million yards. U.S. consumption, however, fell to an average of 63 million yards a month—roughly 2 million yards less than the monthly average for the corresponding period of 1953.

Forty-five carefully selected trainees are receiving specialised training in various Burmah-Shell Refineries and Laboratories in Europe and on the Refinery site at Trombay. These trainees will, after training, assist in maintenance and operation of plants whose construction is in progress.

Technicians at an Indian Leather Government Research Institute are working on the adaptation and improvement of goatskin tanning process calculated to make a lucrative export in glazed kid leather. India annually produces 22.9 million cured goatskins of which 17 million go to the U.S.

The Indian Tobacco Delegation, at present visiting Far Eastern countries to seek additional markets for Indian tobacco, has concluded a 2,000-ton tobacco transaction with China for part of the 1953 produce.

A Press communique issued by the Reserve Bank of India discloses that during the week ended July 16, 1954, the Government of India Treasury Bills for Rs. 8,85,75,000 were sold in favour of the Reserve Bank of India.

It is reported that India's public debt stands at present between Rs. 2,300 and Rs. 2,400 crores and Pakistan's share in it is variously estimated at about Rs. 300 crores. The payment to Pakistan of Rs. 55 crores by India in 1947 was in clearance of her share of the Sterling Balances.

The All-India Khadi and Village Industries Board has been given a loan of Rs. 17 lakhs, out of which Rs. 9 lakhs is to be utilised for the development of village oil industry, and Rs. 8 lakhs towards implementing the scheme regarding hand-pounding of rice.

FOREIGN

It is reported from London that for the first time the Council of the International Hotel Association will have its annual meeting in the East, when nearly 400 delegates from 37 countries are expected to meet in Delhi next February.

Japanese exports during the first half of this year are estimated at being worth £260 million—an increase of 29 per cent over the corresponding period during 1953. Exports to the Sterling Area rose by £22 million.

The U.S. has paid in full its share of the United Nations budget for 1954 with a check for \$13,407,290. The United States contribution amounts to one-third of the budget.

Infant mortality in France during 1953 was 36 per 1,000 births varying considerably as to the profession of the father. Death rates of children of dentists being 16 per 1,000 births before reaching the age of one year; pharmacists' children—17; doctors' children—21, Miners'—80 and labourers—74 per 1,000 births.

Ammunition contracts worth \$700,000 have been signed with a Belgian concern, making a total of \$7 million for U.S. off-shore ordnance contracts with Belgian companies. Another \$874,104-contract with a Turkish firm brings the total for such orders with Turkish companies to \$8 million. Contracts worth \$1.7 million brings the total with Norwegians to \$17 million since 1952.

In the operations during June 1954, of the European Payments Union, Germany emerged again as the largest creditor, with a \$36,100,000 credit; France has a deficit of \$6,200,000 and the United Kingdom a credit of \$8,300,000.

The International Bank for Reconstruction and Development recently announced that in response to a request of the Japanese Government, it had been decided to send an Agricultural Mission to Japan.

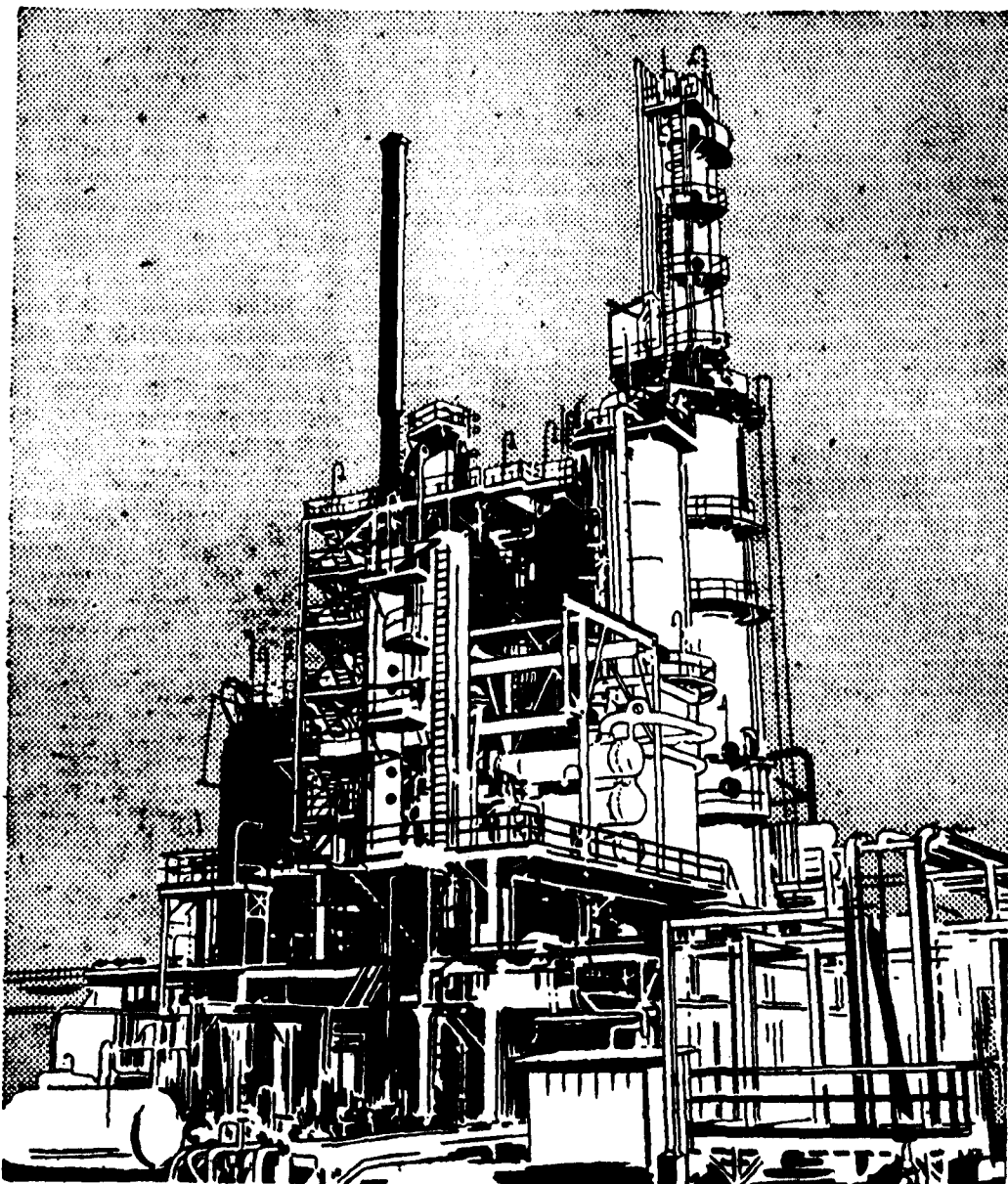
The Tenth Annual General Meeting of the International Air Transport Association will be held in Paris from September 13 to 17, 1954, following the Society of British Aircraft Constructors' Display at Farnborough (September 6-12, 1954).

The East Pakistan Government has submitted to the Central Planning Commission a Rs. 30-crore Five-Year Plan for approval for the development of public health. The Plan envisages a recurring expenditure of Rs. 5 crores a year.

A census completed in Arakan Division, Western Burma, shows that the population numbers 95,101 (52,191 males and 42,910 females), including 19,451 Indian and Pakistani nationals. Most Pakistani and Indian residents are either unmarried or have left their wives behind.

The Burma State Agricultural Marketing Board shows that total shipments, including loadings from January 1, 1954, up to the end of May, 1954, amounted to 700,375 tons of rice and rice products including 47,157 tons of bran.

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A Window On The World

A.-I.T.U.C. FAVOURS HARDER WORK

By
ODYSSEUS

THERE WAS an interesting resolution before the recent twenty-fourth session of the All-India Trades Union Congress at Calcutta, which denounced rationalisation as one of the most insidious dangers confronting the Indian labour movement today. The General Secretary, Mr. S. A. Dange, also warned the workers that if rationalisation was not fought back, it would throw thousands out of their jobs.

This resolution, and Mr. Dange's remarks, came in for some acid criticism from the capitalist Press, but I confess that, for my part, the more that I think about the A.-I.T.U.C.'s resolution, the more I find to admire in it. The old reactionary capitalist jibe used to be that the workers did not want to work—all that they were interested in, it was said, was more pay for less work. But the A.-I.T.U.C.'s resolution clearly shows that this is no longer true. On the contrary, if the workers have their way and the resolution is supported by Government and forced into universal application, the workers of India will be voluntarily working harder than anyone alive in India today ever has.

Consider, for example, the man who sits between 9 a.m. and 5 p.m. on the seat of a bulldozer, just steering and pulling levers, while the bulldozer tears down trees and shovels tons of earth in the course of leveling a strip of ground. The bulldozer is doing the job of at least a dozen men. This is rationalisation. Doing people out of jobs. Abolish it. In a trice, our friend finds himself out of the bulldozer's comfortable seat, working instead with pick-axe and shovel with eleven other men, their backs breaking under the grilling sun. One cannot but admire the heroism displayed. Theirs not to reason why, theirs but to sweat it out—at subsistence level.

Consider also that inhuman piece of rationalisation, the telephone. Nowadays, an effete capitalist who wants to order a thousand tons of something or other picks up a receiver and after some minutes of dialling wrong numbers, bad temper, and rising nervous tension, he gets through and places his order. In the course of the day, he may perhaps use the telephone fifteen or twenty times. He could not have done that fifty years ago when there were no telephones in India. In those good old days, he would have employed a score of chappassis or peons to carry chits round the town.

MR. S. A. DANGE'S BUS HOME

It is clear, of course, that when Mr. S. A. Dange catches the bus to go from his home to his office in the headquarters of the A.-I.T.U.C., he is letting the resolution down badly, because a bus, managed by one driver and one ticket collector, transports fifty or sixty people, whereas if they all took rickshaws, employment would be given to fifty or sixty rickshaw wallahs.

Why stop at buses? Why not abolish the entire railway system? What is this criss-cross of lines that pock-marks the fair land of India, carrying into its furthest corners great steel monsters that under the control of one driver, one fireman, and one guard—three measly men—transport thousands of tons of goods about the country? It is nothing but rationalisation—a labour-saving device. Without it, millions would be given employment in carrying on their heads the goods now carried in railway wagons.

When one looks around the Indian scene today, one sees the enormous scope for the application of this

resolution against rationalisation. The difficulty is not to find industrial or economic activities to which it applies—they strike the eye whichever way one looks. The difficulty is to find an activity to which the resolution does not apply. Is there any productive labour of any kind in India which is totally un-rationalised? Even when you have abolished the bulldozer, the men who take its place are armed with picks and shovels. Sheer rationalisation. Away with them. We can double or treble employment by insisting that the workers tear down the trees, shovel the earth, and level the road, with their bare hands.

Bare hands! Now we are at the heart of the matter. Logically, the application of the A.-I.T.U.C.'s resolution means the abolition of every time- and labour-saving device and instrument, until we are left with nothing but our hands and bodily strength (or weakness).

As far as I know there is, in this sense, no completely un-rationalised country or people in the world. The most primitive peoples have canoes, boats, spears, fishing tackle, and crude spades and ploughs. However, this may be as far as the A.-I.T.U.C. wants us to go. Perhaps they won't insist on a dozen men turning out to grub the fields with their hands in place of one man and a bullock pulling the plough.

Sympathising as I do with the object of the A.-I.T.U.C.'s resolution, I nevertheless foresee one great practical difficulty in realising it, namely, that India will have to give up her export trade and do without imports, because, of course, if all her present exports were produced by hand instead of by labour-saving machinery, the cost would be so high as to price them out of the world's markets, and, of course, if we could not sell anything abroad, we should be earning no foreign exchange and would, therefore, not be able to buy anything from overseas. By depriving us of foreign capital goods this might turn the Five-Year into a Fifty-Year Plan, but the numbers engaged (in grubbing the earth and carrying small loads on their heads) would be vastly multiplied, which I take to be the object of the manoeuvre.

The solution to this problem would be a "Workers of the World Unite!" campaign to abolish all labour-saving machinery and tools throughout the world. But another difficulty might then crop up, for the workers of Britain, America, and France, might perhaps not regard it as a blessing if they were asked to abandon machinery and work with their hands or with primitive tools, as the A.-I.T.U.C. would like them to. Western workers might point out that with the aid of bulldozers, trains, machine tools, washing-machines, and rationalised mass-production generally, they worked a forty-two-hour week, and earned good wages enabling them to afford cars, motor-cycles, television, radios, radiograms, and solidly constructed brick houses to keep the rain and cold out. As against this, they might point out that the Indian worker, having scrapped what rationalisation was in existence, would simultaneously lose all that he had in the way of amenities, and would be engaged in a subsistence level struggle to keep alive from dawn till dusk without let up until he died.

RAISING THE STANDARD OF LIVING

The truth is, of course, that the standard of living in the West is higher than in Asia in proportion as

the various countries of the West have developed quicker and cheaper ways of producing goods: contrary to Karl Marx's idea that the more labour that went into a product, the more valuable it was, the West has proved that the more that you can economise labour, the more valuable your product is likely to be. The fewer the workers necessary to make any one commodity, the more workers there are free to produce others, so that the more that this process of minimising labour in any one commodity can be developed, the greater the variety and total of different kinds of goods (and services) there will be available to the community as a whole—in other words the higher the standard of living.

In the short run, a new labour-saving device displaces workers and causes unemployment but those displaced workers will be absorbed as the economies effected by their dismissal lead to fresh spending and thus to new demands in other directions.

Western trades union leaders would be likely to point out to the A.-I.T.U.C. that their experience has demonstrated that rationalisation promotes a higher standard of living by cheapening the cost of production of individual goods and so making for the growth and expansion of the economy, or—another way of looking at it—of the national income. They would argue that the real enemy of Indian workers is not rationalisation but the pressure of population leading to cheap labour which is notoriously inefficient labour. Cheap labour offers no incentive to devising quicker and cheaper methods of production; it lulls employers into a false sense of satisfaction with things as they are, which means economic stagnation. The real problem to which the A.-I.T.U.C. should be devoting itself is to find a way out of the vicious circle of labour that is cheap because

it is inefficient and inefficient because it is cheap.

As a matter of fact, at first sight it seems probable that this proposition is truer of agricultural workers than of industrial workers as a whole. Investigation by the A.-I.T.U.C. would probably show that in many Indian industries labour was not as overplentiful as it is in agriculture. In all industries requiring skilled workers, there is of course apt to be a shortage. This perhaps opens up a fruitful line of reflection and enquiry. What is a skilled worker? He is one who knows how to handle tools or machinery of greater or lesser complexity, and he draws higher pay than an unskilled worker not merely because he has to be compensated for the acquisition of his skill but above all because the tools or machines that he handles enable the producer to earn a bigger margin of profit out of which he can afford to pay higher wages to retain the services of skilled workers and to keep them contented. So while more machines (that is more rationalisation) may mean fewer employees in any one industry, they may also mean a bigger national income to share out.

In this final paragraph of my space, I cannot launch out on a discussion of the connection between over-population and cheapness of agricultural labour, but if the A.-I.T.U.C. goes in for study groups, as every well-organised and responsible trades union should, it ought to look into this problem which is closely linked to the problems of industrial workers, and the A.-I.T.U.C. might well find that the way to raise the standard of living of the countryside was through increased scientific and technical agricultural education. Peasants who can read the directions on a tin of fertiliser and use it intelligently will be on their way so to increase their productivity that a big step towards reducing whatever "over-population" may exist will have been taken.

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LETTERS TO THE EDITOR

BREAKING UP BOMBAY STATE

Sir,

I have read with interest your appreciative reference to the Memorandum submitted by the Bombay Citizens Committee on the question of Reorganisation of States in India, in the editorial notice which you have made under the caption 'Language and Boundaries' in "The Eastern Economist" of 16th July, 1954. I would like to clarify a few points arising out of your editorial observations and shall thank you to publish the same in the columns of your esteemed paper.

In page 74, para 2, in making a reference to the constitutional structure of the country, you seem to be inclined to the view that "it is possible in overrating some of the recent political attitudes to overlook all this commonness which is bound to persist even after all the States have been reorganised on the basis of linguistic groupings as now proposed". In examining the implications of the linguistic States, the Committee studied very carefully the constitutional provisions for resisting any tendency on the part of the States to undermine the powers of the Union conferred under the Constitution. We are also aware that the Constitution does contain residuary powers adequate to meet emergency situations. Still, if we have felt the need for pointing out the dangers of linguism, it is because that, in the actual process of reorganisation of States on the consideration of language alone as the primary basis, the constitutional provisions would be virtually rendered ineffective. The concept of the linguistic State as formulated by the protagonists, implies 'inviolability of territory' for the States so constituted. A linguistic State with an implied claim for inviolability of territory may ultimately lead to the concept of the constituent units being vested with an autonomous status, which was far from the minds of the framers of our Constitution. Such a development will have far-reaching significance and it is from this viewpoint that the Committee requested the Commission to examine carefully the implicit danger in the concept of a linguistic State and how far such a concept will be in consonance with the spirit and nature of the Indian Constitution and the provisions contained therein.

In the light of the above elucidation, we would like to clarify our stand. We are not against any reorganisation of States or for the omission of language as one of the factors in the consideration of the same, but we are opposed to the principle of language being accepted as the only or primary basis of constituting units of the Federation, particularly of the type which we have envisaged, in our Constitution. Secondly, we have also prominently emphasised the growth and existence of a pattern of States for over a hundred years which has developed political, administrative, and cultural associations within and between them. In the reorganisation of States, the existence of such multi-lingual and cosmopolitan areas should not be ignored and we are opposed to the splitting up into linguistic units of such composite areas and their being coerced into being assimilated into any one of the linguistic areas against the wishes of a large section of the people. It is not necessary to labour the point further than to point out that the reorganisation of States in India should be subject to the paramount necessity of maintaining our national unity and the strategic, economic, administrative and other interests, which claim priority.

In para 5 of your editorial, it has been observed that "the danger of disruptive and dissipated tendencies has been exaggerated and it is asking too much if

we insist that the interest in the development of regional languages should be rational, in the sense of being totally divorced from emotion". Here, we would point out that we are not opposed to the need for encouraging the development of regional languages, nor are we unaware that the development of regional languages cannot be divorced from emotion. We are only contesting the validity of the claim that the linguistic frontiers are co-terminus with the territorial boundaries of the constituent units of the Union. Our main contention is that the socio-cultural homogeneity of linguistic groups does not necessarily form the basis for political homogeneity and formation of political units; that is, the development of culture and language should be disassociated from questions of politics which has been recognised as a healthy development in modern political thought.

In para 6, you have said that "if those who shape the life of Bombay city and have contributed to its importance feel alarmed about its future because of the possibility of fanatical policies of linguists, it would be necessary that safeguards should be devised to allay these fears". You have also referred to the vehement claim of Andhra for the inclusion of Madras city and how that claim was put out of the way while finding a solution. We must make it clear, as you have yourself noticed, (in paragraph 1—page 74) the "composite character of Bombay city is unrivalled". The case for the city of Bombay stands apart from any other city in India and in the solution of the reorganisation of this composite State into respective linguistic units, mere safeguards offered by any linguistic group cannot meet the situation. There is no doubt, as has been pointed out by the Dar Commission and the J.V.P. Report, that the composite character of the city will be seriously jeopardised, if it is included in any uni-lingual area. The main point to be noticed is that the city of Bombay has never been an integral part of any uni-lingual area and for that matter, Maharashtra, which claims the city as a part of its territory, but has grown from the beginning as a composite territory with all the characteristics of a multi-lingual and cosmopolitan centre.

In page 85 of our Memorandum, we have, therefore, emphasised that "if the present State of Bombay is to be reorganised on the basis of linguistic units of Samyukta Maharashtra, Gujarat and Karnatak, it is clear that Bombay, which is multi-lingual, cannot become a part of any uni-lingual State. The three component units of the composite State being vitally connected with the city, if constituted into separate States must have the same constitutional and political relationship with the State of Bombay city, which they have built up and in which they have a vital stake". The only practical solution, therefore, is to constitute it as a separate State, as recommended in the Memorandum. If the city is made a part of any uni-lingual area, tensions and conflicts will unfortunately develop and will jeopardise its economic and strategic stability. That has really been the considered view of all those who are not influenced by any other consideration than that of national interests vis-a-vis the present position of the city of Bombay and its importance to the Indian Union.

Yours faithfully,

G. L. GHEEVALA,

Gen. Secretary,

Bombay Citizens Committee

CONSUMERS' CHOICE

Sir,

The letter to the Editor on Consumers' Choice is interesting and thought-provoking.

As we live on, do we not require an easy and a free (or as free as possible) supply of goods and services? That is the justification for mechanised large-scale production. It implies that the time thus released (i.e., leisure) shall be used for the development of personality in socially desirable ways. But as we live on, do we also not require work from all able-bodied persons before they consume the above-mentioned goods and services? This work shall no doubt involve the production of some goods and services. The former class of goods and services must be available for exchange at appropriate rates with the latter class of goods and services. Also, while we might visualise a ready consumers' demand for the former class of goods and services, we must also name consumers for the latter class of goods and services.

I have heard it said that it is very difficult—nay, impossible—and highly dangerous to try to influence the consumer. Simultaneously in the name of 'development' and 'employment' it is contended that the production and sale of certain goods and services should be protected, subsidised, patronised, popularised and recommended—not to say of advertised. And it may also be argued that situated as we are the consumers do not get the freedom to exercise their choice; they are not informed of the right and true qualities and characteristics of all goods and services produced; nor all sorts of supplies are made available in the markets (better market places) where they make their purchases; even more, the dealer does not necessarily show him all the varieties and substitutes in his shop but is activated by the profit motive to sell the relatively inferior or the relatively costly items of his stocks first.

It is in this background that it should be discussed how far and how the consumers should be allowed (and educated) to exercise their choice and rate. I for one do like that the consumers' choices should be found out and publicised through impartially held Gallup polls and the like. But there must also be impartial and sincere education of the consumers to enable them to reap the benefit of past experiences and scientific knowledge about the effects of the consumption of different goods and services. "Effects" here means effects on health. But we must also study the effects on the family, the surrounding population, the countrymen as also the effect on coming generations. Would it be desirable if members of one's family were to become highly sensitive as a result of certain consumption; or if men are rendered without work; or if our boys learn the art of picking pockets, acquiring things stealthily by threat or under force; or if conditions of discontent and frustration are produced in others owing to one's ways of consumption; or if the production methods used for articles of one's consumption lead to more noise, sharp stench and the like?

All said, it would perhaps not be unjust to emphasise that "employment vs. production" is a major issue. Some time back, the Finance Minister registered a plea for both employment and production. It was argued in another section that, if our priority is for employment more than for production, the State should allow the private sector a free hand, i.e., allow the development of even the non-essential industries in case they came to be developed; and that greater State help—in the form of research, patronage, subsidy, marketing facility—should be rendered to the small-scale and cottage industries for which particular lines of

production may be clearly laid down. To this, one likes to add that in order to further the cause of employment, private sector itself should devote its attention to the rationalisation and promotion of small-scale and cottage industries. When they do so, it will be proof of the intention of the private sector to pay attention to the "employment" aspect also. There are signs that organisations of private entrepreneurs are waking up, and it may be hoped that in the interest of "employment" sincere efforts shall be made to influence the so-called impossible consumers' preferences in favour of products of labour-intensive industries.

Yours faithfully,

MAHESH CHAND,

Allahabad University,

Economics Department.

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A DELHI DIARY

THE LOCUST INVASION

AS many leading personalities were leaving Delhi for the AICC Session at Ajmer, the locusts moved in! Is this a coincidence that the locusts choose to invade Delhi at the auspicious time of AICC meetings? It will be remembered that last year, when the AICC was meeting at Agra, the largest swarm came on the day of the largest Delhi exodus. On this occasion, there have been two visitations, one of which coincided with the departure of the President for Bangalore (the largest swarm appropriately settled down in Rashtrapati Bhavan!) and another which coincided with the departure of the Prime Minister. This time, it would, however, appear that the locusts have no intention of departing before our leading figures return. They have firmly settled in almost every village of Delhi State making what is described as a major battle operation now necessary. An all-out campaign has recently been planned, and control measures have been initiated to obtain what is described optimistically "as 100 per cent results". Does this mean that every single locust will be killed; or only that those not killed will have lost their appetites?

What is interesting about these operations is that five Magistrates have for the first time been sent forth to police stations in the rural areas of Narela, Mehrauli, Najafgarh, Nalgonj and Shahdara to take charge of the campaign. On no previous occasion, as far as I remember, have Magistrates been made generals in the field for locust operations. Can it be that the locusts have developed a respect for law and order which makes the First Class Magistrate an excellent instrument in large trench warfare? One hopes, of course, that respect for law and order by these predatory insects is somewhat larger than it has always been. But my own (pessimistic!) prediction is that their nature has not changed, and that psychological warfare under the banner of Magistrates is not likely to be as effective as straightforward trench warfare!

This year's locust invasion is stated to be the worst that Delhi State has ever had and a programme with three separate stages has been devised for their extinction. Four days, July 27th, 28th, 29th and 30th have been specially fixed for destruction of eggs through ploughing. July 31st and August 1st and 2nd are days on which insecticide spraying becomes the major operation. Thereafter, trench digging will begin. One wonders, however, whether these operations are as mutually exclusive as the planned campaign now looks. Cannot all operations be put in force at once? I pause for an (elementary!) reply.

THE PROVING FLIGHT

Little did I realise when I was writing in enthusiasm last week of my friend the Maharaja (of Air India International!) that a first class issue was at that very moment being fought between the Communications Ministry and Mr. J. R. D. Tata. It was only on Sunday that I learnt (from a Bombay source!) that Mr. Tata had declined to leave on the proving flight to Tokyo; I may, however, claim the virtue of good analysis in that I was able to predict (in the exact concern in which it was operating!) the result of letting too many cooks into this particular kitchen. Why, in the name of all that is sacred, should the Chairman of a company be overruled by a Ministry on the issue of the number of journalists or the particular journalists to be sent on a proving flight? The fact that on such a trumpery question, the man of spirit (to use my Schachtian phrase) should be hauled by a Committee

seems to indicate that the fears I expressed are all too real. The incident has caused far more feeling than it is worth; but at least a peck of principle is worth many pounds of compromise! I applaud Mr. Tata's action; but I hope he will not make this an issue of confidence. That would elevate his opponents. I am in a position to say that there is no want of confidence in Mr. Tata; only there is passion for patronage elsewhere!

A PROVING FLIGHT AT AJMER

Are sessions of the AICC proving flights for India's foreign and domestic policy? I have a (private!) theory that the Prime Minister has consistently used AICC meetings very skilfully as proving flights (or landing grounds?) for India's foreign policy. The tradition has now been firmly established that no meeting of the AICC is ever complete without an enthusiastic endorsement of India's foreign policy, after a resolution moved or seconded by at least two State Chief Ministers. I sometimes wonder whether this constant repetition will not wear away the edge of this most excellent device. Everyone knows now that the debate on foreign policy in AICC sessions really has no (controversial) meaning because everyone is agreed in advance. On this occasion there were, however, at least one or two unexpected speeches in which advocates of non-alignment showed themselves plus royaliste que le roi! I like our foreign policy, but will not this constant praise one day produce the same result of tiredness which brought about the death of Aristides, because of the Athenian who was tired of hearing him called "the Just"?

'ARAM HARAM HAI'?

I liked this Session of the AICC because it has been constructive in another respect. It has produced a new and catchy slogan 'Aram Haram Hai'. In his concluding remarks to the AICC Session, the Prime Minister placed this new slogan in perspective. He said: "Our entire country is in a kind of commotion and every man and woman has a role to play in building the New India. Congressmen especially cannot afford to be idle or passive or to become ease-loving. Excuse my saying so, but in Independent India 'Aram Haram Hai'". Does this imply that there is in fact work for everyone to do? Are there not some unemployed whose 'aram' is not their 'haram'? Or is their 'aram' someone else's 'haram'? Whose?

ONE GUEST MISSING?

I am reliably informed that India has issued seven invitations (excluding herself) for a meeting of the Turco Supervisory Commission on Indo-China in Delhi in the first week of August. Six countries have responded; Poland has not yet replied, but Canada, France, Cambodia, Laos, Viet-Nam and Viet-Minh have all accepted. I am told there is no hitch about Poland's acceptance; but since the Conference is next week, is not time running out? There is no truth in the rumour that the Polish acceptance is being screened by Moscow. And even if it were, screening in Communist countries is quick work; look at the speed with which the Viet-Minh has acted.

Meanwhile consultations proceed (with strong personal equations!) in our External Affairs Ministry about the composition of the Indian team. We are told a civilian is likely to be chosen leader and that no senior member of the Korean team will be in. Why?

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SPECIAL ARTICLES:

A POLICY FOR AGRICULTURAL PRICES

THE decline in the prices of food grains in Indian markets which occurred during June has now been checked. During the last two or three weeks, prices have been firm in the North Indian markets. The complete decontrol of rice, with effect from July 10, has induced only a moderate decline in rice prices in several areas including the South, though the position here varies greatly from State to State. All the evidence available so far serves to support the conclusion that while the substantial increase in food production in 1953-54 has eased supplies and reduced prices, a seasonal factor had been in operation in May and June to accelerate the downward trend. The anxiety of the cultivators to dispose of their harvest before the rains came in July to prevent transport of produce or in order to secure finance for the next agricultural season, often causes plentiful supplies and lower prices at this time of the year. The shortage in the monsoon period and in the lean months following it may, as usual, correct this decline that has occurred during the earlier part of this year.

But the problem of agricultural prices is bound to recur in the future. It cannot fail to revive when another bumper harvest follows in the current agricultural year, particularly after March next. Meanwhile, there will also arise the question of disposal of existing rice stocks with the Government and of the quantities to be imported from Burma, all of which will have secondary effects on food prices, unless free markets are insulated from competition from these supplies. This second difficulty can be controlled or overcome by regulated releases of stocks, but not the first. The question, therefore, arises if agricultural prices are stabilised around present levels in the next few months, whether a second good season will not bring about a depression in food prices which would require remedial measures in order to maintain the incentives for production.

The statements made recently by official spokesmen show that this question of remedial measures has not so far been thought out fully. Speaking at Naini Tal on June 25, the Food Minister, Mr. Rafi Ahmed Kidwai, stated that the Governments of U.P., the Punjab and Rajasthan had decided to give price support to prevent a crash in the food grains market and that the general idea was that Government should intervene whenever wheat prices tended to fall below Rs. 10 per maund. This was to be regarded as the floor price and it was felt that the State Governments could be depended upon to devise methods whereby this price could be sustained. On July 7, the Union Minister for Agriculture disclosed that Government had decided as a matter of policy to purchase food grains in case their prices fall below Rs. 10 per maund to safeguard the interests of the farmers. The State Agricultural Ministers' Conference which opened in Srinagar on July 14 was then reported to have considered various ways of stabilising prices at fair levels. After all these assurances for the future, Dr. Punjabrao Deshmukh's admission last week that the Government would be unable to afford a lasting system of price supports with its present limited resources has been the first sign of the sobering influence of second thoughts on the subject.

The truth is that the implications of a price-support programme have never been closely analysed. It was easily assumed, after nearly ten years of administration of food controls, that price support involved only grain procurement in another guise. Agricultural Ministers were liable to forget that conditions have so

changed in a situation of all-round increase in production as to make price supports almost impossible. The increase in the Indian grain output has coincided with an increase of supplies and lowering of prices of the grains entering into world trade so that the possibilities of export of the grain procured at floor prices are very negligible. If the grain procured under support schemes has to be stored and unloaded at suitable opportunities, storage space for grain up to three million tons may be necessary and present proposals for the construction of storage space contemplate only reserve stocks of about a million tons. The problem is not one of procurement for immediate transfer to deficit areas or pockets as before, which could be managed with limited storage space, the least physical damage to stocks and the minimum trading losses on the prices of grains. Obviously, if large stocks are offered at any support price prescribed by Government, it means that market prices are lower and that Government will have to sell its purchases at a loss. Even if the financial aspect of the subsidy were no consideration, the effect of Government's unloading its stocks at a lower price (in the absence of sufficient storage) would be to depress prices further and defeat the purpose of the whole policy.

Normally the position may not be as absurd as all this since there would be some deficit pockets in the country into which surpluses from other areas can move. In some special cases, it may conceivably be facilitated through direct Government operations, but the easiest course is to provide transport facilities to all such areas so that private trading channels can move in quickly to meet the deficits. At the present moment, the Central and State Governments would have enough on their hands in disposing of the 13 lakh tons of rice on their hands and the additional quantities expected from Burma. There is also, besides, a liability to take wheat under the International Wheat Agreement if the price should fall to the minimum. Even this minimum under the I.W.A. will be above the internal free market prices of wheat so that the disposal of imported stocks would require a subsidy, after incurring which, the wheat will directly compete with the internal output.

It is quite clear, therefore, that the talk about price supports had been vaguely conceived presumably more for its political appeal to the rural constituencies than for its administrative and financial feasibility. These considerations need not exclude special policies for particular areas but the major planks of any policy for agricultural prices must be free availability of transport and stepping up of development expenditure to an extent to which it could maintain demand for the additional food grains. It is unlikely that the Government would be able to do much else. The reduction of the floor price of cotton this week is another step in the opposite direction of reducing an excessive obligation.

There have been many theories about incentives and disincentives to alternative crops to food. For example, it is now feared that low food grain prices might encourage diversion of area and resources to remunerative commercial crops like cotton, sugarcane or oilseeds wherever possible. But in none of these cases should any diversion cause concern because of our unsatisfied needs of cotton, cane and oilseeds which are still high enough to require greater production. The reduction of cane prices and the securing of better yields and better varieties have been so far defeated because of the politics of U.P. and Bihar and the present opportunity may prove useful to solve it through higher

production. Oilseed prices have always been higher than those of food grains and no new factors are now involved. The restricted incentive that is now available for cotton might be only barely sufficient to attain the Plan's target.

There is, lastly, the fact that Indian agriculture has historically responded more to the seasons than to prices. With good seasons production has rarely declined even if prices were low as they were in the early thirties of this century. Part of the incentive to maintain it is also derived from the necessity of the agriculturist to produce more or to maintain production in order to maintain his money earnings to meet the relatively more rigid prices of manufactures. Without accepting the extremely distorted argument that an agricultural depression may be necessary to compel the cultivator to produce more, we can rule out the prospect of a substantial fall in production because of existing or prospective lower prices for food grains. Finally, there still remain the normal risks of agri-

culture—which cannot be obscured by two or three good seasons—which will be the biggest stabilising factor in respect of prices over a long period. The floods in Bihar and Assam reported this week are examples of such risks.

There is no doubt that the talk about price support has been irresponsible and it is good that it was checked in time. Farm price supports have proved unmanageable even for a country like the United States where the agricultural output is a much smaller percentage of the national output than in India and where government's revenues constitute a far higher percentage of national income than here. It does not mean that the situation is without remedy but only that the remedies are indirect and are partly already in operation. A decline of agricultural production or purchasing power is not merely of direct interest to farm groups but to all sections of the economy and there would be wide support for any policies which are within the range of practicability.

THE FRENCH SHIPBUILDING INDUSTRY

(CONTRIBUTED)

THE French shipbuilding industry which was entirely crippled by the war, with its normal pre-war annual output reduced from 200,000 tons in 1938 to a mere 40,000 tons in 1945, is now completely rehabilitated.

The machinery and equipment have also been entirely replaced by up-to-date and modern installations. The renovated shipyards are now equipped with a continually increasing means of production. They can now produce 350,000 tons of merchant shipbuilding per annum.

In the course of 1953 they launched 225,000 tons, delivered 195,000 tons, and they had, on the first of January 1954, orders in hand or in course of construction for 750,000 tons for the merchant fleet, 207,000 tons of which represent orders from foreign shipowners and 38,000 tons for the French navy.

The twelve main French shipbuilding companies are capable of turning out the widest range of ships in their fourteen shipyards. Ever since the last war they have contributed to a large extent to the reconstruction of the French merchant fleet. They have actually delivered to the merchant fleet during this period, passenger liners, cargo ships, tankers, specially fitted banana-carrying vessels, coasters, trawlers, dredgers, tug-boats, and all types of harbour engines. They are now actually building for the French navy various types of warships.

All these units have largely benefited from the recent progress achieved by an army of shipbuilding and research technicians. This is particularly the case with the latest French turbine passenger liners, which are fed by high pressure steam boilers (up to 64 KG/cm²) with high superheated steam (485 degrees). The French shipbuilding yards can, on the other hand, build all types of diesel engines. Several constructors are also equipped for turning out new type motor units consisting of free piston generators (S.I.G.M.A.) and gas turbines, especially suitable for ships of medium and low tonnages.

It is not possible to enumerate all the outstanding units and types of vessels built in France during the last few years. However, the new large passenger liner "ANTILLES" commissioned in 1953 and her sister ship the "FLANDRE", (shipyard de France Dunkerque) delivered in 1952, are the two largest French liners built since the war.

Other notable vessels are the giant tankers, "BERENICE" and "BETHSABEE". At the time when they were put into service in the first quarter of 1953, these vessels with their 32,000 tons dead weight and 43,000 tons displacement, were the largest tankers ever launched in the world. The French shipbuilding yards can also equally turn out medium and low tonnage cargo-ships. The builders have acquired great experience in the construction of cargo-boats ranging from 2,000 to 4,000 tons. As an example one might cite the seven diesel cargo boats of 4,200 tons dead weight and 14 knots of the "MITIDJA" type, a certain number of which have been partially fitted for dual use both as tankers for the transport of wines, and as cargo boats with holds and between-decks.

Mention should also be made of the several coaster tankerboats and asphalt carrying vessels, ranging between 1,200 and 2,500 tons dead weight, which were delivered during 1953 or are still in course of construction. The French shipbuilding yards have at present on the slip-ways and in hand orders for about 30 giant tankers ranging from 17,500 to 37,400 tons dead weight both for French and foreign (United States, Panama, Liberia, and Chile) concerns and Governments.

The French shipbuilding industry constitutes in 1954 one solid entity with fully and powerfully equipped plants, strongly backed up by all the resources of the French soil and industries. This enables it to build any type of vessel without recourse to foreign firms. The works of the Research Institute facilitate its activities. This Institute has been founded under the aegis of the Union of Shipbuilders, and its essential aim is to investigate the means and methods which are likely to reduce shipbuilding costs, to improve shipbuilding material, and to guide and control the tests to be carried out for these purposes. This Office plays a role similar to that of the British Shipbuilding Research Association.

In order to get into touch with foreign clients, the French shipbuilding yards rely upon the G.E.N.E.M.A. (Export Association for Maritime Ships and Engines) founded in 1950 by the whole body of the shipbuilding yards. Foreign Governments and shipowners can now easily obtain all the necessary information concerning the French shipbuilding industry through the medium of this Office. The activities and co-operation of the G.E.N.E.M.A. (Groupement d'Exportation des Navires et Engins de Mer en acier) has

enabled the French shipbuilding industry to obtain within a period of two years orders for more than 240,000 tons of trade vessels which were entrusted to them by foreign shipowners. The most recent orders include a turbine-liner of 11,000 tons, intended to be run between Antwerp and the Congo for the Belgian Maritime Company, and six turbine cargo boats of 6,170 tons dead weight for the U.S.S.R. These orders also include eight tankers, one of which is of 37,400 tons dead weight capacity, one of 35,500, four of 31,500, one

of 19,800, all for American interests, and one of 17,500 tons for the Chilean Government. There are in addition two Diesel cargo boats of 9,250 tons, and one collier of 5,000 tons also for Chile, two cargo boats of 11,000 tons and two bucket-dredgers for Brazil, one personnel transport steamer for Venezuela, two passenger river boats for Pakistan, and lastly, for Turkey four ferry boats, which have been delivered and fifteen trawlers now being completed for the Port of Istanbul.

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THE BUSINESS WORLD PREPARING FOR CONVERTIBILITY

The London discussions on convertibility have been described as "successful". The principles to be kept in view in the approach to convertibility are supposed to have been worked out and the agenda has been remitted back to the deputies to the ministers, so that a detailed scheme can be worked out by November 1, 1954. Two major points which this scheme will deal with are:

(i) Checks to ensure that discrimination by one European country against another is not carried on indirectly and in secret ways,

(ii) Details regarding the European stabilisation fund which is to be set up in order to support the national governments in case of need.

While the deputies of the ministerial council of the OEEC are engaged on these and other problems, some notable progress has been made in other directions. For example,

(i) The European Payments Union has been renewed up to the end of June 1955 on the basis of payments in gold and credit by the debtors in 50:50 ratio.

(ii) Out of Britain's total dues of the order of \$456 millions, \$426 millions has been settled or funded as follows:

(a) an outright payment of \$92½ to six of Britain's creditors has been made,

(b) for the balance of about \$277½ millions, arrangements have been made with these six creditor countries, whereby debts owed to Britain are set-off and payments are made over a seven-year period with interest at 3 per cent,

(c) an independent settlement of \$56 millions owed to Switzerland will be negotiated. The inheritance of indebtedness to the EPU will not thus weigh heavily on the sterling area when convertibility is announced.

(iii) Some relaxations in the rigour of currency controls have already been made or have been projected. With effect from the 1st January, 1955, New Zealand will end the exchange allocation system for permitting imports. Easing of the restrictions on travel by Britons has already been demanded and may soon be conceded.

The stage which has now been reached in the negotiations and plans for convertibility is by no means final. Clearly, nothing final will be done till after informal discussions have been held with the Bank and Fund meetings which are due to take place. But there is some rosy optimism regarding the future, which seems to be explained by a clarification of some issues which are vital to the convertibility of the pound sterling.

The knowledge that the American recession is not coming off is the major point which has now been clarified. It can also be assumed now that the non-dollar world's capacity to trade within itself is not negligible; in all probability, with production rising everywhere and with the markets well-stocked, there will not be a rush for imports from the dollar area. Above all, convertibility is expected to be real for non-residents of the sterling area and technical for resident members—for the controls which are maintained by the sterling area members in the common interests of the sterling area will in all probability continue; and to this extent at least, the strain will not be heavy.

The net result of these developments is that sometime towards or after the end of this calendar year, a concerted move for the convertibility of European currencies can be expected. At the London meetings last week, the ministerial committee of the OEEC seems to have arrived at the conclusion that a time-table in the immediate future will be practicable—as indeed the delegates at Paris thought.

MODERNISATION IN INDUSTRY

By
CROESUS

The other day, I was reading an article entitled "Second Industrial Revolution" by Charles A. Renfry in the "Birmingham Post" and I was greatly struck by the calmness with which he—and I daresay there must be many more in Britain (and elsewhere) with progressive views who share his calmness—views the advent of "automation" which has been appropriately hailed as the Second Industrial Revolution. "Automation" is only the equivalent in technical jargon of the automatic factory. I cannot but contrast this to the position in India where we are faced with a storm of misguided opposition to the introduction of even rationalisation and modernisation in the textile industry, without which the industry not only stands the risk of losing the country's export markets in textiles but also faces the peril of a fall in production in consequence, leading, in turn, to retrenchment and more unemployment. Any development such as rationalisation is bound to give rise to problems affecting employment situation immediately, but only immediately. For the resulting increase in quality and quantity alike of manufacture will provide, in its wake, greater scope for employment which will more than offset the unemployment immediately arising out of the application of rationalisation. On the other hand, carrying on with the 'status quo', as many would wish,

offers no guarantee, as many fondly believe, that the unrationalised industry will permit of sustaining the same scale of employment, given the operation of the normal practices of taking additional hands when the orders on hand warrant it or retrenching them when these orders shrink. To look the problem squarely in the face, therefore, is to face the inevitable choice between no rationalisation and fall in employment in the not distant future, on the one hand, and rationalisation and more employment, also in due course, on the other. It seems quite surprising that so few have as yet cared either to view or to pose the problem thus.

Rationalisation is being ill-advisedly opposed by some people in this country, because they fear that the moment they agree to it, there will be retrenchment of several thousands of workers, but this assumes—wrongly though—that it is possible to effect rationalisation overnight over the entire gamut of the country's industrial structure and that all the money needed for the purpose by all the units of the industry is there simply to be taken out from the till and spent. And, after all, rationalisation, if one looks at it dispassionately and without any inhibitions, is only replacing the worn-out plant and machinery of any industrial establishment at the proper time by more modern and efficient

chinery that is available, thanks to the advance in technique made since the old plant and machinery are to be scrapped were last purchased. The world could not be expected to stand still during all these years, least of all the technical world. It is only those who will find fault with civilised man that can wish a tragedy such as this to happen. Be that as it may, if there is so much opposition even to this simple, inevitable process of rationalisation, what will be the reaction of these conservative no-changers to "automation"?

Let me now describe briefly what "automation" means. Remfry defines "automation" as "almost complete elimination of manual effort in production processes. In the automatic factory, men will be required, but they will only be button pushers and dial watchers and only a few will be needed. All the work will be done by the machines, which will carry out the operations, inspect the work, correct errors before they get out of control, transfer work from one station to another. In short, the machines will do all that man's hand can do, but they will do it better, quicker and at less cost". "Automation" is "merely an assembly of machines, looking very much as they do now, but fitted with the latest marvels of science in the field of electronics—the automatic factory".

It may be asked whether any examples of "automation" exist today. The answer is yes. The author of the article in the "Birmingham Post" says that "one of the first products of this system in Britain took the form of a radio set in which the various components were not wired together in the usual way, but the insulating base was plated with a conducting material which followed the pattern laid down by a photographic process, thus producing with a few simple automatic machine operations what was previously done by a complicated series of hand operations". He also refers to transfer machines (used in automobile production) as the first stage of automation, and these have already been in use for some years. In America, it is stated, there is an automatic automobile engine plant which is "the greatest step forward in productivity so far". Similarly, there are standard machine tools equipped with special electronic devices which enable the machines to perform work to the instructions contained in a perforated tape at both the National Physi-

cal Laboratory in the U.K. and the Massachusetts Institute of Technology (M.I.T.) in the U.S.A.

Another legitimate question may be: why should India do what the U.K. or the U.S.A. may do? Remfry himself has asked the question and several others to boot, although with reference to the U.K. "Why must we venture into the unknown with all its attendant perils?" he asks. "Why do we need automation? Maybe it is all right for America where they like new-fangled ideas for their own sake, but why should Britain take the risks?" I think these questions are most effectively answered by Remfry himself. As I cannot improve upon what he says, let me quote him: "We have very little choice in the matter because, when we face the alternatives realistically, the answer is obvious. The choice is not, on the one hand, to refuse to accept these new production techniques and just to carry on as we are; or, on the other hand, to embrace the new methods and go forward to a standard of living higher than we have ever known before. It is not so simple. To turn our backs on automation is to drift away from the main stream of industrial development in the backwaters—this may be peaceful, but it cannot be prosperous. A falling standard of life for ourselves and our children is the price we should have to pay for making the wrong decision."

"We in Britain need automation more than most countries—certainly more than America—because it is only by this means that we can maintain and increase overall productivity and with it our standard of living in the face of a rising age level in our population. In the foreseeable future, fewer and fewer young people must maintain more and more old people. As the number of entrants into industry falls below the number leaving it on account of retirement, then automation will make up the loss in manpower by mightily increasing the productivity of those who remain".

I would now like to ask if these considerations don't apply in the case of our country also? If so and if, as Remfry assures, in all probability, the transition to "automation" will be "so gradual that the changes will be absorbed into the structure of society with very much less disturbance than that caused by the first Industrial Revolution", because this process of "automation" has been developing for a long time, where is any danger from rationalisation to India?

DOUBLE TAXATION IN SHIPPING AND AIR TRANSPORT

By
CROESUS

The resolution on double taxation adopted by the Taxation Commission of the International Chamber of Commerce at a recent meeting raises a very important question which affects not only shipping and air transport, with which the resolution is primarily concerned, but also other spheres of economic activity. If as the I.C.C. Taxation Commission has resolved, the only fair and practical way of eliminating double taxation of shipping and air transport is to apply the principles laid down in the League of Nations Model Bilateral Convention for the prevention of double taxation, it will mean ignoring the later verdict on the subject of the Economic and Social Council of the United Nations (August 1951). The stand of the I.C.C. Taxation Commission is that profits derived from the operation of ships or aircrafts engaged in international transport should be taxable only in the State in which the centre of management of the enterprise is situated. But this outmoded and anti-diluvian view has never been accepted unanimously either by the International Chamber of Shipping or by the I.C.C. itself. Moreover, as against this contention, there is the equally reasonable and no less convincing view that income derived by shipping or aviation companies should be taxed by the country where the freight or passenger earnings of these companies arise. It is the latter view, in fact, that the ECOSOC took, but, ignoring this, the I.C.C. has in-

voked an old convention of a non-existent world organisation and not being content with that, it has also the temerity to urge the ECOSOC, as well as all governments of member-nations to give relief to shipping and air transport companies on the lines indicated by the resolution passed by it.

India and, for that matter, all underdeveloped countries which own very little tonnage are vitally interested in this question, because, although 'prima facie', it is sought to make the whole proposition seem unexceptionable and fair by urging countries owning large tonnage and those owning few or none alike to enter into bilateral agreements for double income tax relief so as not to tax the income from freight arising in their respective countries, the fact remains that such agreements will in effect, be heavily overweighted in favour of countries which are more advanced and also possess considerable tonnage.

There are thus two grounds on which the resolution in question of the Taxation Commission of the I.C.C. stands condemned. In the first place, it is in defiance of a decision taken by an important organ of the United Nations and, secondly, it is hardly fair to underdeveloped countries like India. Bilateral agreements must be between equals and ensure perfect 'quid pro quo'.

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BUSINESS NOTES**ORDNANCE FACTORIES AND NON-FERROUS METALS INDUSTRIES**

The main theme of the presidential address of Shri J. N. Bhan at the last annual general meeting of the Indian Non-ferrous Metals Manufacturers' Association, held some time ago in Calcutta, was that the activities of the ordnance factories lately have given rise to competition between them and the units of private industry. It all began in an imperceptible way when the ordnance factories sought to utilise their otherwise idle foundries by "ingoting" their metal scrap which they were formerly disposing of wholly to the units of private industry. Although even this was an encroachment on their sphere, many in the industry probably reconciled themselves to it, as, after all, the scrap belonged to the ordnance factories and they had the right to dispose of it in any manner they chose. But this does not mean that the private industry was not adversely affected in the event. Yet this was only the thin end of the wedge. For, for some time past, these ordnance factories have also taken to rolling the ingots into brass strips and preparing alloy castings besides, either of which have long been the normal and legitimate activity of the units of private industry. No one would have objected to the Government factories also entering these lines of production had there been sufficient demand for the output of the units of both private industry and Government. But, as things stand, the main problem of the non-ferrous industry has been the surplus capacity in several sections of the industry, so much so that production of non-ferrous metals in 1953 was much below installed capacity in quite a few cases, as, for example, in virgin copper and antimony, as the following table shows:

Non-ferrous metal	Installed capacity	Output 1953	In 1952
	Tons	Tons	Tons
Virgin lead	500.0	141.2	94.3
Virgin aluminium ..	333.3	313.2	297.2
Virgin copper	600.0	410.0	506.6
Virgin antimony .. .	58.3	10.9	15.1

This is the background against which one has to view the task ahead of the Sardar Baldev Singh Committee, otherwise called the Ordnance Factories Reorganisation Committee. The Committee has already started functioning and met representatives of the industry in Calcutta last Tuesday (July 20). Nothing is officially known as yet about what transpired at the meeting, but it would appear, from such broad indications as are available unofficially, that there was more or less a consensus of opinion that a joint body of representatives of the ordnance factories and those of the industry in the private sector should be set up to see that there is no undue encroachment of the ordnance factories on the established activities of the industry and also to let the private sector of the industry know in advance the new lines of activities, if any, which the ordnance factories may propose to embark upon in future. This is, indeed, a wise decision, if it has been taken, because it will not only minimise avoidable overlapping of activities but also enable the units in private sector to adjust, adapt, or extend their activities with full knowledge of the activities of the ordnance factories. But this can at best be a tentative decision, as the Committee has yet to tour other centres. As at present scheduled, according to reliable reports, it is due to meet in Bombay sometime next month.

EXPANSION OF EXTERNAL SHIPPING

The inauguration of the India-East-Africa cargo-passenger service of the Eastern Shipping Corporation on July 26 is an event of some importance in the progress of India's overseas distant shipping trade.

It constitutes an addition to the former three services of the Corporation to Australia, Singapore and Japan. The passenger traffic potential from Bombay of this fourth service, touching Mombasa, Dar-Es-Salaam and Zanzibar, is estimated at an annual figure in the neighbourhood of 15,000 passengers. The British India Steam Navigation Company, which has been plying the trade on this route for a number of years past, has shown a spirit of co-operation and conciliation in coming to an agreement with the Eastern Shipping Corporation in fixing the service schedules and tariff rates for passenger and cargo transport.

This modest expansion of India's external shipping enterprise comes as a partial compensation for the setback which Scindias' service to Europe received earlier. It is pertinent to recall in this context that the mixed ownership of the Eastern Shipping Corporation (to the extent of 74 per cent in the present paid-up capital of Rs. 5.5 crores by the Government of India and 26 per cent by Scindias) retains the manifest advantage of the management by Scindias. The expansion in the case of the East African route and contraction in the case of the European route is, therefore, due to causes other than managerial ability and efficiency. The latter is due partly to lack of financial assistance from the Government and largely due to absence of a spirit of accommodation from long-established and entrenched competitive services of other maritime nations.

In fact, the main lesson of the development of Indian shipping since the close of the last war is the magnitude of difficulties and obstacles in the way of expansion on the routes in the distant waters. Out of the three projected corporations for overseas shipping services two remain to be set up. It is anybody's guess when the requisite resources in finance and conditions of equitable treatment by the shipping conferences can be procured for a confident start to be made for their active life. Although private shipping enterprise has succeeded in securing a foothold in the distant overseas trade, the present indications appear to be that the nearer trades will bring gains in the near future as regards development. Mr. O. V. Alagesan, who inaugurated the service to East Africa last Monday, could take legitimate pride in pointing out that the tonnage target of 40,000 G.R.T. fixed for the Eastern Shipping Corporation in the Five-Year Plan is going to be exceeded in actual realisation. But his appeal, preceded last year by a fervent appeal by Mr. Lal Bahadur Shastri, to Indian shipping companies to acquire more ships for external services, with the aid of the liberalised terms of government loans (which is meeting with some response), does not exhaust the area of government's obligations. Direct government assistance, financial as well as in other forms like use of good offices in negotiations with shipping conferences, is necessary to ensure sound progress and on this issue a decision should not be deferred indefinitely.

PROGRESS OF INSURANCE POOL

The progress registered by the Indian Insurance Companies' Association Pool in the last two calendar years gives promise of rapid strides in the near future. This reassuring prospect, however, is subject to the condition that the various governments extend their unstinted support to the Pool and refrain from encroaching upon the field of insurance business as some of them have demonstrated their intention to do. From Rs. 20 lakhs in 1952 the total premium income of the Pool rose to Rs. 30 lakhs in 1953 and the same rate of annual increase is forecast for the current year. This estimate for 1954 does not include income from two new sources—aviation and marine hull business. The claims experience has proved to be modest at 40 per cent. Last year's experience of expense ratio at 16 per cent for management expenses and 1 per cent for

mission, however, cannot possibly be maintained. The advantage of expense economy resulting from concentration of management of business from the Central Office in Bombay will no longer be available in view of the new emphasis on expansion in the direction of regional and branch offices. It will be some time before the additional burden of expenses will be more than compensated by increasing income. Meanwhile, the interim period of higher expense must be accepted as an unavoidable feature of transition.

As regards aviation insurance business, Mr. Vijay-sinh Govindji, Chairman of the Association's Pool, has reiterated that while renewal of most policies has been secured for the current year from the Indian Airlines Corporation, the eventual objective of the Pool's policy in this specific subject is to allow full freedom to individual Indian insurers to develop business in this potential field. Such development requires full preparedness to face the prospect of an unusual element of risk. The Pool's Chairman has endeavoured in his last annual speech to remove certain misunderstandings about the role of the Pool. His fervent plea for a spirit of accommodation on the part of the Pool as well as insurers is bound to win response primarily on its own merit and particularly in the context of the enlargement of government activity in the sphere of insurance. The latest indication of it is the projected move of the Mysore Government to enter the general insurance business in respect of State transactions. Neither the prejudicial consequences of constant shifts in the policy of individual State Governments in the matter of placing their insurance business with Indian insurers nor the patent inadvisability of nationalisation of insurance need restatement. But it is to be hoped that the Pool's appeal to entrust insurance business to private enterprise will be considered in the spirit of earnestness in which it has been made.

FURTHER PROTECTION FOR ZIP FASTENERS

Since protection was first granted to the indigenous zip fastener industry three years ago, it has left most of the hopes entertained about improvement in its products unfulfilled. If an impartial assessment of the position were needed, Mr. B. N. Adarkar's concluding observations, in his address at the open hearing of this industry's claim to continuance of protection, bear quotation: "I would like to emphasize that the zip fastener industry has still a long way to go before it can stabilise its position and build up a reputation for its products. A marked improvement is required in the quality of its products and this in turn depends as much on the quality of the materials used as on the technique of production. The industry must radically overhaul its methods of production, if it is to deserve any protection or assistance."

The Link Industries, Madras, are the premier producers and until April last they were the sole producers of zip fasteners in this country. Home Industries Corporation, Bombay, have just entered the field of actual manufacture, while the third unit is expected to go into production early next year at Calcutta. The position of output has, therefore, remained more or less static. But between Link Industries' installed capacity of 9 lakh feet (as reported in 1951) and production of 1.59 lakh feet in 1953 lies a yawning gap. A significant fact about the estimates of current requirements is that as against the Commerce and Industry Ministry's assessment of 7.5 lakh feet the import trade's estimate is pitched lower at 4 lakh feet. No reasons are assigned for the expectation of an increase in requirements to 8 lakh feet in the next two years. However, not only the industry's claim for a total ban on imports but its alternative plea of restriction of imports to one-third of the present quantity cannot be regarded as sustained. The original protective duty of 31½ per cent ad valorem was raised in this year's Finance Act to 66-2/3 per cent at which rate the industry wants it to be confirmed. One important reason advanced for this high rate is

the necessity of reliance on imported supplies of the basic raw materials of brass strips and cotton tape. The industry has made a plea for refund of import duty on these two materials which deserves to be considered sympathetically. There are also difficulties of procuring these raw materials in view of which producers have asked for facility of half-yearly import licences from the sterling or dollar area. This may not be regarded as an onerous claim in view of the easier availability of foreign exchange. But extension of protection and grant of assistance ought to be justified by proof of clear improvement in a reasonably short term.

THE RAILWAY BOARD

The sudden publicity which the Railway Minister's contemplated proposal to reorganize the Railway Board recently received in the Press is likely to raise expectations of an overhaul of this apex organization. Indications, however, are that, while the tone of the publicity may be held responsible for this unintended result, what is probably in view is not an overhaul in any sense of the term but a departmental readjustment. Since the management of the railways assumed a completely new look and purpose after independence and in view of the integration and zonal regrouping of the entire railway system of the country, the old controversy about the constitution, functions and autonomy of the Railway Board has ceased to be a real issue at all. The Railway Board in operation after independence has definitely proved that no radical changes are called for in its pattern, functions and responsibilities. Smooth administration of policy after discussion with and concurrence of the Minister has been ensured in the recent past and any defaults or failures in railway administration need not be blamed on the shape and constitution of the Board.

The absence of reference in Mr. Lal Bahadur Shastri's last budget speech to the reorganization of the Railway Board makes it clear that, if he had a thorough overhaul in view, a major projected change like this would necessarily have been brought to the notice of Parliament. All that he seems to have in mind is conferring wider powers on the Chairman of the Board to elevate his status and redefining the functions of the members by appropriate reallocation of duties. Even this reform is unlikely to introduce any marked departure from the present set-up. It is emphasized in the reports about this move that despite the elevation of the status of the Chairman, the Railway Minister will continue to have direct consultation with the members on their portfolios practically as at present. It is an error to believe that the rehabilitation of the railways is now complete. That process will continue, though in a much lesser degree, in the second Five-Year Plan and the priority problem will be to step up the capacity of the railways to meet the ever-growing demands of development projects for additional transport facilities. Any changes that may be made in the constitution of the Board and redistribution of the powers and responsibilities of its members must be motivated by the purpose of increasing the ability of the Board to discharge these tasks.

PROMOTION OF TOBACCO EXPORTS

A Press note issued by the Government of India states that representations have been made to it to the effect that while considerable scope for the export of Indian tobacco to certain countries exists, actual exports to these countries have been small because of foreign exchange and payments difficulties. The trading organisations in these countries, it is understood, are interested in the import of substantial quantities of Indian tobacco but desire to have facilities to make payment for these imports by way of increased exports to India.

In order to stimulate export of Indian tobacco and also to obviate exchange difficulties experienced by

importers of tobacco in countries abroad, it has been decided to extend the scope of the Export Promotion Scheme and to consider the grant of ad hoc import licences subject to the following conditions: (a) The item sought to be imported has a liberal import policy, i.e., the soft currency quota for the item has been fixed at or above 75 per cent. (b) The country from which the import is sought to be made is experiencing payments difficulties in developing the import of tobacco from India. (c) The intending importer produces documentary evidence of a firm offer by a buyer in the country concerned for the purchase of low grades (Agmark grades LMG, B, DB, DG, PL, FS, or FS2) of flue-cured tobacco pertaining to the pre-1954 harvest.

In case the above conditions are satisfied, provisional import licences for reasonable value may be issued in the first instance. The provisional licences will not be valid for clearance of goods through Customs until they have been confirmed. The provisional import licences will be confirmed as soon as the intending importer is able to satisfy the licensing authority that tobacco of the requisite quality and crop and of equivalent value has been exported to the country concerned.

In case any importer is unable to effect exports in advance and desires to have facilities to effect imports first, he should satisfy the licensing authority that he has entered into a firm contract for the export of specified grades of tobacco to the country from which the import is sought to be made. The import licence will be confirmed provided a letter of credit is opened to cover the export of tobacco and the importer will be allowed to clear the goods through Customs against the import licence so confirmed. The importer will, however, be required to execute a bond with the Import Control Authorities at the ports to the effect that exports of tobacco of the required value will be made within four months of the date of the issue of the import licences. The bond will require certain specified guarantees and obligations.

CONTROL OVER COTTON MODIFIED

A Press note issued by the Government of India on July 24, 1954, states that the Government has decided to continue control over cotton during the next season (September 1954—August 1955). Floor and ceiling prices of various types of cotton will continue to be stipulated as before. Taking all relevant factors into account, the Government of India has decided, however, to lower the floor price by Rs. 55 per candy i.e., to revert to the floor price as it was before July 1952. The floor for the basic variety—Jarilla of 25/32" staple length—will accordingly be Rs. 495 per candy. Floor prices of other varieties of cotton will also be correspondingly reduced. Ceiling prices will, however, continue unchanged.

In view of the supply position of Indian cotton the system of allocating quotas to mills will be continued. As many mills have exhausted their quota of cotton allocated to them from the 1953-54 crop, it has been decided to allocate immediately 25 per cent of the normal quotas to the mills. Deliveries will be effected on or after September 1, 1954. For the purpose of such allocation of cotton to the mills, the country has hitherto been divided into two zones—the Northern and Southern Zones—and quotas of cotton given to mills from each zone separately. It has now been decided that this zonal system should be abolished and mills allowed to purchase their cotton quotas from any area they like.

The Government of India has decided to permit Futures trading in cotton in the 1954-55 crop with immediate effect, the next February 1955 contract being made available simultaneously with the August 1954 contract. The question of amending the Indian Cotton Contract in order to curb certain speculative tendencies

which have been in evidence recently, is under consideration.

On the basis of the supply and demand position of Bengal Deshi cotton, it has been decided that no further exports of Bengal Deshi will be allowed during the current season. At present shipment of Dholleras, Mathias, etc., for export is permitted up to September 30, 1954. It has been decided to extend the time limit for shipment up to December 31, 1954.

ANOTHER TEXTILE EXPORT PROMOTION COUNCIL

The logic of the vital role of market research, consumer preference and competitive sales technique in the promotion of exports is being increasingly realised in this country. The ground for this psychology was being prepared since the severe set-back to the export of cotton textiles in 1951, but the rapid return of competitive conditions in the markets and the rising bargaining position of the consumer are proximately and intimately connected with the salutary change in the attitude of industry and trade. Immediately as the Export Promotion Council for the cotton textiles crossed the initial barriers in its formation, the Silk and Art Silk Mills' Association, representing the producing centres from the whole country, started the move for establishing an export promotion council for silk and art silk fabrics. At the last week's meeting of the Association held in Bombay, the question of necessary amendments to the Articles of Association of this organization was discussed in a businesslike manner and the same sense of urgency was shown in considering other preliminary issues. The main questions are finance for the council and enforcement of the council's directives regarding quality and design of fabrics. The second issue is implied in the consent to set up the council. But finance for the council's activities will demand early solution. Government grant will meet only a fraction of outlay and the brunt will have to be borne by the industry. Ways and means of raising finance remain to be tackled at a later stage.

LIGNITE DEPOSITS OF KUTCH

The total estimated or known reserves of lignite at Umarsar, Kutch, amount to 10 to 11 million tons, according to investigations conducted by Geological Survey of India. The inferred or probable reserves amount to over 4 million tons. Though the occurrences of thin seams of lignite in this area have been known since a long time, no attempt was made so far to investigate the deposits systematically. As far back as 1869, Wynne made a passing reference to the thin seams occurring near Ghuner and Trambau. The occurrence of workable deposits of lignite has gained more importance recently in view of the development of the Kandla port. Detailed geological investigations were, therefore, initiated in 1949 and continued up to 1953.

Although there are two lignite seams at Umarsar within 100 feet from the surface, they do not persist over the whole area. Where the top seam is present, the bottom seam has thinned out. Therefore, the possibility of exploiting the seams individually has to be taken into consideration. With the high ratio of overburden to lignite which is of low heating value and the clayey shale roof, it may not be economically feasible at present to work out the deposit by open-cut method. They may prove economically workable deposits in distant future under certain conditions of mining, beneficiation, transport and with the decline of better quality of coal reserve. The possibility of working the deposit by underground mining cannot, altogether, be ruled out in spite of the weak roof and partial recovery of lignite. Lignite is being worked by underground mining at Bikaner though the recovery is not more than 10 to 12 per cent. The problem of mining the deposit is to be solved by experienced mining engineers, according to the report of the Geological Survey of India.

COMMODITY NEWS AND NOTES

INDIAN NATURAL RUBBER PRODUCTION

The total area under rubber plantation in India increased from 169,746 acres in 1950 to 173,643 acres in 1953, showing an increase of 2.13 per cent in three years. Production rose from 15,599 tons in 1950 to 21,136 tons in 1953, showing an increase of 35.5 per cent. Yield per acre has shown a 13.7 per cent increase on the 1950 figure. Still the yield per acre obtained in India is very low being 290 lbs. per acre as compared to 400 lbs. per acre obtained in Malaya and Ceylon. With a further rise in yield per acre the cost of production will fall and India will be in a better position to compete with other rubber producing countries and also will be able to lower the prices of rubber manufactures here.

The Tariff Commission has provided Rs. 6.82 per 100 pounds for rubber rehabilitation. The amount obtained by the producers up to the end of 1953 was Rs. 80 lakhs and a further amount of Rs. 33.8 lakhs will be available annually so long as the present controlled price remains in force. The producers should make a proper use of the allowance and carry out rehabilitation work.

PROTECTION TO SAGO RECOMMENDED

The Tariff Commission has recommended to the Government of India the need for giving protection to the sago industry for some time more. The Commission has also recommended the construction of a special factory for the manufacture of sago globules at Salem. Meanwhile, several representations have been received by the Commerce and Industry Ministry to shift the site of this factory to some suitable place in Travancore-Cochin, as tapioca, an essential ingredient for the sago manufacture, is cultivated largely in the State.

EXPORT OF BETEL LEAVES

The Joint Chief Controller of Exports announced recently that the export of betel leaves will be licensed freely on shipping bills up to the end of December 1954, to all permissible destinations including the French and Portuguese possessions in India. Exports to the French and Portuguese possessions in India, will however, be allowed on recommendations of the Consul-Generals concerned.

EXPORT OF SUGAR PRODUCTS

A notification issued by the Joint Chief Controller of Exports said the export of indigenous sugar products such as sugar candy, batasha, etc., which are not covered by the term "confectionary" will continue to be licensed freely without any quantitative restrictions to all permissible destinations up to the end of December, 1954.

SITE FOR SODA ASH PLANT

A high official of the Union Government is visiting certain places in the country with a view to selecting a site for the erection of a soda plant so that India might become self-sufficient in soda ash. The target of 1,50,000 tons has been fixed for the production of soda ash under the Five-Year Plan. The production of soda ash in two chemical works in Saurashtra would be raised to 80,000 tons. But till then India would have to import 70,000 tons of soda ash. The committee appointed by the Saurashtra Government under the chairmanship of Mr. S. K. Bhatt, President, All-India Chemical Association, has recommended to select a site of seashore between Victor and Jafarabad, in Saurashtra, for soda ash plant at a cost of Rs. 5 crores. The proposed plant would daily produce 200 tons of soda ash.

DECLINE IN IRON EXPORTS

With the development of a buyer's market in iron ore and steel, India is fast losing her export trade in iron ore, which in the past few years was an important foreign exchange earner. Overseas demand for iron ore has slackened beyond all expectations, and total shipments through major ports in June was placed at 30,500

tons as compared with 121,500 tons in February, 1954. In fact the February figure is higher than the total shipments of the second quarter of 1954 which are estimated at 108,300 tons. A year ago, the demand was so great that this country found it difficult to cope with it and restrictions of shipments through Calcutta and Madras ports had to be imposed. Despite these restrictions, the value of exports during the year ended March 31, 1954 amounted to Rs. 5.53 lakhs as compared with Rs. 3.71 lakhs in 1952-53 and Rs. 1.00 lakhs during 1951-52.

JAPAN'S RIVALRY IN COTTON GOODS

The British Cotton Board announced recently the details of a plan to fight Japanese competition in Australia with a massive publicity campaign. The Board said that 180 British cotton goods firms had combined with 38 leading retail stores in Australia to hold "British Cotton" weeks. The aim of the campaign will be to persuade Australians to "always buy British". Later "British Cotton" weeks are to be held in Perth, Sydney, Brisbane, Adelaide and Melbourne. The cotton industry in England is anxious to sell the 1954-55 stocks held in Australia and to stimulate further orders in what it regards as its best long-term market.

In this connection it is interesting to note that Sudan has placed the Japanese goods under the Open General Licence and many other sterling area countries have relaxed the restrictions on the Japanese cloth. India too will soon face the Japanese competition in her established and newly created markets. Indian industry should also join hands and co-operate in measures to maintain her exports, and take such steps that her goods can compete better in overseas markets.

EAST PAKISTAN JUTE CULTIVATION

The total area under jute cultivation this year is 1,304,455 acres as against the licensable quota of 1,230,757 acres according to a preliminary forecast of the jute crop of East Pakistan for 1954 published recently. The total area brought under cultivation last year was 760,245 acres. The forecast deals with the area and the conditions of the crop up to the end of June this year. The estimate of outturn will be dealt with in the final forecast due to be published in September. The area sown in excess of the prescribed quota is liable to be destroyed up to June 30, 1954. Destruction is still in progress and will continue till the entire excess sown has been wiped out.

PAKISTAN COTTON

Cotton production targets in Pakistan are very likely to go up. Trade estimates put the current season's total crop at 1,450,000 bales. Last year's carry-over was 245,000 bales. The current season ends in September with the bright outlook that there may be no carryover at all this time. The demand may even exceed supplies. Exports to foreign countries and a growing consumption by the country's textile industry are expected to account for nearly all of the 1,700,000 cotton bales which Pakistan had for sale during the current season. Over 1,000,000 bales have already been exported. Internal consumption at present stands between 400,000 and 500,000 bales. But additional spindlage is being installed and with its coming into operation internal consumption demands will increase. The Government is already planning to push up cotton production targets. Whether more area will be brought under cotton cultivation or more concentration will be placed on increased yield per acre is being debated by experts. Meanwhile, sowings for the next crop have been completed. During the current export season, Japan topped the list among foreign buyers with an off-take of 235,000 bales. China was next. Other buyers were the United Kingdom, Hong Kong, France, Italy and Germany, in that order.

COMPANY AFFAIRS

MARGARET'S HOPE TEA CO., LTD.

The Directors' Report of the Margaret's Hope Tea Co., Ltd. (Managing Agents: McLeod and Co., Ltd.) for the year ended December 31, 1954, shows the year's working resulted in a Profit, before providing for Depreciation, of Rs. 2,45,100 to which is added Rs. 3,289 being balance of profit brought forward from 1952, amounting to Rs. 2,48,389. From this sum, Rs. 59,998 are deducted as provision for Taxation; Rs. 4,196 towards Adjustments; Rs. 15,214 towards Amount written off Stores; and Rs. 72,129 towards Depreciation on Fixed Assets. These allocations total Rs. 1,51,537 leaving a balance at credit of Profit and Loss Account of Rs. 96,852. The Directors propose the transfer to Building and Machinery Reserve of Rs. 50,000; payment of Dividend at the rate of 7½ per cent on 40,000 Ordinary Shares of Rs. 10 each, absorbing Rs. 30,000 and the sum of Rs. 16,852 to be Carried Forward to the next year.

The saleable crop weighed out at 3,869 maunds against an estimated 4,960 maunds, the average sale price being 42.38 annas per lb. The working results of the last three years are tabulated below:

Year ended December	1951	1952	1953
Outturn in maunds	4,117	4,895	3,869
Profit of Year (Rs.)	64,661*	1,715	1,65,692
Depreciation (Rs.)	21,927	20,082	72,129
Taxation (Rs.)	15,989	N.A.	59,998
Amount set aside for Reserves (Rs.)	26,694		50,000
Carried Forward (Rs.)	17,311	3,289**	16,852
Average Price per lb. (As.)	35.40	30.12	42.38

* After providing for taxation. † Includes Rs. 1,788 being profit on sale of machinery. ** After making adjustments for 1951.

THE TWYFORD TEA COMPANY LTD.

The working results of the above company (Managing Agents: Parkins Ltd.) for the year ended 31st December, 1953, show an impressive improvement in net profit (after providing for depreciation and taxation) from Rs. 79,716 for the year 1952 to Rs. 3,78,147 for the year under reference. The ordinary dividend has, therefore, been recommended by the directors at 15 per cent per annum as against 12½ per cent during each of the preceding three years. These favourable results have been made possible by the rising price of tea during the year. Average sale price was of 214.61 cents per lb.—an all-time peak for the company. Even the cost of production declined from 147.36 cents to 130.42 cents per lb. The crop was slightly lower at 8,21,844 lbs.

The salient statistics for the last three years are tabulated below:

Year ended	1951	1952	1953
CROP: Tea Acreage	1,267	1,287	1,267
Total crop (lbs.)	8,10,571	8,34,528	8,21,844
Yield per acre (lbs.)	639	658	648
Cost of Production (Cents)	130.87	147.36	130.42
Average Sale Price (Cents)	202.85	169.14	214.61
Depreciation (Rs.)	25,753	23,182	18,801
Net Profit Subject to Taxation (Rs.)	4,70,441	94,716	5,68,147
Reserve for Taxation (Rs.)	1,80,000	15,000	1,90,000
Dividend (Per cent)	12½	12½	15

SHRI GOPAL PAPER MILLS LTD.

The report of the Directors of Shri Gopal Paper Mills Ltd., (Managing Agents: Messrs. Karam Chand

Thapar & Bros. Ltd.) for the half-year ended 31st December, 1953, discloses a steady progress; production during the half-year under review being 7,002.75 tons as compared to 5,720.57 tons in the previous half-year ended June 30, 1953, and 6,004.2 tons in the corresponding half-year during 1952. Satisfactory progress is being made towards the expansion scheme, licensed by the Government of India, aiming to increase the production to 77 tons per day in 1957. The scheme involves a sum of Rs. 1,50,00,000 and this cost is to be met to a great extent from the existing reserves and resources of the company relating to the period of execution and the balance to be covered by the renewal of the existing Mortgage Debentures of the value of Rs. 10 lakhs and by further capital issue by way of Debentures and Share Capital.

The audited accounts for the period under reference show a substantial increase in gross profit as compared to the preceding half-year from Rs. 28,50,858 to Rs. 34,69,003. The provision for Depreciation has been increased from Rs. 5,10,779 for the previous half-year to Rs. 7,08,856. A sum of Rs. 9,80,000 has been provided for taxation leaving a balance of Rs. 17,01,402 as profits including Rs. 2,83,827 brought forward from the last half-year. The Ordinary Dividend has been maintained at 15 per cent per annum.

The progress of the mills during the last three half-years is tabled below:

Period ended	Dec. 1952	June 1953	Dec. 1953
Paper Output (Tons)	6,004	5,721	7,003
Net Profit (Rs.)	11,80,214	11,52,642	23,97,574
Depreciation (Rs.)	3,71,123	5,10,779	7,08,856
Taxation (Rs.)	8,35,000	8,10,000	9,80,000
Dividend (Ordinary) per cent per annum	15	15	15

THE "BIRD AND CO., GROUP" OF JUTE COMPANIES

The working results of six jute companies managed by Messrs. Bird and Co., Ltd., for the half-year ended 31st March, 1954, are now available for review. A statistical table has been compiled which brings out the salient features of the working of these companies during the last three half-years. Only two out of these six companies have maintained their ordinary dividend at the preceding half-year's level while the other four had to scale down considerably. Auckland has reduced from 4 to 2, Dalhousie from 6 to 2, Lawrence from 6 to 4 and Lansdowne from 10 to 2.

A study of the net profits shows that Standard and Lawrence have both incurred losses, while all the other four disclose much reduced net profits as compared with the previous half-year. The total net profit of all these companies stands reduced from Rs. 12.51 lakhs for the half-year ended 30th September, 1953 to Rs. 1.58 lakhs for the accounting period under reference. These distressing financial results are due to the difficult trading conditions that prevailed during the period under review. The Directors report that although adequate supplies of raw jute were available, simultaneous business in raw jute and manufactured goods at a profit was generally impossible for mills with a high percentage of sacking looms, due to the unremunerative rates for heavy goods. The disparity between raw jute and heavy goods prices continued and this was accentuated by a paucity of overseas demand for sacking in the early part of the period. Hessian remained in good demand supported by substantial buying by Argentina up to the end of 1953.

The figure for sales came down considerably during the last half-year and remained at approximately

the same level in money terms during the half-year under reference.

	Half-year ended	Auckland	Dalhousie	Lawrence	Lansdowne	North Brook	Standard.
SALES							
	31-3-1953	82,39,464	83,17,279	95,34,575	1,08,07,386	74,59,718	72,60,697
	30-9-1953	64,11,529	56,89,440	66,96,936	78,88,333	48,02,894	52,62,344
	31-3-1954	63,80,410	59,49,610	66,28,228	73,28,476	55,38,231	53,66,866
STOCKS							
	31-3-1953	3,55,966	1,31,974	3,55,858	3,57,032	3,27,798	3,21,373
	30-9-1953	2,55,626	2,80,285	2,98,284	2,22,438	3,70,705	3,67,156
	31-3-1954	1,58,107	1,16,101	85,876	1,91,904	2,06,784	1,20,076
PROVISION FOR DEPRECIATION							
	31-3-1953	67,075	39,531	46,915	88,471	2,10,763	21,721
	30-9-1953	70,771	83,051	43,308	85,198	1,84,332	31,585
	31-3-1954	71,918	83,406	43,850	92,108	1,74,846	31,699
PROVISION FOR TAXATION							
	31-3-1953	15,000	Nil	26,000	20,000	Nil	Nil
	30-9-1953	14,000	60,000	1,63,612	20,000	67,000	Nil
	31-3-1954	21,000	32,000	53,612	Nil	76,000	Nil
NET PROFIT							
	31-3-1953	+ 62,245	-1,40,252	+ 21,793	+ 47,868	+1,28,475	-1,29,535
	30-9-1953	+1,66,058	+3,50,820	+2,06,402	+2,95,806	+2,34,509	- 4,071
	31-3-1954	+ 27,415	+ 63,159	+ 80,236	- 42,551	+1,18,749	- 88,727
ORDINARY DIVIDEND RATE PER CENT PER ANNUM							
	31-3-1953	4	2	4	4	7½	2
	30-9-1953	4	6	6	10	10	2
	31-3-1954	2	2	4	2	10	2

COMPANY MEETING

PROGRESS OF INDIAN INSURANCE POOL

Annual Review by Mr. Vijaysinh Govindji

MR. VIJAYSINH GOVINDJI told the annual meeting of the Indian Insurance Companies' Association Pool held recently in Bombay that the Government should give the Pool its undivided patronage and make the organisation started by it a success.

He referred to the maintenance in several States of insurance funds and insurance departments and said it was strange that having recognised the principle of placing business with Indian companies through the Pool, the Government should allow the States to form their own schemes.

Mr. Vijaysinh said:

"This is rather strange. If such Insurance Funds and State Insurance Departments are allowed to continue, not only the Pool but even individual Insurance companies would ultimately starve by want of business."

"You are not perhaps unaware of the intentions of the Mysore State Insurance Department to start general insurance business also. I would, therefore, request you all to carefully notice the writing on the wall and by sincere co-operation strengthen the Pool, so that we live and let the Pool live. After all it is we who are participating in the Pool and every business the Pool gets is our own business and not anybody else."

Mr. Vijaysinh referred to the reported activities of Government insurance bodies which, he said, lacked uniform procedure.

Some of them approached the Pool for covers against hazardous risks retaining for themselves the normal risks. This meant paying a high rate for partial covers but cheaper covers could be got provided the entire business was placed with the Pool.

He was surprised that certain departments had

re-insurance arrangements with foreign firms despite the changed circumstances.

INSURANCE FUNDS

On the maintenance of insurance funds by the States, Mr. Vijaysinh said that while in the initial stages things might go on well, a major disaster would have a telling effect. The risks of different types accepted by companies are distributed worldwide by way of re-insurance but these funds carried heavy risks without proper distribution which might mean a drain on the Government's resources.

Mr. Vijaysinh also suggested that the State Financial Corporations should insist on their borrowers to insure their property with the Pool at least to the extent of loans granted to them.

The Committee of the Pool, he said, was actively pursuing the matter with the Industrial Finance Corporation of India with the co-operation of the Controller of Insurance and he hoped for a definite result soon.

Earlier, the chairman expressed his grief over the death of Mr. N. C. Jerjani. He also unveiled a portrait of the late Mr. J. C. Setalvad and said the success of the Pool owed much to his vision and foresight.

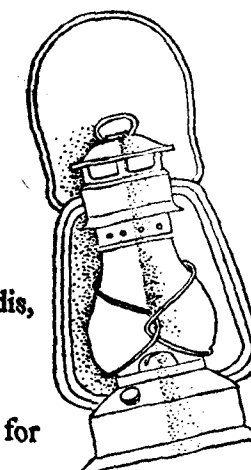
PREMIUM WRITTEN

The premium written until the end of June is said to be more than Rs. 21 lakhs and the total premium collection is likely to exceed Rs. 40 lakhs by the end of the year. The figure for 1953 was Rs. 30 lakhs.

The Pool has begun to underwrite aviation business from July which is expected to bring in an additional income of Rs. 30 lakhs.

The premium income of the fire department increased from Rs. 12 lakhs in 1952 to Rs. 15 lakhs last year. Marine income has increased from Rs. 4 lakhs to Rs. 10 lakhs, and Miscellaneous income is up by Rs. 1 lakh to Rs. 5 lakhs.

"PORTRAIT OF AN EXECUTIVE"



You can buy almost everything from Madhu; vegetables and bidis, sugar and soap, fruit—and kerosine. Those two 4-gallon tins on the steps of his shop contain enough liquid light, and enough liquid power, for very nearly the whole village. There are many thousand Madhus all over India.

They are Burmah-Shell dealers—the last vital link in our chain of distribution—to whom we delivered nearly 172,000,000 gallons of kerosine in 1953. But Madhu is much more than a shopkeeper—he is very much in India's life and part of it.

Villagers turn to him for guidance and advice, for he is a man with some

experience and knowledge of the outside world.

His views on the local reforestation scheme and the new road being built by village labour carry weight. India lives in her villages, and her villages depend on oil and men like Madhu.

BURMAH-SHELL...

IN INDIA'S

LIFE AND

PART OF IT





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QUALITY ECONOMY & DURABILITY

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- * 'Lakes Beauty' Mulls
- * 'Moti Voll'
- * Striped Shirtings
- * Drills, Addi Cloth
- * Cambrics, Longcloth Sarees
- * 'Century, Batsman' Blankets
- * Bld., Striped and Dyed Turkish Towels
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CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matris.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. L.
1947-48	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
September 1953	399.0	475.3	363.8	364.4	717.4	403.8	90.3	101.3	87.1	91.6
October .. c	385.6	447.7	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November .. c	378.0	441.4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December .. c	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February .. c	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March .. c	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
April .. c	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May .. c	366.2	464.6*	362.6	381.1	689.5	386.1	90.2	101.0	88.1	104.0
June .. c	343.2	441.0	355.6	378.7	647.3	381.6	90.3	100.9	88.5	106.9
Week Ending										
12-6-1954	345.4	442.6	354.0	378.8*	646.3	382.4	90.2	100.9	88.5	106.2
19-6-1954	341.3	439.0	354.0	378.8*	649.7	380.5*	90.4	100.9	88.7	107.7
26-6-1954	338.0	431.0	356.7	378.7	647.4	378.4	90.5	100.8	88.7	106.9
3-7-1954	349.7	430.5	354.8	377.5*	645.5	381.6*	90.7	100.4	88.7	110.2
10-7-1954	347.7	423.9	354.8	377.6	645.9	379.9	90.7	100.4	88.9	109.6

* Average of weeks.

* Revised.

† Economic Adviser's Series.

†† Reserve Bank Series.

WORKING CLASS COST OF LIVING (August 1939=100)

Period	Bombay			Delhi	Bengal	U. P.	Central Provinces		Madras	E.P.	Bihar	All India†
	Bombay	Bombay June 1934 = 100	Ahmedabad July 1927 = 100	Delhi†	Calcutta	Kanpur	Nagpur	Jubbulpore†	Madras June 1936 = 100	Ludhiana†	Jamshedpur†	
1939 (Aug.-Dec.)	103	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	136	134
1949	282	307	248	132	348	478	377	151	323	184	138	138
1950	298	313	257	132	349	484	372	153	325	165	145	139
1951	314	330	281	142	370	451	391	168	334	187	160	145
1952	321	337	250	143	351	441	380	150	330	151	154	142
1953	346	363	275	140	349	453	387	151	351	147	156	146
1953 June	358	371	282	140	363	453	393	159	360	148	156	150
July	356	373	288	142	375	465	394	160	355	148	158	153
August	356	376	285	144	373	469	397	157	352	149	160	153
September	358	371	283	145	366	464	391	154	351	150	163	152
October	350	368	282	144	349	457	389	153	352	150	162	149
November	344	361	280	144	339	453	385	148	353	149	155	146
December	342	359	268	140	329	438	380	146	350	149	145	143
1954 January	346	363	269	139	325	442	377	144	353	151	142	144
February	331	348	257	139	316	432	375	144	352	151	141	141
March	332	349	257	138	319	416	374	143	345	150	136	139
April	338	355	255	141	323	426	—	—	341	—	—	—
May	338	355	—	142	339	415	—	—	341	—	—	—
June	—	—	—	135	—	396	—	—	342	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	24-7-1954			17-7-1954			10-7-1954			3-7-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
	85-9	84-8	84-15	85-7	83-4	84-9	85-4	83-15	84-10	86-3	83-11	84-1
Gold (per fine tola)	—	—	—	—	—	—	—	—	—	—	—	—
Silver (per 100 fine tolas)	155-10	152-2	153-12	156-10	152-2	154-2	155-4	152-13	154-1	153-15	150-7	152-1

**INDEX NUMBERS OF COST OF LIVING AND WHOLESALE PRICES
IN FOREIGN COUNTRIES**
Monthly averages or calendar months

(Base adjusted to 1948=100)

	Cost of Living			Wholesale Prices		
	Japan (1)	U.S.A.	U.K.	Japan	U. S. A.	U. K.
1949	132	99	103	163	95	105
1950	123	100	106	193	99	120
1951	143	108	116	268	110	146
1952	150	110	126	273	107	149
1953	..	111	130	..	105	149
July	151	111	128	274	107	149
August	152	111	127	272	107	148
September	151	111	126	272	107	147
October	152	111	128	271	106	149
November	150	111	128	268	106	148
December	150	111	128	268	105	149
1953 January	153	111	128	273	105	148
February	156	110	129	274	105	148
March	156	111	130	274	105	150
April	157	111	131	274	105	151
May	156	111	130	274	105	150
June	158	111	131	275	105	150
July	161	112	131	276	106	150
August	163	112	130	277	106	149
September	163	112	130	270	106	148
October	168	112	130	281	106	148
November	166	112	130	281	105	149
December	166	112	130	282	105	149
1954 January	169	112	130	288	106	149
February	170	112	130	289	106	149
March	..	112	131	..	106	150
April	..	..	..	..	107	150
May	..	..	..	..	106	151

(1) New series (base 1951=100) linked to the old index at January 1951.

Source: U. N. Monthly Bulletin of Statistics

LATEST CROP ESTIMATES

Crop		Estimate	Area		Yield		
			Acres (000)	Increase + or decrease — over the correspond- ing estimate of the previous year (percent)	Tons (000)	Increase + or decrease — over the correspond- ing estimate of the previous year (percent)	
FOOD-GRAINS:							
Rice	..	Final	1953-54	76,646	+ 3.3	27,079	+ 20.4
Wheat	..	Fourth	1953-54	23,771	+ 5.7	7,197	+ 6.4
Jowar	..	Final	1953-54	42,990	+ 0.8	7,691	+ 5.9
Bajra	..	..	1953-54	28,820	+ 8.5	24,40	34.8
Maize	..	..	1953-54	8,982	+ 1.0	2,854	+ 1.1
Ragi	..	..	1953-54	5,472	+ 0.8	1,564	26.3
Barley	..	Second	1953-54	7,606	+ 0.2	2,239	+ 4.0
Gram	..	..	1953-54	17,823	+ 10.9	4,031	+ 25.4
Sugarcane	..	..	1953-54	4,101	+ 3.0	(a) 5,100	+ 2.2
OILSEEDS:							
(i) Edible—							
Sesamum	..	Final	1953-54	6,132	+ 4.6	531	+ 15.4
Groundnut	..	..	1953-54	11,356	+ 4.2	3,772	+ 30.8
Rape & Mustard	..	Second	1953-54	2,084	+ 2.0	..	..
(ii) Non-edible—							
Linseed	..	Second	1953-54	2,456	+ 7.8	..	..
Castorseed	..	Final	1953-54	1,368	+ 0.8	107	+ 0.9
FIBRES:							
Cotton	..	Final	1953-54	17,027	+ 8.5	(b) 3,935	+ 25.7
Jute	..	..	1953-54	1,196	+ 34.2	(c) 3,128	+ 32.1
OTHER CROPS:							
Tobacco	..	Second	1953-54	822	+ 12.4	..	..
Potato	..	First	1953-54	536	+ 8.3	..	..

(a) Raw Sugar (Gur) (b) In bales of 202 lbs (c) In bales of 400 lbs. Source: Ministry of Food & Agriculture

PAR VALUES OF CURRENCIES

Country	Currency	Par Values In Terms of Gold		Par Values In terms of U. S. Dollars	
		Grams of fine Gold per currency unit	Currency units per troy ounce of fine gold	Currency units per U.S. dollar	U.S. cents per currency unit
Australia ..	Pound	1.990 62	15 625 0	0.446 429	224.000
Austria ..	Schilling	0.034 179 6	910.000	26.000 0	3.846 15
Belgium ..	Franc	0.017 773 4	1,750.00	50.000 0	2.000 00
Bolivia ..	Boliviano	0.004 67 722	6,650.00	190.000	0.526 316
Brazil ..	Cruzeiro	0.048 036 3	647.500	18.500 0	5.405 41
Burma ..	Kyat	0.166 621	186.667	4.761 90	21.000 0
Ceylon ..	Rupee	0.186 621	166.667	4.761 90	21.000 0
Chile ..	Peso	0.008 078 83	3,850.00	110.000	0.909 091
Colombia ..	Peso	0.455 733	68.249 3	1.949 98	51.282 5
Costa Rica ..	Colon	0.158 267	196.525	5.815 00	17.809 4
Cuba ..	Peso	0.888 671	35.000 0	1.000 00	100.000
Denmark ..	Krone	0.128 660	241.750	6.907 14	14.477 8
Dominican Republic ..	Peso	0.888 671	35.000 0	1.060 00	100.000
Ecuador ..	Sucre	0.059 244 7	525.000	15.00 00	6 666 67
Egypt ..	Pound	2.551 87	12.188 5	0.348 242	287.156
El Salvador ..	Colon	0.355 468	87.500 0	2.500 00	40.000 0
Ethiopia ..	Dollar	0.357 690	86.966 5	2.484 47	40.250 0
Finland ..	Markka	0.003 863 79	8,050.00	230.000	0.434 783
Germany, Fd. Republic ..	Mark	0.211 588	147.00	4200 00	23.809 5
Guatemala ..	Quetzal	0.888 671	35.000 0	1.000 00	100.000
Haiti ..	Gourde	0.177 734	175.000	5.000.00	20.000 0
Honduras ..	Lempira	0.444 335	70.000 0	2.000 00	50.000 0
Iceland ..	Krona	0.054 567 6	570.000	16.285 7	6.140 36
India ..	Rupee	0.186 621	166.667	4.761 90	21.000 0
Iran ..	Rial	0.027 555 7	1,128.75	32 250 0	3.100 78
Iraq ..	Dinar	2.488 28	12.500 0	0.357 143	280.000
Japan ..	Yen	0.002 468 53	12,600.0	360 000	0.277 778
Jordan ..	Dinar	2.488 28	12.500 0	0.357 143	280.000
Lebanon ..	Pound	0.405 512	76.701 8	2.191 48	45.631 3
Luxembourg ..	Franc	0.017 773 4	1,750.00	50.000 0	2.000 00
Mexico ..	Peso	0.071 093 7	437.500	12.500 0	8.000 00
Netherlands ..	Guilder	0.233 861	133.000	3.600 00	26.315 8
Nicaragua ..	Cordoba	0.177 734	175 000	5.000 00	20 000 0
Norway ..	Krone	0.124 414	250 000	7.142 86	14.000 0
Pakistan ..	Rupee	0.268 601	115.798	3.308 52	30 225 0
Panama ..	Balboa	0.888 671	35.000 0	1.000 00	100 000
Paraguay ..	Guarani	0.059 244 7	525.000	15.000 0	6.666 67
Philippines ..	Peso	0.444 335	70.000 0	2.000 00	50.000 0
Sweden ..	Krona	0.471 783	181.062	5.173 21	19.330 4
Syria ..	Pound	0.405 512	76.701 8	2.191 48	45.631 3
Turkey ..	Lira	0.317 382	98.000 0	2.800 00	35.714 3
Union of South Africa ..	Pound	2.488 28	12.500 0	0.357 143	280.000
United Kingdom ..	Pound Sterling	2.488 28	12.500 0	0.357 143	280.000
United States ..	Dollar	0.888 671	35.000 0	1.000 00	100.000
Venezuela ..	Bolivar	0.265 275	117.250	3.350 00	29.850 7
Yugoslavia ..	Dinar	0.002 962 24	10,500 0	300 000	0.333 333

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ONE RUPEE

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The Accent of Ajmer

THE session of the AICC at Ajmer on the 25th and 26th July, will be notable because of a new accent that it has placed on Indian industrial policy. As in most AICC sessions there was so much talked out in so short a time that it was possible to miss entirely the significance of the resolution on industry and the powerful debate which took place between Mr. N. V. Gadgil and the Prime Minister on the issues of nationalisation. For those who read between the lines, however, there was here a powerful indication of a change in outlook which needs far greater consideration than it has yet received.

There were two major pronouncements, one in the resolution itself which defined the basic objectives of

economic policy as "maximum production, full employment and social and economic justice", and the other a by-product of the debate on nationalisation. The emphasis for the first time has squarely been placed on maximum production with social and economic justice following only third on the list. It was clear from the tenor of the debate that this was no accident, but represented the policy of the Government of India, which has been reflected in the Prime Minister's thinking. To those who still remember the long debates on distribution and on the terms of the industrial policy statement of 1948, the new order of priorities, although it contains much the same language, has a workmanlike ring which was previously absent. In respect of nationalisation,

Settlement in Suez

the change was even more noticeable. Rebuking Mr. Gadgil who was in one of his destructive moods, the Prime Minister said: "When resources were limited, should they be used for putting up new industries or to acquire an old one? If they were utilised for new industries, the State-owned sector became bigger and bigger and more competent. If an old industry was acquired, the State got old and out-worn machinery. It was far better to have additional production from a new State-owned factory. If an old factory was acquired, the production remained the same." And again: "We are living in a period of very rapid technological change—in a period from the point of view of technological and power resources, of very great revolutionary significance. Enormous power resources are coming into humanity's hand. They may be used for good or for ill—but we still go on thinking, and our so-called revolutionaries still go on thinking, in terms of a bygone age, in terms of old, rotten machines and so on and so forth. That is not good enough. It is neither Socialism, nor Communism, nor sense, nor logic. It is just a limited bigoted mind that cannot get out of some old books which it has read a generation ago." It might be said at once that from the Prime Minister there has never come a public utterance of such telling vigour on the philosophy of nationalisation in India.

This was not the language of academic debate. Nor was it merely a political thrust at Mr. Gadgil personally. The truth is that Mr. Gadgil was speaking in accents which are all too often heard in leading Congress circles. What is the significance of the rebuke that has been administered to these circles in the Prime Minister's speech? It is obviously because the Prime Minister is impatient with the spirit of negation that they express that he has chosen to assert his view so strongly. In point of fact it was also essential that he should do so at a time when the whole industrial outlook is changing rapidly on the functions of private enterprise in a mixed economy.

It is not an accident that the resolution on Industry in Ajmer coincides with the specious proposal for an Industrial Development Corporation which, it would appear, will be charged with the duty of promoting industrialization without any shibboleths of the kind that have so often impeded progress in Congress circles. This does not mean that the bias towards the private sector will disappear. It is written into present conditions by the overwhelming resources which the public sector will be putting into the economic machine. It would be unreal to condemn a bias in favour of the public sector, when the public sector must find a major share of the resources.

Nevertheless, the emphasis has been taken off management by the public sector in the sense of nationalisation or ownership. It has been placed fairly and squarely on social control, which is a very different thing; control may be largely negative in its implications. Whereas the old trend of opinion was that the public sector should grasp power wherever possible, the new trend is to interfere only when the social purposes of production are wrongly diverted by gross mismanagement or by dereliction of the public good in a significant manner. This is not a concession to principle; it is a concession to reality. The Government of India has already too much to do.

As a philosophy, the present industrial policy of the Government of India may be described as pragmatic. It has a bias in favour of solutions that work. In the real world the solutions that work are seldom

logically consistent. This is largely because human beings are not rational or logical throughout, and all human institutions, partly for this reason, contain inconsistencies. Thus high public spirit is correlated often with a pursuit of a private profit. Conversely, much public enterprise is wasteful of public money and, therefore, lacking in public interest. The end everywhere should be the middle course which avoids the errors and impounds most of the virtues of an institution. It may be said that the Prime Minister's speech on the present policy of the Government of India is essentially an expression of this pragmatic philosophy in which all that is certain is that it is working well at the present time and looks like working even better in the future.

In the last analysis it is this fact that the industrial policy of the Minister of Commerce and Industry has been a success, that must weigh with fair observers. Credit has been given on an appropriately generous scale to Mr. Rafi Ahmed Kidwai for his spectacular success in the Food and Agriculture Ministries. Some of that success is undoubtedly due to good rains. But it is right that the Minister should receive the credit for the success of his policy, however much it has been assisted by imponderables and by sheer good luck. In much the same way, the Minister of Commerce and Industry can claim the virtue of the pragmatic success of his policies. What is now necessary is that Congress circles should pay to him the same tribute which they pay so readily to the Food Minister.

At the present time — and possibly for the first time since Independence — India is not confronted with a confusion in policy. This is due to the fortunate circumstance that the Prime Minister of India carries a status in the final making of policy which is absolute. It is not right, however, that policy should thus be based on the personal prestige of one man. It is a condition of democracy that the virtues of the Prime Minister's decision should be recognised as something outside the personal loyalty which attaches to his person. The AICC session at Ajmer would have been worth while if it had carried this conviction of the soundness of the economic policy which, with the assistance of the Minister of Commerce and Industry, the Prime Minister is pursuing.

It is not only members of the AICC who need thus to stand behind this policy. Congressmen are not, in the main, instruments of that policy. Business men in the private sector often are, so that their co-operation is even more essential for its success than is that of politicians. This is the time for the business community to recognise that, while the policy of the Government of India does not give them all that they desire, its present policy is as close a compromise to the concept of free enterprise as we in India in our generation are ever likely to get. It may not be an ideal compromise; no political compromise ever is. But it is a concession to social currents which is inevitable, and is part of the consequence of the actions of a few business men in the past. If every business man had shown public spirit equal to the best, the degree of social control exercised by the Central Government would have been less. The present concept of social control is part of the price that business men have had to pay for their own failures in self-control.

All that can be said at present is that this is the best of all possible worlds. But we can continue to labour to make it better; the future is in our hands.

THE world's statesmen, it appears, have recently come under the influence of stars which have been compelling them to be reasonable and constructive in their approach to their foremost problems. In point of time, this new influence may perhaps be placed near the turn of the tide six weeks ago at the Geneva Conference and presumably the outcome at Geneva has strengthened the chances of its continuance well into the future, at least long enough to provide respite from the problems which have beset the post-war world. The settlement on the Suez Canal base, the successful conclusion of the Iranian oil negotiations and the latest proposals on Tunisia all indicate a new mood in the Middle East where tension had become endemic and has with difficulty been kept from flaring up into open fighting. The refreshing breeze of optimism that is now blowing across the Middle East will infuse new hope in those who have despaired during the last three years of reaching negotiated settlements with the highly volatile and violently nationalistic Middle East peoples.

It is quite clear that in none of these cases has there been discovered any new principle about the solution now found, the effects of which are far-reaching. In particular, the Anglo-Egyptian agreement on the Suez Canal only discloses new attitudes to the old issues which have been raised so constantly in the course of the discussions in the last two years. It is quite clear that the change was in a large measure due to a revision of the basic assumptions about the strategic significance and defence potentialities of the Canal base. Mr. Anthony Head, the British Secretary of State for War and the leading character in the concluding stages of the Suez Canal settlement, has stated that the present situation in the Middle East placed the base in Egypt very much more remote from the area in which they were likely to fight another war. Even if the Suez base has not been altogether played out for its strategic value, its future importance as a base of war was not obviously such as to require its maintenance intact by Britain in the face of the mounting hostility of the local people. In turn, this diminishing strategic value could not have failed to induce a mood of reasonableness in Egypt, just as Iran had first to be convinced that the world's oil supplies would not dry up because of her refusal, before she could agree to a resumption of oil negotiations.

Egypt has gained an important, if largely a psychological, victory on almost all the issues as a result of this revaluation of defence strategy. There is an unqualified acceptance of the principle of evacuation of the 73,000 British troops now guarding the Suez Canal within a specified period of 20 months. This gain to Egypt is not, however, a corresponding loss to Britain. The agreement under which British troops occupied the Canal zone would expire in any case in 1956 and in the absence of any prospective agreement with a willing Egypt to continue the occupation, British withdrawal was inevitable unless Britain would wish to remain in illegal possession of the base and precipitate an open conflict. Britain is now assured of a peaceful and even a friendly Egypt for the unexpired period of the old 1936 treaty as the price of the sagacious compromise now reached. Whereas an exit in the midst of Egyptian hostility in 1956 would not have provided any arrangement for the preservation of the defence installations in the Canal base, there is now a guarantee that they will be maintained intact and ready for seven years for British re-entry in specified emergencies arising out of an attack on the Arab States or on Turkey. The agree-

ment to maintain the base through a firm of civilian contractors is a matter of consequential detail following from Egypt's refusal to recognise any vestige of military occupation, including uniforms.

This is a timely British compromise which preserves to the democratic world the full military value of the Suez base which would remain even after the revaluation of modern strategy in the light of nuclear weapons. But apart from this strategy of weapons, the agreement marks the resumption, after an unduly long pause, of the development of the new post-war policy of building up enduring defence arrangements against aggression on the foundation of the consent of the peoples concerned. The freedom granted after the war to countries formerly under colonial and imperialist rule in Asia has been vindicated by the solid defences which have been built into the minds of the people in these areas. Whatever the reasons, even the temporary interruption of this process was unfortunate. The results of that misfortune are being reaped today in Indo-China. But it is good that the moral has been quickly grasped. It is Sir Winston Churchill, who has been all along accused of outmoded views on British responsibilities for the strategic areas, who has now come forth to emphasise not merely the obsolescence of the base, but also "the sense of proportion which is vitally needed at the present time, not only in military dispositions but in all our attempts to establish human relationship between nation and nation".

Suez may not be the only area in which the traditional ideas of defence of the democratic world will have to be revised in the light of modern conditions of warfare and nationalism. But the main condition to be laid down in all such cases is the willing consent of the countries. Egypt's unwillingness to have Iran included among the countries against whom aggression would involve the Canal base has been respected. Her agreement to have Turkey included in the area of aggression, after initial reluctance, was a notable victory for Western defence planning. It is conceivable that Iran may be linked later to Turkey at an appropriate opportunity in order to extend the effective scope of the Middle East defence system, the foundations of which have now been laid by the Canal agreement and the Turco-Pakistan Pact. But this would depend to a great extent on American initiative and British policy may only assist it.

The immediate British contribution is the reduction of the tension throughout the Middle East by this settlement with Egypt. The new Anglo-Egyptian agreement will include a clause recognising the economic, commercial and strategic importance of the Suez Canal and will express the determination of both parties to uphold the 1888 Convention guaranteeing freedom of navigation. In the last few years, ships destined for Israel have been subject to interruption and harassment because of the Arab-Israel war and only a friendly Egypt could have assured perfect freedom of navigation. Britain has, during the 72 years of her occupation of the base, discharged an international, along with an imperial, responsibility; the former, which alone deserves valid recognition at the present day, will continue to be discharged without the backing of large armed forces, while effecting a substantial saving in expenditure of £50 million a year to the British budget. Col. Nasser's declaration that a new era of friendly relations has opened between Egypt and Britain may be taken as indication of Egypt's desire to fulfil her part of the bargain to the utmost.

Shortfall in Deficit-Financing

THE prospect, if market rumours can be believed, that the new loan will be closed on Independence day, with total subscriptions of the order of Rs. 150 crores, is interesting for more reasons than one. If rumour turns out to be true, the Finance Minister will have made a heroic effort in the direction of realising his own target for borrowing this year in full; and he will have raised in addition a substantial sum on the states' account.

But this will not be the only significance of the loan operation. It will be necessary now to call in question the Planning Commission's own earlier estimate of the amount which can be borrowed from the market, without risk of inflation in the sense that the Central bank would be called upon to support the issue. Above all, our ideas about the size of deficit-financing will now have to undergo a change.

For a country which is mid-way through the fourth year of its first Five-Year Plan, our experience of deficit-financing so far has been altogether extraordinary. There has been little deficit-financing in the first place. On central and states account, the figure was put at Rs. 225 crores by the Finance Minister some time ago. But this was based on the revised estimates for 1953-54, and, if as is likely, these revised estimates have to be scaled down steeply, the total amount of deficit-financing in the first three years of the Plan will be correspondingly reduced.

Some hope was and is being entertained that the rate of expenditure under the Plan would pick up. But administrative and other difficulties are still obviously there, so that it will be quite some time before the excess of current outgo over current incomings is large enough to cause concern. It is doubtful whether it can ever cause concern. Meantime, the results of deficit-financing do not seem to be particularly bad. The crucial test, as the Bernstein mission pointed out, is how the economy reacts. So far, it has reacted very well, and in consequence, at least some of the details of what we have been thinking so far on this subject will now have to be reviewed.

The presumption which has existed so far (it has been nothing more than a presumption) that any sizable borrowing is impossible without inflationary consequences is, as has already been stated, the first casualty in the light of recent experience. The total holdings of rupee securities by the Reserve Bank have hardly increased in the past few months. The coming busy season may change this fact, but in all probability will not do so. The bill market scheme having now been extended, most institutional investors' subscriptions to the National Plan Loan will in all probability continue to be held as part of their investments, and the needs for finance be met against self-liquidating commercial bills. There is a *prima facie* presumption, in other words, that the current loan has been taken up from genuine savings. Shock tactics and advertisement might have tempted these savings; but whatever may or may not be said about the means, the result has been good in the sense that it has revealed the fact that the Planning Commission's earlier tentative approaches to this problem were unduly cautious.

The Finance Minister himself has dealt with another relevant issue. This can be summarised as follows. State Governments have liquidated their holdings in their cash balance investment accounts, in order to find resources for the Plan. Is the result of this to be presumed inflationary? This question has not been adequately discussed, but it was held or implied till recently that this unloading from the cash balance investment accounts would be equivalent to deficit-financing. Now, however, as the Finance Minister has

pointed out, one is not so sure; those who acquired these cash balance holdings might have done so out of genuine savings, and there is a presumption that they did so.

The result of the liquidation of stocks acquired under state-trading schemes (another source of finance actually or potentially at the present time) has not also been adequately discussed so far. By drawing on stocks built up in the past, against the incomes which are created from the proceeds of this sale, adverse influences on the economy are prevented; and to some extent in the recent past, this has helped us to implement the Plan without untoward results.

All this has been unusual to the point of being extraordinary. Certainly, it has been quite unanticipated. Indeed, but for the fact that the trend of government revenue and expenditure has now ceased to obey the traditional pattern, the cash income of the governments could well be in excess of the cash outgo, over a fairly long period, in existing circumstances. There is no evidence that this is the case; but even from this fact, some consolation can be derived. It was traditional for government balances to accumulate during the first three or four months of the calendar year, and for an excess of outgo over receipts to be indicated every year around November. This is no longer true. But then, if it is no longer true that governments' net expenditure is seasonal, (with a surplus in cash accruing in the first quarter and a deficit in the immediately preceding months) it follows from this very fact that the results of deficit-financing, to the small extent that such financing does take place, are evenly spread throughout the year. It has been found in practice that this small influence, evenly exerted right through the year, cannot be the source of any great evil.

This has not been an accident. The increase in production, agricultural and industrial, has been such that the small size of the government deficit has, for practical purposes, ceased to matter. Indeed, an increase in scheduled bank deposits has recently taken place. But neither this development nor the relatively larger increase in money supply in the last busy season, as compared with the two preceding seasons, has had any effect on prices, which have responded instead to the international and internal trends in production, following the change in the monsoon which took place in March 1952.

It can be taken as more or less established, therefore, that from a purely budgetary or financial point of view, there will be no crisis in this, the fourth year of the Plan—as there was no crisis in the third year. The Reserve Bank of India is not going to be called upon to create money for the government. Next year, perhaps, the situation may be different. But next year's problems need not worry us just at present; they may well turn out to be easier when we come to them, for the Taxation Enquiry Commission will have reported, economic prosperity can be expected to last for some time at the very worst, and fresh attempts at locating and utilising savings can be made.

Deficit-financing, which seemed to be so unpleasant but so unavoidable last March, is not, in short, so important a problem now as it once was. The Indian economy has responded well to the stimulus of government spending—in so far as it has been possible to step up that spending. It has been proved, to recall the advice which Keynes once gave to Indian financiers, that when we are taking deliberate and calculated risks, as with the Plan, "the land must not be thought more unknown than it really is." This is knowledge which will be of value in framing the second Five-Year Plan.

THE WEEK'S NOTES

FACTS ON CANAL WATER SUPPLIES

The Pakistan Prime Minister's reference to "a critical situation with regard to our food position" because of the diversion of waters of the Sutlej into the Bhakra canal by India, contained the statement that the flow below the Sutlej was 22,350 cusecs on July 1, and dropped rapidly to 9,810 cusecs on July 7. The Government of India has pointed out that by choosing statistics for only two days and ignoring altogether the supplies delivered by India to the Dipalpur canal in Pakistan, the above statement presents an unfair picture of the effect of the opening of the Bhakra canals in India on the supplies reaching Pakistan.

The actual supplies reaching Pakistan, including those delivered to the Dipalpur canal in Pakistan, in the period July 1 to 20 were as follows:

Supplies reaching Pakistan at Ferozepore (Cusecs)		Supplies reaching Pakistan at Ferozepore (Cusecs)	
Date		Date	
1	29,200	11	60,659
2	30,680	12	65,328
3	28,232	13	79,416
4	26,950	14	81,072
5	21,520	15	41,190
6	17,926	16	26,088
7	15,810	17	30,140
8	17,872	18	110,980
9	24,627	19	104,838
10	35,296	20	173,625
daily average	24,811		77,834

For meeting the full requirements of all Pakistan Sutlej Valley canals, the supply required at Ferozepore was in the past about 31,000 cusecs. With the opening of the Balloki-Suleimanke Link which, according to Pakistan's own estimates, has been supplying 5,000 cusecs at Suleimanke, the maximum supplies required at Ferozepore this year should have been about 26,000 cusecs. The Bhakra canals were opened on July 8, and the effect of their withdrawals on river supplies should have reached Ferozepore two or three days later. As will be seen from the above statement, there was a substantial increase in the supplies at Ferozepore from July 8 onwards. From about July 9, the supply at Ferozepore was more than Pakistan's requirements.

It is pointed out that the variation in the daily river supplies reaching Ferozepore is a normal feature of the rivers Sutlej and Beas which make up the supplies reaching Ferozepore. Variations may be large or small depending on variations in temperature and rainfall in the catchments of these rivers. For the period July 1 to 10 the mean supplies entering the river Sutlej at Rupar have varied in the past from 20,934 cusecs in 1932 to 83,315 cusecs in 1953. This year the corresponding figure was 40,959. For the river Beas, for the same period, i.e. July 1 to 10, the recorded variation has been from a minimum of 9,476 cusecs in 1932 to a maximum of 51,109 cusecs in 1953. This year the figure was 14,180. In 1954, for the period July 1-10, the river supplies were thus much below the average though in the preceding month of June 1954, the supplies reaching Pakistan were almost the highest on record.

Whatever the justification for Pakistan's apprehensions for the future, there would be little purpose in depicting a picture of serious crop failure even now which cannot be proved.

BOLD NEW POLICY FOR TUNISIA

M. Mendes-France continues to act with the urgency which is expected of him as France's man of the hour. He has not chosen to rest even for a while on the laurels won at Geneva. The constitutional proposals for Tunisia have been put forward with great strength of conviction as to their necessity and soundness and with a good deal of political daring of which none but he seems capable. In one sense, his proposals on Tunisia are even more courageous than those on Indo-China because while the French had already reaped in full measure the consequences of their mistakes in Indo-China, they have had an easy time in Tunisia, which, however, does not promise to last. M. Mendes-France has shown that he has well thought-out solutions to French difficulties on many fronts and that these solutions will be unfolded gradually in their order of importance. He thus stands in contrast to the French leaders who had abandoned their responsibility to lead the country and the people on the right course and compromised with the many forces, external and internal, which pulled them away from it.

An outbreak of terrorism in Tunisia has been regarded as imminent and while M. Mendes-France has threatened Draconian measures against violence, he has been quick to offer complete internal self-government for Tunisia to satisfy the nationalist aspirations. This should satisfy the bulk of nationalist opinion in Tunisia which has only sought autonomy all along. But between M. Mendes-France's offer and its implementation, there lie many hurdles, mostly of the making of French settlers and colonial officials, with the aid of French political groups ready to espouse their cause without much regard for their country's larger interests. It does great credit to M. Mendes-France's political acumen that he took the trouble of securing the support of Marshal Juin and of a Gaullist Minister.

If this master-stroke succeeds, M. Mendes-France will find it easier to proceed to the two major tasks which have still to be tackled—a formula for French participation in the E.D.C. and, more important, a dearer and nearer to the heart of M. Mendes-France, far-reaching economic reform affecting many entrenched interests.

NEW LIFE FOR P.S.P. MINISTRY IN T.-C.

The defeat sustained by the P.S.P. Ministry in the Travancore-Cochin Assembly on a very trivial issue—and the subsequent confidence vote secured with the support of the same group which chose to force a division on a minor issue—will not make much sense. The supplementary demand under administration of justice, which the Congress party voted against, related to the appointment of an additional Government Pleader for the Trivandrum Bench of the T.-C. High Court. Communist and Independent members abstained on that occasion, reluctant to support either the Congress or the P.S.P. Neither the Congress nor the Communists were anxious to treat the defeat as a censure of Government and the Chief Minister himself decided neither to resign nor seek a vote of confidence. The way out of this Gilbertian situation was provided by a motion expressing confidence in the Ministry, moved by an Independent member which has been supported by the Congress party and opposed by the Communists.

The Congress leader in the Assembly is reported to have declared that the Congress party did not want the P.S.P. Ministry to resign on "a small and delicate

issue of an adverse vote on a supplementary demand." If so, his insistence on the point that the Chief Minister should himself have sponsored the confidence motion is not understandable unless the Congress party intends that the P.S.P. should at every stage seek and become conscious of its dependence on Congress support. In any case, these developments have strengthened the position of the Ministry for the present to enable it to go ahead with other measures—notably the legislation for land reform. In a minority of the minority, it may be necessary to establish new conventions to ensure that a defeat on a vote should not involve an issue of confidence except when those who inflict the defeat follow it up with a positive motion of no-confidence and pass it.

DEFAMATION AGAINST PUBLIC SERVANTS

The Press Commission's Report published in abstract records a finding against the Home Ministry's proposal in the Criminal Procedure Code (Amendment) Bill for making defamation of public servants a cognizable offence. Presumably the Commission shares the apprehension that such provision can prove an instrument of harassment of critics, when a public servant can, with government machinery and at State expense, launch an action against real or imagined defamation. The Press Commission has, however, sought to provide for the possibility that a public servant may not be willing to go to court to clear himself of defamatory allegations, especially when they are well-founded and may later be turned against himself. The Commission's suggestion is that in all such cases, a magistrate with jurisdiction may take cognisance of the offence upon a complaint made in writing by an officer superior to the defamed public servant.

The Press Commission's full report may disclose its line of reasoning, but it seems clear that this new procedure is unnecessary. When allegations are made against a public servant in connection with the discharge of his duties, they can even now be investigated by the machinery established since the war for the prevention of corruption. If found true, they can be the basis of action against the public servant or if not, the public servant can be defended against defamation at public expense. When defamation is in respect of official duties, a public servant must be under an obligation to clear himself as much in the public interest as in his own and this can be enforced by administrative instructions.

To place the public servant in a special position in respect of defamation—when there are others in unofficial positions, who are equally subject to malicious attacks and equally at a disadvantage in clearing themselves—is open to grave objection. The main distinction that is now being sought to be introduced, that in the case of defamation against a public servant a person may be arrested without warrant, is without justification. Even if special justification exists for safeguarding the President, Governors and Rajpramukhs and permanent civil servants, the inclusion of Ministers in this category creates scope for the persecution of political opponents.

FAULT ON FERTILISERS

It is now becoming clear that the Government of India, which was quite unprepared and helpless for a time in the disposal of Sindri's initial output of ammonium sulphate, is now equally helpless about the prospective shortage in the supply of chemical fertilisers caused by the shortfall in Sindri's output and the increasing demand. The shortage is not likely to be below a lakh of tons and the decision to meet it through imports has been belated. The Minister for

Agriculture expressed the hope recently that about 50,000 tons were expected to be secured by September but it was apparent that it was more an optimistic belief than a reasonable estimate—unless, of course, special measures are taken to secure speedy supplies and distribute them quickly before the agricultural season advances far. Production of ammonium sulphate in Japan has increased this year and arrangements directly or through the T.C.A. may be possible, even if the landed cost is slightly higher than the prices charged for the Sindri product so far.

The lessons of the present difficulty must be underlined. There is need to go ahead quickly with the plans for the establishment of more units for chemical fertilisers. The present plans for expansion in the public sector need not rule out private enterprise entering the field since the object must be at least to expand the consumption of fertilisers five-fold within the next ten years. The treatment accorded to the existing private units in the initial stages of the fertiliser 'glut' has shown how the public sector can take a very limited view of its responsibilities.

Secondly, the reasons for the shortfall in production at Sindri have to be made public. It is not known whether the decline in output was due to bad planning of supplies of raw materials or to the lack of balance in the several processes which contribute to the final product. By the end of 1952, it was claimed that Sindri had achieved a peak daily output of 1,317 tons and a capacity to turn out 1,100 tons for long periods. The failure at the present time must therefore be serious enough to merit urgent investigation. Sindri has passed the stage of being India's leading "showpiece"; it is now a vital part of the economy which must be kept in working order.

CONTROL OF NORTH INDIAN FLOODS

All the reports about the floods in Assam, Bihar and West Bengal which have been forthcoming so far indicate that the damage may equal, if not exceed, that suffered in any recent year. Many of the rivers are still rising and rough estimates have been made only of the suffering caused to the people through lack of shelter, food or medical relief. The suffering is considerable. North Bihar has been the worst affected, especially the districts of Muzaffarpur, Darbhanga and North Champaran, and crops in 300,000 acres are reported to have been washed away while the high rate of house collapses has rendered thousands of people homeless. It is too early to estimate the loss in food production; it is probable that no increase will be possible this year in food crops as planned earlier.

Heavy rainfall in the Nepalese region of the Himalayas has caused floods in nearly 20 rivers having their source in this region. The Kosi has made further inroads into Darbhanga district, catching unawares many villages normally free from floods. The importance of going ahead with the Kosi project, using the speediest methods of construction, has thus been underlined by the floods this year. In Assam, the situation is more familiar in recent years, but should not on that account induce Government to treat the frequent floods as acts of God, requiring only relief work. A permanent agency charged with the task of devising flood control and prevention measures in all the regions now exposed to inundation, is needed. The danger to the inhabitants of these areas is so near and so frequent that it may be possible to secure local co-operation in such abundant measure that the cost of the projects or the pace of their execution would not create serious problems.

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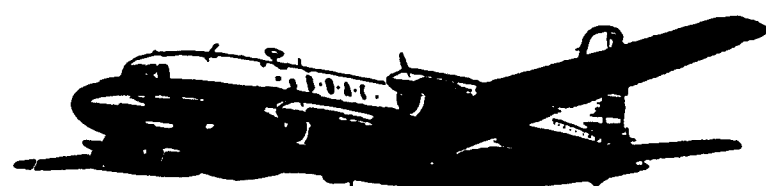
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WORLDGRAM

AGRICULTURE

Farmers' Training Courses: As a first step towards the enlargement of the farmers' training courses scheme it is proposed to send a batch of 15 instructors from the Extension Training Centres and Basic Agricultural Schools to Denmark for training over a period of 12 months. The training will cover a short course in agriculture at the International People's College, Elsinor, and in the management of folk schools in Denmark. They will also be assigned to certain selected farms to study the farm practices and organisation of rural co-operatives.

U.S. Wheat and Corn Crop Forecast: The U.S. Department of Agriculture has forecast this year's U.S. corn crop at 3,311,493,000 bushels and the wheat crop at 988,321,000 bushels. Last year's corn crop was 3,176,615,000 bushels and the 10-year average was 3,057,464,000 bushels. The wheat forecast compares with 1,168,536,000 bushels last year and 1,121,506,000 for the 10-year average. Both wheat and corn are being grown under controls calling for reductions in acreage because of existing U.S. surpluses in these commodities.

INDUSTRY

German Vehicle Sales Up by 60 Per Cent: During the first half of this year, the West German vehicle industry exported 131,570 units, an increase of 60.6 per cent on the corresponding period of 1953. Total production was 321,689 units—44.1 per cent more than in the first half of last year. The value of all vehicle exports, embracing cars, commercial vehicles and tractors, for the same period, reached £121,460,554.

Austria's \$34,500,000 Hydro-Electric Project: The International Bank for Reconstruction and Development has lent Austria \$12,000,000 to help her complete a gigantic hydro-electric plan. The \$34,500,000 project will be completed in 1950, adding 112,000 kilowatts to the nation's generating capacity. Elaborate water storage installations will enable hydro-electricity to be produced during both summer and winter, providing power for Austria's industries, leaving large amounts over for export to neighbouring countries.

Electrification in Africa: Great progress has been made in the electrification of French Western and Equatorial Africa. The first Four-Year Plan has been instrumental in fulfilling the needs for electrical energy in this area and planning is going on actively in respect of three additional hydro-electric schemes. In the Cameroons the capacity of the hydro-electric plant will be raised; in Guinea, the Konkoure Fall at Kaleta will be harnessed; and in middle Congo the Kouilou Fall will be utilised.

Perambur Coach Factory to Produce 350 Coaches Annually: The Integral Coach Factory, in Perambur, Madras, will be in full production by the middle of next year, producing about 350 coaches annually. The entire factory when completed will cost an estimated Rs. 4,61,00,000. It is expected to consume about 30,00,000 k.w. of electricity and engage nearly 2,000 workers.

Three Oil Producing Wells Completed: Nahorkatiya No. 3, the third deep exploratory well (11,048 feet) to penetrate the newly discovered oil-bearing zone beneath the Brahmaputra Valley alluvium in Upper Assam, gives promise of yielding a steady 500 barrels of crude oil a day. Drilling has begun (1,500

feet on July 26, 1954) at the site of Nahorkatiya Well No. 4, on the north bank of the Burhi Dihing river.

More Sugar Factories in South India: The Government of India have received about 40 applications this year for the establishment of new sugar factories mostly in the South. The crushing season in Mysore extends over 11 months of the year and over six to eight months in other parts of South India. The average yield of raw sugar-gur in Andhra is the highest in India at 77.27 maunds per acre. Madras has 68.17 maunds, Bombay 67.47 maunds and Mysore 47.29 maunds per acre against Uttar Pradesh 27.3 maunds and Punjab 30.38 maunds.

TRADE

Britain's Oil Exports Reach Record Figure: United Kingdom exports of refined petroleum products for the first half of 1954 totalled approximately 4,000,000 tons and earned £43,500,000, easily the largest sum on record for a six-month period. In the corresponding period of 1953, the total was £36,700,000. Highest individual amount was earned by fuel oil at £14,690,000. Then came motor spirit, £10,300,000. Lubricating oil and gas oil each fetched over £4,500,000.

Fifteen Companies Account for 53 Per Cent of Sweden's Engineering Exports: Fifteen enterprises with an annual output of Kr. 50,000,000 (£3,448,000) each or more account for 53 per cent of Sweden's exports of engineering products. Nearly 400 engineering firms, excluding shipyards, were covered in the survey. 23 per cent sell their products exclusively on the home market, while a further 32 per cent export not more than one-tenth of their total production. The non-exporting firms are as a rule small, the average turnover totalling only Kr. 2,600,000 per annum. The exporting firms account for 95 per cent of the aggregate output of the engineering group, their share of all Swedish exports being about one-quarter.

Tourist Boom in Britain: The National Travel and Holidays Association estimates that 850,000 tourists—30,000 more even than in 1953, are expected this year in Britain. Last year's tourist trade was worth £126,000,000. The figure for 1954 is expected to reach at least £130,000,000. Heaviest spenders here last year were tourists from the sterling area, who got through £36,000,000 and Americans and Canadians, slightly over £30,000,000. Western Europeans brought in just over £16,000,000. These figures include fares for British ships and aircraft.

Jute Bags Placed on O.G.L. in Tanganyika: Tanganyika is reported to have placed the import of jute bags from sterling area countries on O.G.L., beginning from June 1, 1954. Jute bags intended for sale in the Tanga, Northern and Lake Provinces are now imported through Tanganyika ports and not through Mombasa. Control on all types of jute and sisal bags was suspended in Kenya from June 1, 1954. From that date the price and distribution control on jute bags was lifted also in Uganda.

FINANCE

£(A)50m. Surplus Anticipated for 1953-54: Figures issued by the Australian Treasury suggest that Australia would have a surplus of more than £(A)50,000,000 for the financial year ending June 30, 1954. Figures released cover 11 months of the financial year—from July 1, 1953, to the end of May. They showed that revenue for the year, from all sources except income-tax, should exceed the original estimates

by £(A)30,000,000. The revenue surplus should be made up by Customs duties, £(A)11,500,000; excise, £(A)5,000,000; sales-tax, £(A)7,500,000; Payroll-tax, £(A)2,000,000; estate duty, £(A)500,000; miscellaneous revenue, £(A)3,500,000. Final returns from income-tax could not be forecast because of the rush of payments that occurred each June. At the end of May, income-tax collected from individuals and companies totalled £(A)437,818,000; leaving £(A)94,000,000 in income-tax during June to reach the amount estimated.

Indonesia Welcomes Foreign Capital Investment: The foundation-stone of a motor-car assembly plant—a joint German-Indonesian venture—was recently laid in Indonesia. The 1,000-worker factory is expected to assemble Borgward cars and manufacture agricultural implements and other machinery. German experts will later be replaced by Indonesians. A Diesel factory, capable of producing about 500 Diesel engines (50 to 500 H.P.) annually is also under consideration—the engines will include engines for motor launches, Diesel electric generators and other light machines for use in the industry.

Rise Continues in U.S. Family Income and Living Standards: The proportion of U.S. non-farm families having incomes ranging between \$3,000 and \$7,500 a year, before taxes, has risen from 36 per cent in 1947 to 52 per cent in 1953, while the proportion of families with incomes under \$3,000 has shrunk from 59 per cent in 1947 to 37 per cent in 1953. The average U.S. family's living standards have risen by one-third in the last 25 years, as measured in terms of real income (income after adjustment for taxes and price changes). Increased productivity (output per man-hour)—average annual compound rate since 1929 of 2-3 per cent—resulting in increased worker wages relative to other forms of income such as dividends and interest, rent, and proprietors' (entrepreneurial) income and progressive personal income-tax under which the over-all rate rises as high as 88 per cent of taxable income are responsible for this change.

Central African Federation to Raise £10,000,000 Loan: The terms of a £10,000,000 loan for the Government of the Federation of Rhodesia and Nyasaland, have just been announced in London. The stock is to be at four per cent for 20 years, issued at 97½. Lists were opened on July 28, with 10 per cent being payable, and 40 per cent due on September 1, and the remaining 47½ per cent on November 4. The loan is to be used to finance the development projects of the Federal Government and the Government of Southern Rhodesia which altogether are likely to cost over £100,000,000.

Credits to Yugoslav Shipbuilders: The Yugoslav National Bank granted over 24,000 million dinars to the Yugoslav shipbuilding enterprises to assist construction programmes between 1954 and 1958, for ships totalling over 118,000 gross tons including 78,000 gross tons of tramps, 26,444 gross tons of coastal freighters, 13,470 gross tons of passenger vessels and 400 gross tons of tankers. 9,300 million dinars will be spent this year, as provided by the Economic Plan for 1954. The National Bank has advanced over 1,500 million dinars for the development of river shipping, towards the building of three tankers, four barges, three tugs and three river-sea vessels for service on the Danube and Black Sea routes.

Indonesia's \$160,000,000 Unfavourable Trade Balance: The Japanese Government has put into effect control measures to keep Japanese exports within the value of imports from Indonesia. Exports to Indonesia of textiles and steel goods will be controlled. The move to control exports follows Indonesia's failure to pay its first instalment of \$11,710,000, scheduled for June

30, of its outstanding trade balance in favour of Japan amounting to \$160,000,000.

U.S. Investments in Canada Total \$8,600,000,000: United States investments in Canada at the end of last year stood at the record level of \$8,600,000,000, an increase of 72 per cent since the end of the war. In 1953 alone, Americans poured more than \$600,000,000 into Canada's rapidly-expanding petroleum and metal-mining industries which are among the big attractions for capital. Figures for British investments at the end of 1953 are not yet available (\$1,886,000,000 in 1952).

MISCELLANEOUS

Leprosy Control Scheme: Establishment of Centres: It has been decided to establish four Treatment and Study Centres and six Subsidiary Centres, under the Leprosy Control Scheme included in the first Five-Year Plan; in the States of Madras, Madhya Pradesh, West Bengal and Uttar Pradesh—there will be one subsidiary centre each in Bombay, Assam, Orissa, Vindhya Pradesh and Saurashtra. An amount of Rs. 16 lakhs has been allocated for leprosy control in the first Five-Year Plan.

33,407 Americans Reported Dead in Korea: Revised Defence Department figures show 33,407 Americans lost their lives in Korea. Casualty figures show that 103,269 men were wounded in action, and 230 missing, 11 months after the cease-fire. In a summary based on revisions through June 30, the Department said 23,345 Americans were killed in action, 2,489 died of wounds and 7,573 are "missing in action, known or presumed dead".

Adult Education in the United States: A recent study showed that some 28,000,000 adults, or about 41 per cent of those whose formal schooling was already finished, were going to classes of some kind. This figure excludes some 2,000,000 students enrolled full time in institutions of higher learning, and others receiving some form of education through libraries, museums, the radio and television. More than 7,800,000 U.S. war veterans have received education or training under the "G.I. Bill of Rights" during the past 10 years. The Veterans Administration states that two million attended colleges or universities, three and a half million took on-the-job training, and 700,000 received on-the-farm training.

Japan Has 4,000,000 Unemployed: Japan is reported to be facing an unemployment crisis. An estimated 4,000,000 are out of work of whom only 1,330,000 are actually registered. Among the worst hit industries are coalmining, shipbuilding, the merchant navy, transport and communications. The survey reveals that of 36,190,000 workers, 2,790,000 desired change of jobs either because of insecurity or they wanted more money—1,230,000 were looking for part-time work in order to earn more. Unemployment is likely to increase—about 433 firms have gone bankrupt in one year up to March.

Organised Labour in Egypt—1953: More workers are joining trade unions in Egypt than ever before. Figures for this year show that there exist 949 unions organising 257,523 workers against 942 unions and 1,50,000 organised workers for 1952. The 1953 data shows the following occupational distribution: Industry 208,339 (702); Commerce 30,973 (153); Agriculture 8,728 (41) and Services 9,478 (53). Figures in brackets indicate number of unions. Of these unions, 105 are organised in 14 federations, with a total membership of 28,689 workers. The average size of membership of an Egyptian trade union was 260 in 1953, against 299 in 1952; the difference being due to the uneven growth between unions and membership.

NEWS IN BRIEF

INDIAN

An Indo-Japanese porcelain insulator factory is being planned in South India. The agreement, operative for 10 years, provides for the training of Indian personnel. Within two years of commencement the factory is planned to produce 2,500 tons of insulators per annum.

India continues to be the principal exporter of beedies to Ceylon. During 1953, India exported to Ceylon some 1,959,433 lbs. of beedies valued at Rs. 8,600,000 as against 1,684,563 lbs. valued at Rs. 7,511,037 in 1952.

The conversion of the Renigunta-Gudur Section of the Southern Railway from meter-gauge to broad-gauge will cost Rs. 1,94,00,000. Railway Board instructions are that work should be finished in record time, enabling a transport increase on the Madras-Bezawada Section.

Nepal's Prime Minister told the Advisory Assembly recently that Indian aid to Nepal totalled Rs. 6,95,50,000 of which about Rs. 2 crores were under the Colombo Plan. Aid under the U.S. Point-Four and Operation Mission Programmes amounted to \$9,20,800.

A delegation of Indian industrialists and Government officials will visit the U.S.S.R. at the invitation of the Soviet Government. The industrial delegation will be led by Mr. Kasturbhai Lalbhai. Personnel of the delegation has been finalised, and an announcement is shortly expected.

The Government of India has decided to grant a loan of Rs. 10 crores to the Tata Iron and Steel Company Ltd. This grant, under consideration for three years, is intended for the expansion programme, and includes modernisation of the works; raising production from 750,000 to 931,000 tons of finished steel by 1957.

A dam, calculated to generate 54,000 kW. of electricity, is to be constructed in Garhwal district on the Ramganga river. A 16-mile feeder canal will divert the water, irrigating 700,000 acres of land. The scheme is estimated to cost Rs. 27 crores, and will be included in the Second Plan.

India is the largest supplier of B.C.G. vaccine in South-East Asia—Burma, Ceylon, Malaya, and Thailand. Last year's production was 14,91,150 millilitres. For these supplies India took only the cost of production.

The Government of India are making adequate arrangements to stock the quantity of imported sugar, estimated to exceed 3.5 lakh tons, which will reach Indian ports during the three months of August, September and October, 1954.

Research Fellowships granted under the I.C.I. (India) Research Fellowships Scheme II, covering the period 1951-56, have cost Rs. 3,36,000. This year's appointments bring the total number of Research Fellowships granted under this scheme from 12 to 16.

Four-engined 'Skymasters' will replace the 'Vikings', from July 31, 1954, on the I.A.C. Bombay-Calcutta-Bombay non-stop morning service. A liberal reduction in fares and freight charges is being effected. The 'Skymaster' is a 53-passenger aircraft with an all-up weight of 70,700 lbs.

FOREIGN

During 1953, Brazil produced a total of 2,029,744 tons of coal, valued at Cr. \$408,817,000. Thirty-four coal mining companies are in operation, the chief coal producing regions being Rio Grande do Sul, Santa Catarina and Parana.

On June 24, Japan was admitted to the membership of ECAFE. Among others, ECAFE's membership comprises Afghanistan, Burma, China, India, Indonesia, Japan, Pakistan, the Philippines and Thailand. Other associate members are Cambodia, Ceylon, Hong Kong, Korea, Laos, Malaya, British Borneo, Nepal and Viet Nam.

There were at the end of 1953, 8,428,638 radio receivers in France, which works out at one set for every five persons. The increase over previous years amounts to half a million sets. The number of television sets on the same date was 59,971—an increase of 10,000 over the previous years' figures.

Sweden's imports of automobiles, automobile parts and motorcycles are expected to total Kr. 600 million (£41.38 million) during 1954, according to the Swedish Minister of Trade. Petrol imports are estimated at Kr. 240 million, and coffee imports at over Kr. 450 million.

Arrangements are reported to be complete for the purchase by British food importers of 13 million lbs. of butter at a cost of £2,142,000 from the U.S.A.

The share of the U.S. in world income increased from 26 per cent in 1938 to 40.7 per cent in 1948, while Canada's share grew from 1.8 per cent to 2.2 per cent. The shares of most countries went down with conspicuous exceptions of U.K., Denmark, Sweden and Switzerland, reports the Twentieth Century Fund.

Ceylon will be in a position next year to cut her rice imports by about 130,000 tons, according to latest statistics. At the current rate of imports and consumption, rice stocks will total 140,000 tons—100,000 tons more than is usual. In addition 30,000 tons will be purchased under the guaranteed price scheme.

The U.S. Export-Import Bank recently announced that it had granted a 12-month credit of \$60 million to the Bank of Japan, available till July 31, 1955, to finance the purchase of about 350,000 bales of cotton at current prices.

Israel's balance of trade continued to improve in 1953, when the trade deficit per capita amounted to IL. 49.181, as compared with IL. 58.769 in 1952. The total deficit in 1953 was IL. 81,161,000 with imports amounting to IL. 102,454,000 and exports IL. 21,293,000 (IL. 1=\$2.80).

The £45 million Anglo-Iranian Oil Company's refinery at Aden, scheduled to have a 5,000,000 ton annual output comes into operation this week—four months ahead of schedule. Work was begun in November 1952.

Lancashire's spinning mills show an increase of 50 million lbs. in cotton and rayon yarn output during the first half of 1954 as compared to the corresponding period last year. Cotton Board figures show a production of 506,500,000 lbs. by the end of June.

LETTERS TO THE EDITOR

"BUSINESS AND EMPLOYMENT"

Sir,

Mr. Birla stated at the Bombay Press conference that about 6 crores of people including their family members depended directly on business, trade and industry. Another 4 crores or so including their families were dependent for their livelihood upon these 6 crores who were mainly supported by business and industry. In this way about 10 crores of people were accounted for for their livelihood as depending on business directly and indirectly. Mr. Narayanswami feels that these figures do not correspond to facts and that Mr. Birla's claim is fantastic which cannot stand scrutiny. The trouble is that Mr. Narayanswami does not know what he is writing about. He is confused from the start as he believes that the 10 crore figure of Mr. Birla relates to the actual working force employed by business and industry. Even a little commonsense would show that such a statement would be meaningless on the face of it. If the total working population in business and industry were 10 crores then counting their family members the total population depending on business and industrial sectors alone would come to about 30 crores leaving hardly anything for agriculture and other sectors of the economy. Surely, Mr. Birla as a foremost industrialist in the country and President of the Federation knew what he was talking about and should be credited with that much sense.

Mr. Narayanswami has also commented on the availability of capital and foreign aid. I for one cannot appreciate as to why Mr. Narayanswami feels so shy of foreign capital. Government of India have themselves admitted the necessity of importing foreign capital and the Five-Year Plan also provides for the same. Does Mr. Narayanswami contend that India should for ever go on importing manufactured goods and exporting raw materials to perpetuate the country's poverty? After all, money has to be found from somewhere, and if favourable conditions for investment exist in India there is no reason why foreign capital should not come to this country and that too without any strings. No one wants to convert India into a foreign colony; but does Mr. Narayanswami seriously suggest that without fulfilling this condition foreign capital cannot play any part in India's industrial development?

Lastly, I wish to refer to Mr. Narayanswami's remark on what he calls a conflict between expenditure on capital formation and that on social services and welfare. No one is averse to social services but at the same time they cannot be created out of nothing. If Mr. Birla has made a point for the removal of certain obstacles in the way of expansion of business and industry, that does not lead to the conclusion that he wants to restrict the expansion of social services and welfare of the people. If business expands and industry produces more, surely it is not a few business men who are going to consume it. As I recall, Mr. Birla had also suggested sometime back that the country needed a million houses to be constructed every year. Mr. Narayanswami should realise that Mr. Birla was not suggesting that these houses were to be for the use of a few business men. It is the country as a whole which would consume more and raise living standards if more is produced through expansion of business and industry. Needless to point out that a country which is poor and backward industrially and commercially cannot afford a high standard of social services. Where is the question of a conflict between the two? It would appear that Mr. Narayanswami somehow wants on the one hand to keep the country in the present state of poverty by objecting to the expansion of business and industry, import of foreign

capital, etc., and on the other he seems to be very much concerned for the welfare of the people. This sort of confused thinking, in my opinion, would not lead the country anywhere. Unfortunately, it is this negative approach to our economic problems and an undue emphasis and attention to out-dated methods of un-economic production which has kept the country backward.

Yours faithfully,
C. S. PANDE.

CALCUTTA,
31st July, 1954.

Sir,

Shri C. K. Narayanswami, Secretary of the All-India Khadi and Village Industries Board, has chosen to comment with a note of derision, in the issue dated 9th July, of your valuable Weekly, on the Press conference of the President of the Federation, Shri B. M. Birla, that was held in June in Bombay. The Federation President is accused of suppressing the source of his "statistical information and assertions" in respect of business and employment. The innuendo that there is no basis for the figures cited by Shri Birla is also there. Shri Narayanswami further goes on to castigate Shri Birla and the Federation for wanting to go back to the 19th century. To put it mildly, Shri Narayanswami has indulged in 'ignoratio elenchi'—in argument that appears to refute opponent while actually disproving something not advanced. And to him the desire to speedily develop the country on modern lines is manifestation of atavistic throwback!

Anyway, the purpose of this letter is intended to be no more than a clarificatory one so far as employment figures go. At the Press conference, Shri Birla gave figures of those engaged directly and indirectly in business and their dependants to emphasise the role of the business community in our national life. By "business" he meant, as should be obvious in the context of his other statements, all non-agricultural occupations, i.e., trading and manufacturing activities, whether big or small, whether carried on in urban or rural areas, and whether operated by employing others or by self-employed persons. These figures are based on a source, which Shri Narayanswami seems to feel that business men and the commercial organisations, unlike "the student of economics" are not aware, viz., the Census of India, 1951. According to the 1951 Census out of the 1,044 lakhs of self-supporting persons, 710 lakhs (or 68.1 per cent) are agriculturists and 334 lakhs (31.7 per cent) are non-agriculturists. The self-supporting non-agriculturists are divided into four sections as follows:

	Number (in lakhs)	Percentage of all self-sup- porting non- agriculturists
1. Employers	11	3.3
2. Self-employed persons other than employers ..	165	49.4
3. Employees	148	44.3
4. Non-agricultural ren- tiers, pensioners and miscellaneous income receivers	10	3.0
TOTAL	334	100.0



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The following table gives particulars regarding affiliation of dependants to self-supporting persons by means of livelihood:

	(Numbers in lakhs)			
	Self-sup- porting persons	Non-earn- ing	Dependants Earning	Total
Non-agricultural production ..	122	223	+	32
Commerce ..	59	145	+	9
Transport ..	17	37	+	2
Services ..	136	268	+	26
Total—Non-agri- cultural classes	334	673	+	69
				1,076

"HOUSING THE WORKER"

Sir,

The article captioned "Housing The Worker" and published in your paper of April 2 contained the following statement:

"Our trade unionists seem to have found out that the easiest way to keep the employers on tenterhooks all the time is to keep some issue or other before the labour courts, so that no worker can be sent out even if he is guilty of a serious offence. For, under the Industrial Relations Act, no worker can be discharged during the pendency of a dispute. Is not this like spreading a bed to one who is yawning even otherwise, as the adage goes?"

May I point out that the Bombay Industrial Relations Act, 1946, to regulate the relations of employers and employees and to provide for certain other purposes does not contain any provision preventing the employer from discharging a worker during the pendency of a dispute? The Act applies to certain industries, including the cotton textile industry in Bombay State. The position stated in your article exists under the provisions of the Industrial Disputes Act of the Government of India.

I shall feel grateful if you would publish this clarification and remove any misunderstanding that may have been caused by your comment referred to above.

Yours faithfully,

M. H. SHAH.

Director for Publicity,
Government of Bombay.

"THE MANAGING AGENCY SYSTEM"

Sir,

The article "Managing Agency System" in "The Eastern Economist" is by no means able to appease the critics of the system. The argument is advanced that the managing agents have gone to industrialize the country to a great extent. But it is perhaps forgotten that they advanced capital only where they were absolutely sure of making huge profits. In other words, capital has forthcome not because the said agents wished the prosperity of the country, but because they wished to profiteer at the cost of the industry. Had it not been so, why would they have got fixed abnormally high rates of remunerations for themselves? Besides this, they had fixed the minimum profit in case the company did not make adequate profits. Sometimes the minimum even ran

Even assuming that there are about 39 lakhs of people in Government service, as Shri Narayanswami has himself assumed, and taking into account their dependants it will be seen that nearly 10 crores of people are directly or indirectly dependent on business for sustenance.

It is difficult to see at what Shri Narayanswami cavils. There will always be some in any century to tilt at windmills.

Yours faithfully,

G. L. BANSAL,
Secretary,

The Federation of Indian Chambers of
Commerce and Industry.

Sir,

I have read the letter addressed to you by the Director of Publicity, Government of Bombay, and I must say I am rather surprised that he should have chosen to rush to the Press without a complete understanding of the position under the law. It may be that, under the Bombay Industrial Relations Act, 1946, as such, there is no provision which prevents the employer from discharging the worker during the pendency of a dispute. But any dispute arising under this Act may have to be taken in appeal, as it invariably happens, and when that happens, Section 22 of the Labour Appellate Tribunal Act, 1950, comes into operation and it becomes obligatory to have the permission of the Tribunal before the worker can be discharged.

This apart, the Bombay Industrial Relations Act, 1946, is applicable, as the Director of Publicity has himself pointed out, only to certain industries including the cotton textile industry in Bombay State, while the other industries in the State are governed by the provisions of the Central Industrial Disputes Act. Under the latter Act, there is a specific provision (vide Section 33A) preventing an employer to discharge a worker during the pendency of a dispute except with the express permission of the Tribunal. Although there is no such specific provision under the Bombay Industrial Relations Act, 1946, in the event of an appeal against a dispute arising under this Act, let me emphasise, the same provisions as those of the Central Disputes Act, apply. In other words, the position, as explained by the Director of Publicity, is only partially true, in that it refers to cases which are not taken in appeal to a higher tribunal, and these are more the exceptions than the general rule.

Yours faithfully,
CROESUS.

The Indian Companies Act states that the managing agent is "under the control and direction of the directors except to the extent, if any, otherwise provided for in the agreement....". But is it not a startling fact that the directors are under the control and direction of the managing agents? This has killed the interests of the shareholders who contribute a major portion of the capital. Mr. I. A. Wadia stated before the Tariff Board in 1927 that if the directors took active part they had to go. Out of 175 directors of Bombay cotton mills in 1925, 95 were agency directors. The agents have therefore gone a long way to restrict the capable and healthy growth of industries.

Besides, too many concerns under one agency, apart from being detrimental to the economy of the country from distribution of wealth point of view, cannot be managed efficiently and effectively. The agents have been exploiting one concern to benefit the other.

An alternative to this system is asked for. The National Planning Committee has estimated that the agents have been providing capital from ten to forty per cent of the total capital. This much capital can be supplied by the Industrial Finance Corporation and the State Finance Corporations so that the managing agency houses are easily dispensed with. The National Planning Committee has rightly suggested that the system "must be abolished at the first opportunity so that no ground can remain for any preposterous claim being made by its advocates on the ground of industrial finance".

Yours faithfully,
OM PARKASH SHARMA.

134/13, Tehsilpura,
AMRITSAR.

[There is little reason for believing that an official or semi-official agency will be cheaper. In any case, the managing agents still display initiative, for which no substitute has been found—Ed.]



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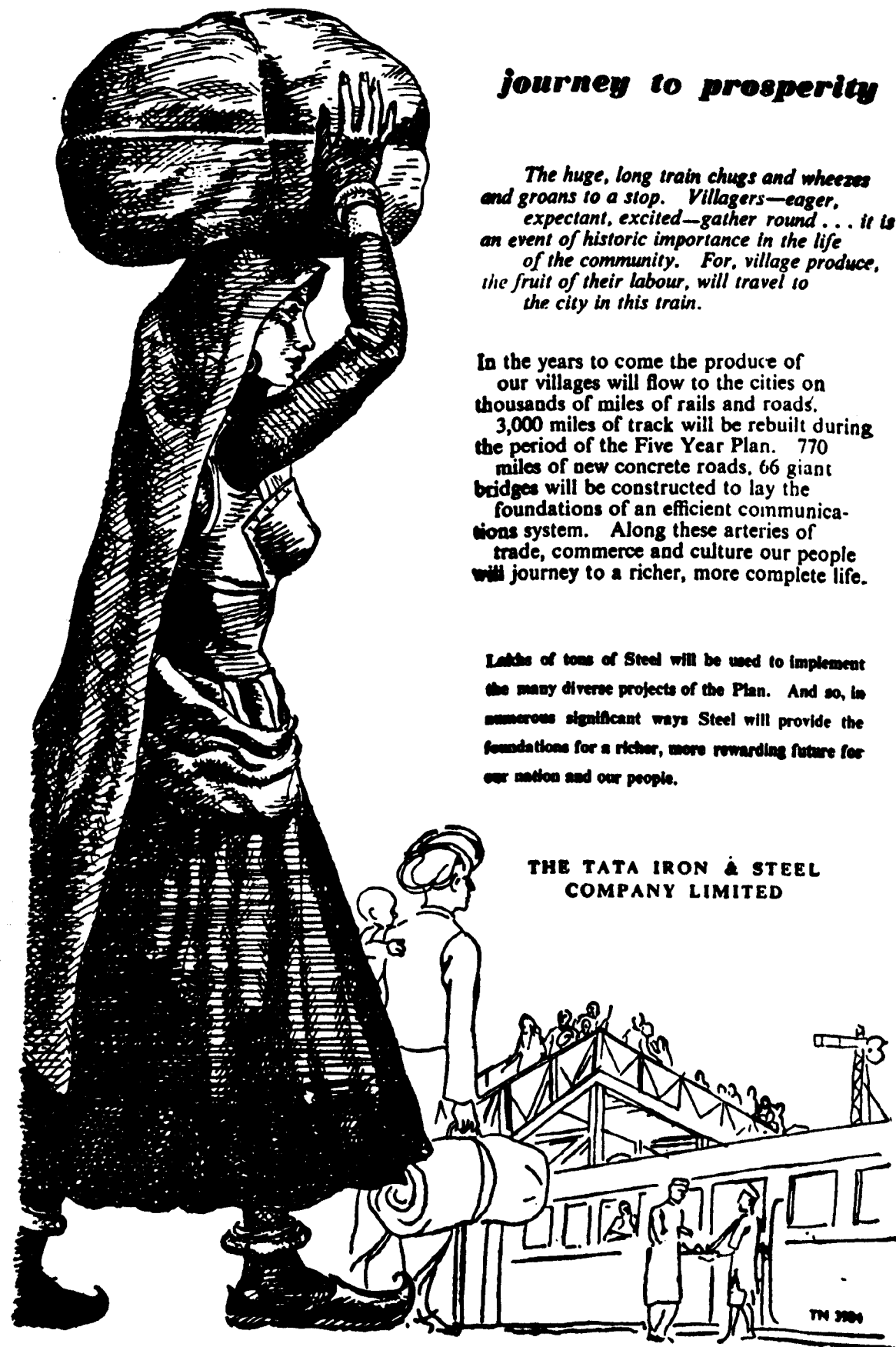
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A Window On The World

THE CHURCHILL-NEHRU AXIS

By
ODYSSEUS

WINSTON CHURCHILL is popularly regarded with some suspicion in India. He is respected as the greatest leader that the Western free world has produced, but his forthrightly imperialistic attitude towards India in the past is remembered against him. He is popularly thought to grudge India her independence and to view all that goes on in this sub-continent with a jaundiced "What-can-you-expect? I-told-you-so" eye.

I am able to reveal on unimpeachable authority that this view of Churchill, which may be called that of the man in the (Indian) street, is not in the least shared in the most responsible government circles in New Delhi, where he and Mr. Anthony Eden are regarded as among India's most cordial admirers and closest friends.

It all began, I am reliably informed, at the Coronation last year, when Pandit Jawaharlal Nehru and Sir Winston met for the first time. Friends of both men were, it appears, somewhat apprehensive beforehand about the meeting. How would the old lion of British imperialism lie down with the mettlesome tiger of resurgent India? How would the man to whom was usually attributed Disraeli's boast that India was the brightest jewel in the British crown, feel in the presence of the Indian who had done perhaps more than any other to rip that jewel from its setting? How would the man who is said to have been indignant with Mountbatten for having surrendered to Nehru's charm, and to have thereupon liquidated the empire in impetuous haste, himself react when faced with the same phenomenon? Would there be stiff bows, followed by a few awkwardly polite words and then a tactful separation by the intervention of friends?

The meeting in fact falsified all predictions and turned out a rip-roaring success. Churchill, my informants tell me, was fascinated (as have been so many others) by Nehru's personality, philosophy, and outlook on life. Nehru, I am told, was impressed by the magnanimity of Churchill's personality and by the depth, breadth, and realism of his grasp of world politics. I am given to understand that Indo-British relations prior to August 15, 1947, were not mentioned between the two statesmen, but that by his approach to international affairs in general Churchill conveyed indirectly that he took India's position as a free nation in world affairs completely for granted without a single backward glance over the dead past. The present and the future are what matter to the British Premier.

HARROW IN CHARGE OF THE COMMONWEALTH

When you reflect over the careers of these two men, is it really surprising that they find so much to appreciate in each other? They have in common all the fundamentals of life. Each, an aristocrat born, is a passionate upholder of democracy, parliamentary government, respect for his opponent's personality and right to his opinions even when actively combating them. Each, precisely because of his passion for freedom and democracy, and above all because of his intense patriotism, is adamantly against Communism in his own country; each is realist enough to see that peaceful co-existence is the only practical goal to aim at in the contemporary situation. Last but not least, each was educated at Harrow. This is a factor which each of the two statesmen are not likely to allow to get out of its true perspective; nevertheless, it helps to promote

good fellowship and harmless mirth. I remember, for example, a story told me by one who attended the annual Old Etonian dinner held in New Delhi in June, 1948. Cheerfulness having set in after dinner, the Old Etonians sent a message in Latin to Lord Mountbatten, the Governor-General, Rajaji, the Governor-General Designate, and Pandit Nehru, the Prime Minister, who were dining at Government House. Pandit Nehru remembered enough of the Latin that he had learnt at Harrow to translate the message at sight: "Fraternal greetings to our unfortunate brethren who were not educated at Eton". With a chuckle, he borrowed a pencil and dashed off a reply in the Hindi script which was taken to the Old Etonians by a grinning A.D.C. While Harrow had been able to translate Eton's message at sight, Eton had to call in outside aid to translate: "Those of us who have had the honour of being educated at Dartmouth, Harrow, and Madras University, send fraternal greetings to their less fortunate brethren who labour under the distinct disadvantage of an Eton education." Harrovian memories play a cheerful part in Winston Churchill's psychology. I am told that in a half serious, half jocularly school-boyish way, he is delighted to reflect that the affairs of the two most populous members of the Commonwealth are in the capable hands of a couple of "safe" Old Harrovians. (What Sir Winston's attitude might have been if the Pandit had gone to Eton, one trembles to think).

Pandit Nehru returned to India last year convinced that in Churchill he had not merely a friend, but one whose long experience in public life would enable him to appreciate the domestic political necessity of India's "neutrality" and to accept it without resentment as a factor which has to be taken into account in any assessment of the international situation. This, be it said between parentheses, is apt to be a blind spot in those who formulate America's foreign policy. When they disagree with a viewpoint, they often seem to persuade themselves that because, to them, it seems so patently absurd, it need not be taken into account; it can be ignored as a factor in the situation. If, however, the factor persists, it arouses splutters of indignation in Congress which reacts by passing threatening resolutions against overseas aid or in favour of withdrawal from the United Nations unless—! Gestures which are usually tantamount to cutting off Uncle Sam's nose to spite his fate.

For his part, Winston Churchill returned to his desk from saying goodbye to Pandit Nehru last year heartened by the feeling that the affairs of India's 357,000,000 were in sound democratic hands and that, with Harrow at the helm, progress would come not by bloody revolution but by constructive change and growth. And when he looked at the varying misfortunes of post-World War II Indonesia, Indo-China, Algiers, and Morocco, he felt that if India had ceased to be the brightest jewel in the British crown, it had become the most blazing chapter in British history, the most striking justification of the British way of doing things. For the first time in history, an imperial Power had divested itself of the biggest dependency that any empire had ever known and handed it over to its own people as a going concern. Part of what Winston Churchill, and all reflective Britons feel, is well put by Mr. E. W. R. Lumby in an admirable book to which I draw your attention, entitled "The Trans-

of Power in India", just published by Allen and Unwin. Mr. Lumby argues that the reactions of the so-called "colonial peoples" to Western rule pass through three stages: (1) A nationalist resurgence among the leaders of the middle classes; followed by (2) an ever-increasing demand for economic and social reconstruction, caused by the impact of Western industrialism—reforms which foreign rulers, anxious not to offend indigenous opinion, are handicapped in carrying out; and (3) where the demands of nationalism and reform are denied or impeded, Communism emerges. Half of Indo-China has just fulfilled Mr. Lumby's forecast. The whole of Indonesia could easily follow, and the bubbling of the nationalist cauldron in French North Africa is an ominous indication of further possibilities.

BRITAIN'S STAKE IN INDIA'S PROSPERITY

Among Winston Churchill's feelings towards India is therefore a deep desire to see the continued success of Britain's experiment in launching 357,000,000 on self-government. He, and every Briton, feel that they have a personal stake in a flourishing future for this great sub-continent.

It is an open secret in London that Mrs. Vijaya-lakshmi Pandit is to be the next Indian High Commissioner in the United Kingdom. She is expected to take up her appointment sometime in October after she has laid down the Presidency of the General Assembly of the United Nations. Mrs. Pandit's post-war career as Indian Ambassador in Washington and Moscow, and as leader of the Indian delegation to the U.N.O. on many occasions, demonstrates the confidence that India's Prime Minister justifiably places in her. So that it is reasonable to see in her presence in London the completion of the Churchill-Nehru axis. Nor am I revealing any secret when I say that Sir Winston has made the most favourable impression on Pandit Nehru's sister, because I myself heard her say at a luncheon held in her honour by the Indian Journalists' Association on July 13, that she was "amazed at the great wisdom, the political wisdom", of Sir Winston Churchill whom she had just visited. Now, I do not think

that I am being cynical when I submit that we usually find those people the wisest who agree with our own view of the world, and I, therefore, deduce that what really amazed Mrs. Pandit was the degree to which the policies of India and Britain coincided over what was the foremost international problem of the hour at the time when she visited Sir Winston and what is likely to remain so for the next two or three years—the future of Indo-China.

It is, of course, a splendid change when nations agree, and I am confident that all readers of this column will rejoice to hear that Indo-British relations are so cordial. Readers will further be re-assured by Sir Winston's practical demonstration that the Conservative party, and indeed British opinion of all shades, is united in its unqualified forward-looking acceptance of India's independence. I believe, too, that the policy successfully pursued by the Churchill-Nehru axis in Geneva over the Indo-Chinese problem was the only sensible one to pursue in the given circumstances. Nevertheless, the reflection is unavoidable that the partition of Indo-China reminds one more of the spectacular evacuation of Dunkerque in World War II than of Montgomery's victory at El Alamein that started the movement that ended in Berlin. Next week, I propose to consider the implications of the Churchill-Nehru axis and its bearing on the future of Indo-British relations.

MR. C. K. NARAYANSWAMI'S CHALLENGE

I must thank Mr. C. K. Narayanswami for his interesting and courteously worded challenge to me on the problem of consumers' choice, industrialisation, and village industry, published in our correspondence columns on July 16. I shall be glad to consider in a future article the important points that he raises, but I hope that he will forgive me if this is adjourned for a few weeks. We have had such a prolonged dose of the Free Enterprise-Socialist debate in this column that I feel sure that most readers will welcome a change of topic. But I am not forgetting Mr. Narayanswami's stimulating challenge and shall get around to it in due course.

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A DELHI DIARY

VICTORY OVER K-2

I MAKE no apology for beginning this Diary with—K-2! For those uninformed in statistical mountaineering, I should explain that K-2 is the second highest mountain in the world. It is supposed to be 28,250 feet; but this it was many years ago at its first measurement by the trigonometric survey; since then Mount Everest has put on over a hundred feet. It may be that K-2 has stayed put, like some other things in Pakistan. But arguing on the best Himalayan principles, I claim that it has also ascended. And, therefore, the unnamed Italian who reached its summit on July 31 must really have climbed more than 28,250 feet. Whether he has or not, I hail this achievement as being equal in every way to the climbing of Everest. K-2 has been a more murderous mountain; and being the second, and not the first, mountain in the world, it also held out less glory. The prize was, therefore, less glittering while the dangers were greater. I think that one is right to weigh this in against Everest's greater height. There are now three top mountaineers in the world; it is good that the new hero is from the West. Honours are now even: Far East, East and Near West. But let there be no Cold War or Colour Consciousness here!

People in New Delhi who know the difficulties of these things have been much intrigued by the report from Lahore on August 3 which spoke of a single conqueror. Could it be that this was a lone attempt? If so, it surely must be one of the most amazing feats in mountaineering history.

THE DELHI CONFERENCE

I must pass, somewhat reluctantly, from the mighty Himalayas to the Delhi Conference on the work of the Truce Supervisory Commission. This has been a workmanlike affair; so workmanlike that I do not think that there is anything romantic to report. As far as I can determine, there has not even been a hitch in the travel arrangements; everyone has arrived according to schedule, though in the case of Mr. Ogrodzinski, the Chief Polish Delegate, his schedule which brought him here on Tuesday night was not quite consistent with the schedule of the Conference which started on Sunday. Tuesday's meetings were postponed in order to wait for Mr. Ogrodzinski's arrival, but much preliminary work had been accomplished. It is now expected that Canada, India and Poland will each have four members on the Advance Party. More important, perhaps, has been the choice of the leader of the Indian team. This is to be Mr. S. Dutt, reputed to be one of the ablest officers in the External Affairs Ministry. The appointment has been generally welcomed; but are there no regrets?

There has been a round of entertainments to meet the representatives of the various Commissions. The most cheerful of these was one given by the Canadian High Commissioner, Mr. Escott Reid, on Wednesday. Mr. Escott Reid and his team stood nobly in a line throughout the evening receiving (or returning!) a very large number of guests from both sides of both curtains. I express a personal opinion formed, I admit, without much journalistic investigation. I liked the Canadian team; I predict that it will be as easy for our team to get on with them as it is for the Indian External Affairs Ministry to deal with the popular Canadian High Commissioner!

SEATO AND SOUTH-EAST ASIA

What is the Indian Prime Minister's alternative to SEATO? The Prime Minister has been away for much of the week in Dalhousie, and it is not possible to besiege him in person; and the External Affairs Ministry has no official spokesman—that is an impersonal mouthpiece—for its policy on SEATO or Kashmir. But now that Sir John Kotelawala has said publicly in Colombo that Mr. Nehru has an alternative solution to the Western proposal for a South-East Asian Treaty Organization, interest in Delhi in the Prime Minister's exposition of his alternative is running high. It cannot be that this alternative is merely a string of non-aggression agreements; but if it is something much more complex which must have been reduced to paper somewhere, how is it that no hint of this solution has emerged into the market-place? I consider that the maintenance of official secrets in India has now reached a stage of efficiency, at which we journalists in India can only look on and admire!

Sir John Kotelawala, blunt as usual, proclaimed his faith. "My view", he is reported to have said, "is that if we have to believe the Russians and Chinese, they have to prove their bona fides. All the Powers say they don't believe them, and they will not play fair and stick to the rules of democracy." The rules of democracy: is it a grievance against totalitarian governments that they do not stick to the rules of democracy? And is this identical with playing fair? Surely there is here a nice (ideological!) battle which can be joined. The next Colombo Conference promises to be much more interesting than the last. I have only one suggestion to make; this is that it should start at Kandy. As I saw on the last occasion, Kandy was much more propitious for agreement. And agreement on SEATO (or its alternative!) will be difficult and not only because India and Indonesia have already expressed their views!

PROHIBITION IN DELHI

The threat of Prohibition in India may be considered slightly less as a result of a meeting held by the Delhi State Prohibition Committee on Tuesday. It has happily entered into the enquiry stage and (at last!) "it was thought proper that some (sic!) definite information should be sought from Uttar Pradesh, Punjab, Pepsu and Rajasthan with regard to their prohibition programmes". It was also considered that "certain vital factors" such as the cosmopolitan character of the city, financial implications, and presence of a large number of Embassies and foreigners should be considered". All this is to the good; but it will be remembered that the cosmopolitan character of the city of Bombay did not prevent the guillotine there; some people in Delhi are expecting much from the Embassies. Perhaps they will provide us with protection!

The Committee is also anxious (so contrary to Bombay experience!) to acquaint itself with the views of a cross-section of the public. A questionnaire is now being prepared and, no doubt, will, in due course, be answered. By whom? Is the questionnaire to be addressed to all and sundry? Or predominantly to Congressmen? Or (negatively!) not to those whose opinions have already been expressed in their public practice? It cannot be said that confidence in a survey of public opinion conducted by the Delhi State Prohibition Committee stands very high!

SPECIAL ARTICLES:

THE GERMAN INDUSTRIAL RECOVERY

THE spectacular progress of German industrial production in the last five years has been previously set in a Western European framework. In an article "The Boom in Western Europe" in 'The Eastern Economist' issue of July 23, it was pointed out that, while the German recovery is spectacular, in broad essentials it was part of a Western European piece in which only the rate of progress in Germany differed from progress in France and England; and in fact the rate of progress was levelling off so as to make the Western European picture look in statistical terms still more one similar piece. While this represents substantially the overall picture of Western European industry, it probably does not do adequate justice to the differentials in the German productive system today. The purpose of this article is to attempt to highlight the structural advantages enjoyed by German industries over their British competitors.

In the first place, the story is one much more of production than of trade. Germany's share in world trade in manufactures is still smaller than before the war (about 14 per cent in 1953 compared with 24 per cent for all Germany in 1937). In Europe, too, she is providing a smaller percentage of OEEC countries' imports than all Germany did in 1937.

On production, it is otherwise. The index of industrial production (without building and power 1938=100) was 154 in the Federal Republic in the year 1953. The building index was 148. It is true that the over-all figure covers many variations, and in particular West Berlin, still a prestige centre, is lagging some way behind. Thus the index of industrial production for West Berlin in 1953 was only 64, and the building index only 48. On the other hand, the rate of rise in West Berlin is now higher than in Germany as a whole.

How has this spectacular development taken place? There is no doubt that German industry has benefited greatly by a considerable reserve of labour on which to draw as production was increasing. Compared with the U.K. increase in civil employment of just 3 per cent from 1948 to 1953, the German increase was 16 per cent. The refugees from the Eastern Zone, although they have created their own problems, brought

both skilled and unskilled labour; on the whole they assisted more than they hindered. Again, rather longer hours are still worked in Germany; 47.9 hours a week in manufacturing and building compared with 45.9 in manufacturing in Great Britain.

The level of wages has also helped. Although in real terms it is now approximating to British standards, in the most critical period of German recovery it was well below it. In the period from 1948 to 1951 in particular as the tables below show, real hourly earnings in Germany were considerably lower than in Britain. In the years 1952 and 1953, real wages rose in Germany by about a fifth and fell somewhat in Britain, but the fact that large reconstruction had taken place before 1951 meant in fact that German capital equipment was obtained more cheaply than in Britain, and depreciation is still correspondingly low.

These, then, are the main sources of German strength. A large and capable reserve of labour, both skilled and unskilled; longer hours of work; a strong differential in the early stages of recovery in labour costs, and now an expanding world market in which increasing production can be absorbed. The net result of this expresses itself in financial terms in the trade surplus of the last three years and Germany's growing balances in the European Payments Union.

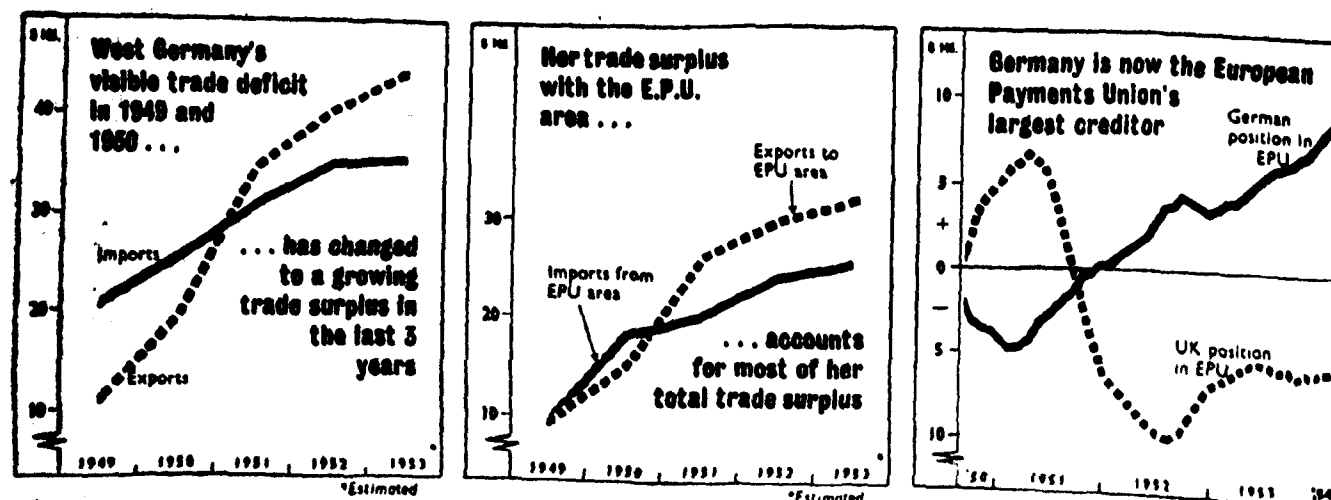
TABLE I
(Hourly Earnings in Pence)

	1948	1949	1950	1951	1952	1953
Germany, Manufacturing and Building	21	24	26	30	32	33
U.K., Manufacturing	31	32	33	37	40	41
Difference	10	8	7	7	8	8

TABLE II
Cost of Living
(1950=100)

	1948	1949	1950	1951	1952	1953
Germany: Total	108*	107	100	108	110	103
Food	101	107	100	109	114	112
U.K.: Total	95	97	100	109	120	123
Food	90	94	100	111	129	136

*2nd half of year.



Courtesy: British Treasury.

EXPANSION OF RAILWAY WORKSHOPS

THE terms of reference of the Railway Workshops Committee give yet another indication of the failure on the part of the Railway Ministry to view the problem of the expansion of railway transport capacity in the correct perspective of that expansion as an integral com-

ponent of the Five-Year Plan. The issues referred to the Committee for investigation are conceived in a narrow spirit and they seek to confine improvements in the present capacity of workshops and additions to it within the limited range of the requirements in the short

period. The very objective of the current railway development plan has been to achieve the maximum rehabilitation of railways and the urgency of securing larger allocations of finance for a programme of railway development, adequate to meet the pressure of the mounting volume of traffic, arising directly from the completion of the development projects in the Five-Year Plan, has not been realised by the Railway Ministry so far. Despite the recurrence of bottlenecks of a serious magnitude from time to time, the emphasis continues to be on modest improvements and extensions.

The Committee's recommendations, when they come to be implemented, will have to deal with the situation created by the goals fixed for the second Five-Year Plan on an ambitious scale, the rate of expansion being envisaged at not less than double the rate of expenditure in the present Plan. With the shift in the emphasis in the next Plan on industry, one absolute precondition of the fulfilment of the prescribed targets will be expansion of rail transport capacity on a commensurate scale to answer the demands for movement of goods and materials. The task of the Committee clearly gives no indication of having been related to these pressing claims of development activity with a highly accelerated tempo.

In the expansion of railway transport capacity, rolling stock easily takes a primary place. The major issue is the one of augmenting freight capacity in the absence of which the pace of the development projects cannot but be seriously hampered. Despite additions to indigenous wagon production capacity to step up the actual output in the neighbourhood of 11,000 wagons per year and imports dictated by the shortages of wagon stock, freight traffic capacity has failed to rise to the level of current demand. It cannot be concealed that the gravity of the gap between rail capacity and actual requirements of traffic has directed attention to the immediate expansion of road transport as a supplementary mode. It is of basic importance that the Committee should bring a sense of real urgency to bear upon the question of extension of workshop capacity by each method—improvement, modernisation and expansion.

The basic handicap is presented by the fluctuations in the position of locomotive stock. It bears a brief statement based on estimates of the Railway Board. A sizable addition of 1,611 locomotives—1,504 by the end of 1955-56 to be received against orders placed during the period of the Plan plus 107 delivered against prior orders—will not be adequate to bring about a marked improvement. It would serve to reduce the overaged stock from 2,554 locomotives at the beginning of the Plan period to 943. But an extra 1,042 locomotives becoming overaged during the five years of the Plan would raise the number to 1,985. The position, however, should not be exaggerated in terms of pure numerical assessment. In terms of motive power, the additions of new locomotives are bringing more than proportionate accretions to the potential strength of the stock. Between 1951-52 and 1955-56, the increase in the total tractive effort is officially placed at about 7 million pounds, equivalent to an increase of 3.5 per cent. While, therefore, a positive gain in tractive effort seems assured, this reasoning ignores two basic considerations. The year 1951-52 showed a poor traffic performance and it cannot be regarded as a representative base. The net increase is too inadequate to reduce the shortage of available transport capacity.

There is, however, nothing sanctimonious about the prescribed economic age of a locomotive or any other railway stock. A high standard of maintenance and an efficient repair service have proved useful in keeping engines in service beyond their assumed life, although at a higher operating cost. The limitations of procurement of new locomotives for replacement must be offset by concentrated attention to repair and in some cases

reconditioning if justified by costs. The relief to be derived from continuing such stock in use cannot but be partial, nevertheless it will be quite appreciable. Locomotive stock in total strength as well as its effective use on the track are the weaker spots in the transport situation today. This is not to suggest that no progress has been achieved in stepping up locomotive performance. But it cannot be rated as solid by any standard.

Precisely, the point where the workshops can help augment the total number of locomotives in effective use on the line is by reducing the period of detention of stock requiring repairs. The distribution of workshops has not been conducive to availability for repairs in short time, and on this score the Assam region of the North Eastern Railway and the Northern Railway are under a severe handicap, particularly the latter. The creation of a new workshop at Jagadhri for the Northern Railway and remodelling of Gorakhpur workshop for the North-Eastern Railway are measures contemplated at present. For the rest, they have to rely on assistance from other railway systems. A longer duration of detention for repairs on these two systems seems incapable for some years. But over all the railway system as a whole, the present state of affairs leaves considerable room for improvement. The tardy pace of progress made in the sphere of repair will be seen from the table below:

Year	Locomotives	Goods wagons	Passenger coaches
1952-53	17.90	7.82	10.45
1951-52	17.60	7.99	10.86
1950-51	18.95	7.28	14.17
1949-50	19.54	7.62	8.18
1948-49	20.02	7.64	11.46
1947-48	20.19	7.09	11.28

A significant fact disclosed by this table is the deterioration in the case of freight wagons either awaiting repairs or under repairs. The reduction in the percentage of locomotives is of overriding importance and here the progress achieved is quite marginal. Comparison with the performance in 1947-48 is subject to certain reservations. The tempo of additions of new high-powered locomotives as well as of withdrawing unserviceable engines from the track has added strength to the physical condition of the stock and the requirements of repairs have declined in comparative assessment. In 1947-48, which was the latest year for which statistical data were furnished to the Kunzru Committee, the general condition of repair workshops was acclaimed to be thoroughly unsatisfactory and in some cases even grave. The relative improvement recorded in the recent past with better equipment can hardly be rated as reassuring. If pre-war standards of efficiency in the workshops are restored, expeditious release of stock can add something above 10 per cent to locomotives in effective use on the line. That will be a substantial gain in capacity.

To achieve this result is primarily a function of rationalised use of the facilities and equipment currently available in the workshops. The difficulties of modernising machinery employed in the shops have now become easier of solution since capital equipment is available on a larger scale. Spare parts and components continue to present a sort of problem, but here too availability does not persist to be severely restricted. The manufacture of many of them in Indian railway workshops is within the range of feasibility and this is one of the terms of reference of the Workshops Committee of immediate importance. Rationalisation in other respects is a job of technical distribution of work and readjustment in equipment. The introduction of the Belt system, which has been adopted already in the Kharagpur shops, has been emphasized as an important plank in the programme of rationalisation since

it can reduce in this country the period of locomotive overhaul by 50 to 60 per cent. It can certainly be incorporated in the Jagadhri workshop to be newly erected, but how far it can be extended to other shops is problematical.

Surplus staff has always weighed upon the workshops since the war and in retrospect it is clear that the expectations of the Kunzru Committee about its absorption in other railway departments, consequent on the Adjudicator's Award, have not been realised. Between 1952 and 1953, the strength of the technical and non-technical staff of Grades III and IV increased by 11,454 to 214,162. Rationalisation need not involve retrenchment, but part of the surplus may be absorbed in the projected new lines of production in the workshops and the rest can be utilised for the expansion requirements of railways. But higher productivity and efficiency will continue to be hampered so long as

reallocation of surplus staff is deferred.

Mere rationalisation of existing capacity, however, cannot be a proper response to the demand for expanded workshop capacity. The second Five-Year Plan in the railway sector must stretch far beyond the needs of post-war reconstruction of the railway system and, apart from the measures of intensification of traffic on the existing lines, a definite addition to capacity by construction of new lines at the rate of 200 miles per year is the minimum that railway development must provide. A target of this order is not outside the range of feasibility. Development on this scale implies, as an inseparable concomitant, expansion of the capacity of existing workshops and additions of new ones. The Committee will have covered its real task only if it investigates the problem from these two angles.

THE BUSINESS WORLD

THE COLLIERY DISPUTE

The All-India Industrial Tribunal (Colliery Disputes) which is now getting into stride at Dhanbad has a most difficult and complicated task to perform. It is not only that in the colliery area, discipline is notoriously lax, while within the coal industry itself, powerful vested interests able and willing to canvass their views have always existed. It is even more important that economically the industry has got itself into a strait-jacket. The memorandum of the Indian Mining Association, submitted last month to the Tribunal, makes this clear, although it will be a long time apparently before any agreed policy for the industry can emerge out of the current conflicts.

The point in dispute can be summarised as follows. The Mineworkers' Federation has demanded a minimum monthly wage of Rs. 132 for the lowest-paid unskilled labourer. This would compare with existing wages as follows:

	Existing	Demanded
Unskilled male worker ..	2 2 5	5 6 8½
Miners	2 14 0	7 11 0
Loaders	2 14 0	9 15 3½
Wagon loaders	2 14 0	7 11 0

Note: Figures are total wages (including all allowances) per shift.

The Indian Mining Federation has resisted this demand on a variety of grounds. Mining conditions in India, the Federation points out, are not hard. The cost of living index in Jharia dropped to 141 during March, the lowest for the last six years. There is much that is unsatisfactory in the present system—the present size of the tubs can be increased, the abuse of the food concession should be stopped, wage differentials between skilled and unskilled labour should be widened, and the turn-over in the labour force (the number of provident fund accounts being more than twice the average daily number of labourers) should be cut down.

Obviously, the Mineworkers' Federation has put in a demand for purely bargaining purposes. But even appreciable increases much lower than these demands will be difficult to grant. The coal industry today is in the peculiar position of desiring to perpetuate the system of price control, because it provides at least a minimum price, and the present price of coal is, for all practical purposes, a fixed and flat price. What is more, there is some point in the standing complaint of a section of the industry, to the effect that the price differentiation between high-grade coals and the worst possible grades is not adequate. Uneconomic collieries are being kept alive; and they are a drag on the ex-

pansion of the better-managed and better-equipped collieries. In these circumstances—the charge of profiteering being disposed of by the demonstration that the dividends calculated as a percentage on the paid-up capital and reserves of nineteen companies come to only 4.472—management in the industry feels that there is no room for change. The industry gets a static price and it should have, therefore, only static costs.

Looked at from a realistic point of view, the case which the Indian Mining Federation has made out is in effect to plead an impasse—and it is from an impasse that managements and labour alike will have to be delivered, in the interests of the healthy development of the industry in the future. This task is difficult. But it is not impossible.

The basic requirement is that economic and healthy working should be made possible by keeping competition alive. If coal were plentiful and the rail transport situation were easy, if the financial position of the majority of the collieries were such as to enable them to face the future without government support, and if the industrial demand for coal were so great that neither collieries nor colliery labour need be afraid—then freedom can be restored to the industry, within ceiling prices, if necessary, and freedom will tone up the industry. Until these conditions can be said to exist, those who are responsible for regulating the industry must proceed with caution.

In existing circumstances, this obligation to retain the advantages of competition means the following, at least:

(i) the food bonus should be converted into a cash payment,

(ii) the size of the tub must be increased in the interests of productivity,

(iii) housing standards must be reviewed so that collieries may qualify more easily for the government subsidy,

(iv) the adoption of widespread piece-rating, without a guarantee of minimum monthly wages and dearness allowances as demanded by the Mineworkers' Federation,

(v) revision of the wage and allowance system in such a manner that flat additions to wages do not reduce the spread between skilled and unskilled wages, and,

(vi) reconsideration of the basic wage, such that supplements in kind or by way of bonus are reduced to negligible proportions. This should be done on the

principle that uncertain payments should, as far as possible, be replaced by payments which are certain and fixed.

The actual minimum and other wages should be arrived at in the light of the above principles and against the background of the present position of the coal industry. Only if progress is possible on these

lines can existing conditions be changed, so that after some time the coal industry can be delivered from its present troubles—which are static prices, declining productivity, numerous and weak managements, a negative attitude on the part of labour, and, above all, uncertainty as to the future, which prevents development.

THE CEMENT INDUSTRY

By
CROESUS

I am convinced that no one is more keen than the Government of India is today, according to all available evidence, including, of course, the inevitably innumerable pronouncements of ministers, on increasing the output of steel and cement. The Planning Commission also has stressed this. But merely being interested in, or saying something, does not lead to the desired results. Let us examine what the Government has done in order to ensure these. If what the chairmen of cement companies have been telling their annual meetings is to be believed, the Government has actually been doing everything to discourage the industry from expanding its capacity and giving of its best. Until recently, the general belief was that, when once a statutory body like the Tariff Commission—a fully Indian body at that and one appointed by an independent Government of India—pronounced a view, it would be generally accepted and acted upon, as a matter of course, except, perhaps, in circumstances in which reasonable doubts existed either as to the correctness of the approach or to the impartiality of the verdict. The turning down of the considered recommendations of the Tariff Commission and other statutory bodies on more than one occasion lately, I must hasten to add, does not seem to stem from any such disquiet on grounds but is due to honest differences of opinion between the statutory bodies and the concerned ministries in the Government. Even so, it must be made clear here that the repeated disregarding thus of the recommendations of the Tariff Commission, as has happened in respect of the enquiries into the protection of the steel and the cement industries, cannot but have disastrous consequences not only on the prestige of these statutory bodies themselves but also on the public at large and the economy of the country generally. It is not surprising, therefore, that more than one chairman of cement companies should have reacted to this attitude of the authorities in these terms: "It is regrettable to find that the Government were unable to accept the well-considered recommendations of the Tariff Commission which were made after an elaborate and thorough enquiry and survey of the various aspects of the industry's working" and that "it is certainly not conducive to the growth and development of the important industries when recommendations made after such a scientific and thorough scrutiny by a high-powered body, consisting of well-known experts nominated by Government themselves, are ignored. There cannot be the slightest justification for turning down the recommendation of the Tariff Commission to raise the return on gross block from 8 per cent to 10 per cent, which is subject to taxation, managing agency commission, and bonus to labour".

If the Government has thus ignored even the considered recommendations of the Tariff Commission, I have my own doubts about the chances of its reacting favourably to the balanced comments contained in "Financial Trends in the Cement Industry", the second illuminating Study of a series undertaken by the Association of Indian Trade and Industry (A.I.T.I.), Bombay. But I may be wrong in judging the powers that be in advance and in conveying the impression that they have a "closed mind". So let me refer to what the A.I.T.I. Study has to say on this aspect of the subject.

In order to afford the cement industry internal sources of capital to replenish its reserves deflated owing to faulty taxation policy, it says, the Tariff Commission wisely recommended a return on capital of 10 per cent of gross block to cover taxation, profit-sharing bonus to labour, managing agents' commission, dividends, and allocation to free reserves. But the Government turned down this recommendation, and allowed only 8 per cent, thus denying the industry the benefit of a price increase of about 1.2 annas per cwt., which, while imposing a negligible burden on consumers, would have afforded a valuable source of capital funds to the producers. The Study shows that, in 1951, of the 8 per cent allowed on gross block, taxation absorbed 5.4 per cent, managing agents' remuneration 1.7 per cent, and profit-sharing bonus to labour 1.1 per cent, thus leaving no margin either for dividends or allocation to free reserves. During the eight years 1944-1951, we are told the highest margin available for distribution of dividend and allocation to free reserves was only 2.9 per cent, in 1947!

The Study is not critical of only the pricing policy. It is equally, if not more vehemently, critical of the Government's "faulty" taxation policy. Indeed, it attributes the capital erosion in the cement industry also, of about Rs. 10-11 crores (in terms of 1951 prices) over the period 1937-51, to the incorrect practice of calculating, for income-tax purposes, depreciation on fixed assets on the basis of their original or historical cost, instead of on replacement cost, which has caused the overvaluation of the industry's real profits during 1937-51 by about Rs. 20 crores, and its overtaxation by about half the amount, in terms, again, of 1951 prices. To make up for this denudation of its capital resources, the Study maintains, the industry has been obliged to restrain dividend distribution. That this has been done to conserve its profits with a view to financing its rehabilitation programme can be clearly seen from the fact that dividend distribution has fallen from 61 per cent of profits, after depreciation, in 1937-39, to 37 per cent in 1949-51. In order to compensate for this fiscal error, it suggests that the income-tax law should be so amended as to convert the prevailing "initial depreciation allowances" into "investment allowances", as has been done in the U.K. And, in this connection, it quotes with approval the following passage from the London "Economist" (vide p. 131 of the issue dated April 10, 1954): "Investment allowances will certainly help to mitigate the erosion of industrial capital caused by wrong pricing and penal taxation, and industry will welcome them precisely because they carry no fiscal hangover to be paid for in future years".

Besides investment allowances, there are, it is true, other alternatives—and the A.I.T.I. Study has not forgotten to list these—which include (i) allowing industries to charge to revenue the difference between the historical and the replacement costs; (ii) continuing the present basis of accelerated depreciation, and (iii) reducing the prevailing rates of taxes. It is noteworthy that the Study regards "investment allowances", as introduced in the U.K. recently, as "the most suitable solution of the problem" arising from errors in fiscal and pricing policies.

There are two other points in the A.I.T.I. Study that appeal to me. The first of these is the disclosure about the steadily declining share in profits of the managing agents' commission, contrary to the popular impression—I would say a deliberately fostered impression—that these monopolise all the profits of Indian industries to themselves. Examining the "cost trends", the Study has this to say about the share (out of the total revenue) of managing agents of cement companies: "The main item (under the head "other expenses") is Managing Agents' remuneration, which increased less than proportionately, from Rs. 0.11 crores in 1937 to Rs. 0.57 crores in 1951. Managing Agents' remuneration absorbed 2.7 per cent of the revenue in 1937 and 2 per cent in 1951. Its share was the lowest in 1940 at 1.4 per cent."

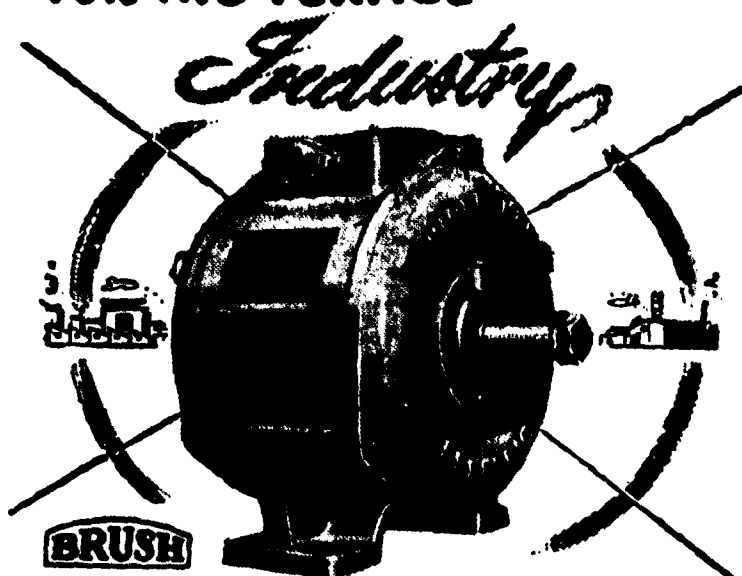
The other point which interests me in the Study is its condemnation roundly of the Government's policy—or rather lack of policy—towards stimulating corporate savings, which are admittedly the most important source of industrial capital in all countries, and especially so in under-developed countries. Here is the relevant passage in the publication which, I think, bears reproduction:

"Official policy towards this problem has been inconsistent. On the one hand, the Government have been exhorting industry to restrain dividend distribution and increase retention of profits for ploughing back, and, on the other, the Government have not upheld the right of the shareholders to the free reserves accumulated out of undistributed profits and to earn a return on such profits ploughed back in the business. Labour Courts too have not always regarded free reserves as qualifying for return on capital when determining wages and bonuses payable to the workers. As

a matter of fact, in two instances, Labour Tribunals have awarded to workers a part of the reserves accumulated out of undistributed profits of two public utility concerns consequent upon their being taken up by public authorities. This uncertainty about the position of the reserves and the official apathy towards allowing a margin for reserves for price-fixing purposes are important factors that contribute to the prevailing shyness of industrial capital. In the interest of rapid industrialisation, the Government should clarify the legal position of reserves and liberalise their attitude in matters of price-fixing and taxation".

It is not for a humble scribe like me to venture any advice to the great powers—that be at Delhi, but Delhi must know that, in striking contrast to the treatment that is meted out to the cement industry in India, the cement industry in the U.K. is allowed to pay as much as 20 to 30 per cent to shareholders, while the average dividend allowed on the paid-up capital by five of the principal cement companies in Japan, according to a recent survey by the Tokyo Securities Exchange, was 39.5 per cent as against 30.6 per cent for mining companies, 13.4 per cent for banks and insurance companies and an overall average of 24.3 per cent for 481 companies (listed on the Tokyo Stock Exchange) which declared dividends for the first term of 1952. A State that is avowedly committed to move towards socialism may not view these dividends as proper or reasonable, but if the underlying emphasis of India's second Five-Year Plan is on intensive industrialisation, as it is believed to be, a more liberal attitude than what is displayed by the grudgingly grudging return of 8 per cent on gross block which seems to have been standardised is called for immediately and urgently.

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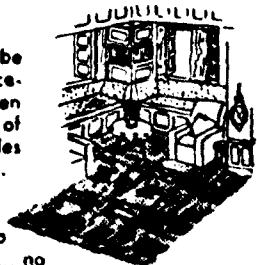
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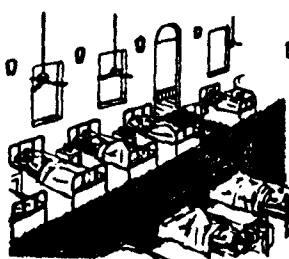
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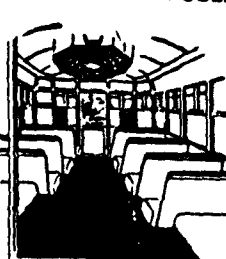
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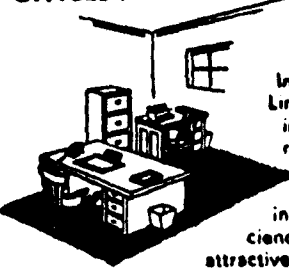
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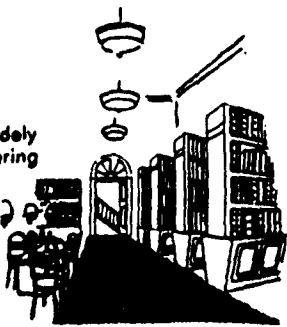
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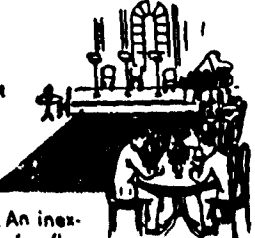
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BUSINESS NOTES

OUTLOOK FOR COTTON PRODUCTION

The note of confidence about the achievement of higher levels of cotton production, which was predominant in the speeches made at the 70th meeting of the Indian Central Cotton Committee at Bombay last week, was realistic in the sense that it did not give way to an easy feeling of complacency. There was a clear realisation that the high rate at which larger output has been achieved so far does not minimise the magnitude of the problem for the second Five-Year Plan.

The performance to date, and especially the performance in the current season ending on 31st August, 1954, has been reassuring. It is ahead of the schedule fixed in the Five-Year Plan. The target in the Plan fixed for 1953-54 at 37.3 lakh bales has been exceeded and official estimate of the current season's production puts the actual quantity at 39 lakh bales. Official estimates are invariably conservative and, if the trading estimate is to be taken into account, the output this year has reached 42 lakh bales, which was also the target suggested by the Committee for this season. Taking the official conservative estimate as a safe figure, the position about the immediate future poses the same problem. How much should the target be raised? Consumption of Indian cotton has been kept up at an increasing rate for which an important reason is the higher percentage of long and medium staple cotton in the total output. About 70 per cent or 30 lakh bales of this year's production come under these two varieties. On the scores of quantity and quality, therefore, progress in cotton production has proceeded in an encouraging manner and in so far as the first Five-Year Plan is concerned, an interim increase in the target fixed at 42 lakh bales can be taken as a reasonable adjustment.

The trends in mill consumption indicate clearly that by virtue of the higher demand for Indian cloth made out of medium and long staple indigenous cotton, the requirements for the latter are bound to continue to rise. The provisional target of increased production of raw cotton in the second Five-Year Plan placed at 10 lakh bales raises issues of emphasis on the method by which the higher output is to be realised. Out of the area of 18 million acres estimated in the first Five-Year Plan as available for cotton cultivation in the Fifth Year of the Plan, a margin of one million is left on the basis of this year's cotton acreage. For future increased output, the emphasis ought to shift on intensive cultivation reflected in higher yield per acre. This is feasible on a long period basis in the additional irrigated areas to be made available by the river projects, which are expected to make substantial additions to the present low acreage (1.6 million acres) of irrigated land under cotton. The new emphasis will be largely placed on fertilisers, seed improvement, its multiplication and distribution, and provision of credit for the cotton grower. The final stress will be on continuous research.

GROUNDNUT OIL EXPORTS

Judged by the reactions in the home market, the objective of the Government's policy in allowing a limited quota of groundnut oil to be exported is difficult to achieve. That objective was to stabilise groundnut oil prices at the level prevailing on or before July 29 last, when the announcement on export policy was made. A plentiful stock position at home, a good monsoon giving reasonable hopes of a good prospect of groundnut crop next season and, if not a positively bearish tone of the export markets, certainly the marked absence of any active enquiries overseas, had the combined effect of pushing down the prices of ground-

nut oil in this country. The rapid trend in the downward fluctuation of prices threatened to be effective enough to compel a strong demand for permission to export. The weight behind the clamour was sufficient to induce the Government to be alive to the urgency of preventing any further fall. Stabilisation at the general ruling price of Rs. 1,200 per ton was considered by it essential. The export policy was announced against this background.

The universally controverted point in Government's policy is the imposition of an export duty of Rs. 350 per ton. The quota based on a ratio of 15 per cent of the best year's exports during the four-year period 1948-49 to 1951-52 and the ceiling and floor on individual quotas fixed at 400 tons and 5 tons have not figured in the reaction to the announcement. This vital fact is sufficient to throw light on the deterrent effect of the duty on the possible exports. It is not denied by the export trade that an export duty is necessary to stop a possible rise in the prices of groundnut oil in the home markets. But on informed estimate, the export duty has been pitched very high. Referring to the case of permission for export of vanaspati duty-free, it is calculated by the trade, that even if an allowance is made for the cost of manufacture of vanaspati from groundnut oil at Rs. 250 per ton, groundnut oil will be far costlier than vanaspati at the destination. Prices of groundnut oil from competitive sources of supply, as also prices of other competitive substitute oils, are said to be lower than the prices at which Indian groundnut oil can be marketed abroad. The immediate bearish effect on prices at home is an indication of the severity of the export levy. The overseas buyer has found no reason to enthuse over the availability of shipments from India.

STANDSTILL IN LIFE INSURANCE RATES

The decision of the Executive Committee of the Life Insurance Council on the controversial issue of the rate reduction in the premiums of life insurance policies has settled the matter for the time being. A thorough examination of the proposals of the Sub-Committee appointed to consider this question has resulted in the maintenance of the status quo for some time. The Executive Committee has directed that a policy of standstill should be adopted until the end of December 1955. This policy of wait and watch has been influenced by the current transition in individual incomes, interest rates and insurance costs to normal levels. The present insurance rates at the reduced levels effected recently are to be maintained unaltered. An important finding of the Sub-Committee, which has been endorsed by the Executive Committee, says that the lower rates adopted by New India and Oriental were based on realistic grounds and that they were quite consistent with economic working of these companies.

The direction as regards a standstill position is not intended to operate with rigidity and possible injustice resulting from it. Insurance companies, which feel convinced that they have a case on merit for further rate reduction, have been ordained to seek the sanction of the Executive Committee which will decide the issue by reference to a special committee of experts. The exemption from this obligation which has been granted to some insurers and co-operative units is based on the reasonable necessity of allowing them a free hand in their special sphere and special conditions of working. However, the safeguard of the statutory power of the Controller of Insurance to curb unjustified or cut-throat reductions is available in case of abuse of the exemption. One vital question to which both the Sub-Committee and the Executive Committee gave anxious thought was the enforcement

of floor rates. In view of the wide variations in the rate structure of individual insurers or groups of insurers, fixation of floor rates was adjudged to be too complex and difficult of enforcement without the risk of genuine hardship in certain cases. The idea has been abandoned.

LOAN TO TISCO

The terms of the Rs. 10-crore loan to be advanced by the Government of India to the Tata Iron and Steel Company, to provide part of the finance for the company's programme of modernisation and expansion, need to be stated in brief. The loan will bear no interest until July 1, 1958, or a later date to be agreed upon mutually. The question of charging interest after this period and of fixing the instalments in which the principal is to be recovered will be referred for recommendation to the Tariff Commission. In the first instance, the advance together with interest, in case it is levied, will be payable out of a special element in the company's retention prices, which will be determined in accordance with the Tariff Commission's recommendations. In case control on steel prices will be lifted by that time, the instalment of principal and interest, if any, will be recovered from the surplus of the company's realisation above the assumed retention prices, to be fixed on the advice of the Tariff Commission. At any time after April 1, 1963, the Government can exercise the right to call upon the company to make a fresh issue, on mutually agreed terms, of fresh share capital for the repayment of any outstanding balance. If part of the advance remains unpaid by March 31, 1969, and if an issue of share capital is not made for the purpose, an extra element of price to create a source of repayment will be fixed on the Tariff Commission's recommendation. Finally, if any part of the loan still remains unpaid, the parties will evolve an agreed solution for the purpose. While the loan subsists, Government has acquired the right to appoint a Director on the company's Board of Directors.

INDUSTRIAL PRODUCTION

Mr. G. D. Binani's presidential speech at the first quarterly meeting of the Indian Chamber of Commerce, Calcutta, last week is rightly concerned with the shift of emphasis in the second Five-Year Plan. In the immediate context, in view of the solid progress achieved in food production, the freedom of the markets, and in a larger sense, of the economy also, from most of the legacy of war-time and post-war controls has come a little earlier than expected. The restoration of freedom has created an appropriate climate for the more effective play of the private sector in the expansion programme. The dominant role which the private sector assumes in providing employment in non-agricultural activity also operates as another weighty reason why the emphasis must shift on industry in the future. Mr. Binani stresses with full justification that if a higher rate of economic progress is to be achieved, the industrial expansion of the economy must be given a diversified form.

Some of the main lines in which this diversification should proceed have been mentioned by him as representative illustrations. A wide range of engineering industries came into existence or received a stimulus during the war and since then they have continued to progress. In the recent past, however, some of them have begun to languish. It should be the task of the next Plan to resuscitate these and invigorate the rest. It is now widely appreciated that a number of goods imported from abroad can be manufactured at home and no serious handicaps need be apprehended in providing the essential resources for them. The potential home market which has already been developed by the import trade needs further exploitation. The effective demand which the new purchasing power

will generate and the existing requirements of government, semi-government and private agencies can absorb most of the output of the new as well as expanded industries. This capacity for absorption, Mr. Binani urges, should be activated by a conscious revival of the spirit of Swadeshi.

CONTROVERSY OVER THE WATCH INDUSTRY

The acute competition between the Swiss watch industry and the U.S. watch industry has often tended to create intermittent bitterness between the two countries. Swiss attitude on this issue is very sensitive and this could not be otherwise. The watch industry in Switzerland, which has reached the maximum degree of perfection so far attained in any country in the world, puts all other countries on the defensive. Moreover, traditionally it has ranked as Switzerland's ace export industry and any factors adversely affecting its fortunes in the international markets at once produce corresponding repercussions on that country's balance of payments position. There is still another feature of this Swiss export industry, which is both a source of strength in conditions of normal trade and a source of weakness, if any factor is introduced that might upset the normal trade. Over four-fifths of the exports of Swiss watches go to the United States. On the other hand, the influx of Swiss watches of this magnitude has always operated as a powerful and irresistible factor of competition to the American watch industry. Considerations of protection of the home industry have dictated the imperative need of high import duty on Swiss watches in the U.S.

The latest action of the U.S. Government in raising the duty on imports of Swiss watches by 50 per cent has reopened a sore point in the trade relations between the two countries. The effects of the new import duty may be gathered from a few salient facts. Last year's exports of Swiss watches to the U.S. of the value of £33 million are estimated to be 24 per cent lower than the normal volume. But the export trade of Switzerland, it is feared, will receive a severe setback owing to the substantial increase in duty announced last week. Even if there may be an element of exaggeration in the first estimate of decline in employment in Swiss industry of the order of 35,000 due to the imposition of the new duty, it cannot be in doubt that the figure will not be much below this estimate. Swiss retaliation will very likely take the form of restrictions on import of U.S. automobiles. The repercussions on the American firms engaged in the assembly of imported Swiss parts and components of watches, are also expected to be not negligible. The figure of the prospective jobless is placed in the neighbourhood of 100,000 in the U.S. The actual injury to the Swiss industry and employment apart, this specific case is interpreted in the context of a policy for freer international trade and here its impact cannot but be regretted.

PAK-YUGOSLAV TRADE

A new trade agreement between Pakistan and Yugoslavia was signed in Karachi recently. The first agreement of this kind was concluded between the two countries in February 1949. Due to the small possibilities of trade on both sides and because Yugoslavia was not in a position to export those products in which the Pakistani market was interested at the time, the agreement remained practically a token of goodwill.

The new agreement stipulates that Pakistan and Yugoslavia grant the most favourable trading conditions possible to each other, and guarantee mutual preferential treatment within the limits of the prevailing rules and regulations. Furthermore, this Agreement

provides for the utilisation of ships belonging to the contracting parties. It has been agreed that these ships will be entitled to the same treatment in the Yugoslav and Pakistan ports as accorded to ships of any other country as regards taxes, duties, and customs, bunkering costs and other services.

The agreement also determines the lists of export articles from Yugoslavia to Pakistan. The cumulative value of Yugoslav exports to Pakistan totals 3,098,000 pounds. The export list consists of 93 headings. The chief articles of Yugoslav exports are asbestos manufactures, asbestos plates, cement, asphalt, and chalk in the value of 110,000, 100,000 pounds worth of chemicals, 110,000 pounds worth of various kinds of glass, hardware 100,000 pounds, and textiles 95,000 pounds. The most important category in the export list is the group of engines, machinery, electrical equipment, agricultural machinery, etc., in the value of 2,320,000 pounds. The import list is valued at 2,995,000 pounds, and consists of eight categories of goods of which cotton in the value of 2 million pounds is first placed, followed by jute 520,000 pounds, tea 150,000, leather 150,000, wool (including horse and goat hair) 100,000 pounds.

The conclusion of this agreement aroused keen interest in Pakistan business circles which have made several queries about goods available for export from Yugoslavia. It should be mentioned that the Pakistan market is interesting also from the standpoint of Yugoslav imports in view of the vast quantities of jute exported by Pakistan. Last year Yugoslavia imported about 3,000 tons of jute valued at approximately 200 million dinars. Apart from this, Pakistan is well known as a major cotton exporter. In fact these two articles are the most important for the Pakistan balance of foreign trade.

TRADE AGREEMENT WITH ITALY

A Press note issued by the Government of India on July 29, 1954, states that the trade talks between the Government of India and the Government of Italy were concluded on that day in New Delhi resulting in an exchange of letters between their representatives and a trade agreement was signed. The trade arrangement comes into force immediately and will remain valid till December 31, 1955, the Schedules attached to the trade arrangement being subject to revision at the commencement of 1955. For the purposes of promoting trade, the two countries have agreed to accord to each other the same treatment as is accorded by them to other countries in the same currency group.

Some of the important commodities which will be available for export from India to Italy are tea, tobacco, coal, mineral ores like manganese ore, kyanite ore, chrome ore other than high grades and bauxite, lac and shellac, raw goat and sheep skins, hydrogenated oils, essential oils, cotton raw and cotton waste, silk waste, certain drugs and medicines and pharmaceutical waste, turpentine, leather footwear, carpets, coir, products, other coir manufactures, bristles, glass-coir yarn and other coir manufactures, thermos flasks, engines, sports goods, handicrafts and Indian films, exported. Among the items available for export from Italy to India are macaroni, spaghetti and vermicelli, preserved foodstuffs, artificial silk yarn and fabrics, staple fibre, haberdashery, manufactures of aluminium and alloys thereof, magnesium alloys and manufactures thereof, railway rolling stock, ball and roller bearings, agricultural machinery and various kinds of industrial and electrical machinery, typewriters, adding machines and calculating machines, machine tools, industrial furnaces, apparatus and equipment for cinematography, photographic cameras, raw films for cinematography, X-ray tubes and valves, surplus raw and refined, dye-stuffs and fire extinguishers and fire-fighting equip-

Under the exchange of letters both the Governments have also agreed (1) to accord to the ships belonging to either of the two countries treatment no less favourable than that granted to ships of any other foreign country; (2) to promote the airlines of the two countries for the carriage of goods and passengers; and (3) to foster closer economic and industrial co-operation.

ORDINANCE FOR MECHANISED BIDI MANUFACTURE

Bidi making is a labour-intensive occupation which provides employment for a large number of people in the urban and rural areas. In May, 1953 some members of the Lok Sabha pointed out that as a result of the introduction of mechanisation in this industry there was danger of large-scale unemployment. Then an undertaking was given to the Lok Sabha that this matter would receive the most sympathetic attention of Government at the earliest possible time.

The Government of India considered the question: how best the risk of unemployment from mechanisation of this industry could be combated. Since the threat of mechanisation is sufficiently grave and urgent, in order to discourage mechanisation and to sustain the present level of employment in the industry, an Ordinance called the Central Excises and Salt (Amendment) Ordinance, 1954, has been promulgated today. According to that Ordinance, bidders in the manufacture of which any process has been conducted with the aid of machines operated with or without the aid of power, are subjected to an excise duty of Rs. 3 per thousand. This duty will also apply to bidders manufactured as specified above which are lying in stock on the date of commencement of the Ordinance.

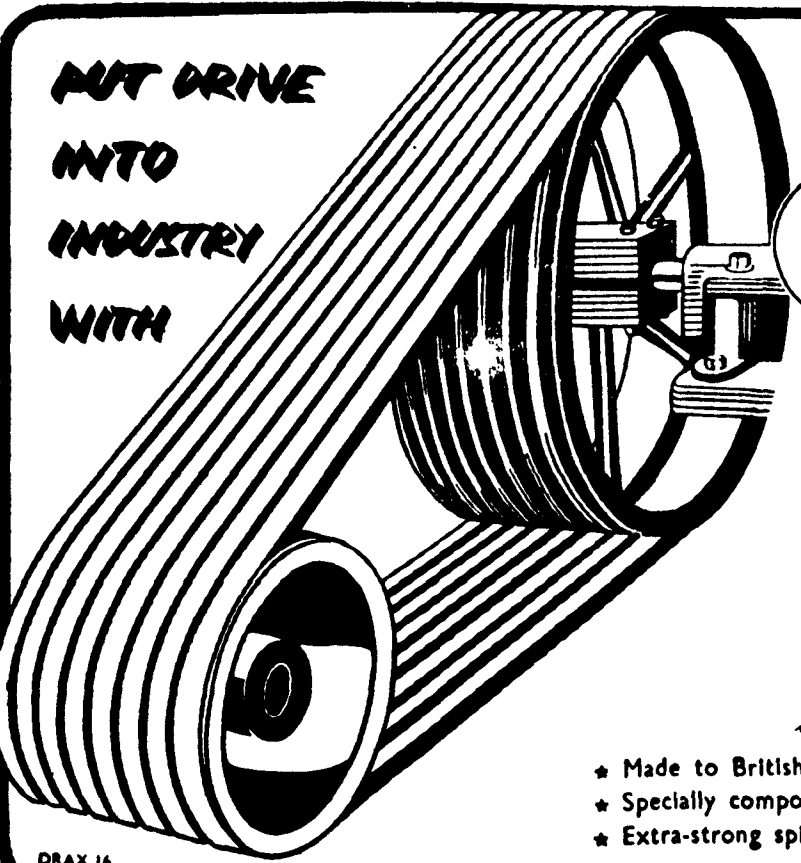
Restraints on rationalisation are repugnant to industrial progress. But the penalty on the mechanisation of bidders seeks to draw justification from the fact that protection is urgently needed for a wide-spread and highly labour-intensive cottage industry which also provides the means of subsistence to a vulnerable social class.

ASSEMBLY OF BRITISH DIESEL ENGINES IN INDIA

Perkins Limited, a British engineering firm, which has established a plant in Madras for the assembly of Diesel engines, has registered noteworthy progress in output. Since the first Perkins engine to be completely assembled in India was passed out on July 23, 1952, 2,570 engines had been completed up to the end of May this year. Up to September last year, only five engines were produced each day. Production is now proceeding at the rate of 18 engines per day and this is shortly to be increased to 24 per day. This is regarded by the management as only a start. The original plan visualises a considerable increase in output in order to meet the growing demand in India.

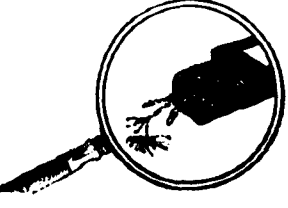
The worldwide popularity of the Perkins Diesel engine is illustrated by the fact that it is installed as the source of propulsion in the products of many nations. A combined rice-harvester built in Milan and operated in the rice-fields of Indo-China is powered by one of these Diesel units. So is a fast police patrol launch in Bombay. A unit was recently fitted into a well-known British car. The success of this combination on the road promises greater use of Diesel power units in ordinary motoring in the future. Diesels are already in use for driving luxury coaches in all parts of the world. They form economical means of propulsion for delivery vans and for the easy handling of goods inside factories. In agriculture, the Diesel tractor has already established its superiority over other forms of propulsion, just as the Diesel road-roller is rapidly supplanting the steam type.

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COMMODITY NEWS AND NOTES

FOURTH ESTIMATE OF WHEAT

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India fourth estimate of wheat for 1953-54 puts the current year's area and production at 24,771,000 acres and 7,197,000 tons, as against 23,429,000 acres and 6,761,000 tons in the adjusted fourth estimate for 1952-53. This shows an increase of 1,342,000 acres or 5.7 per cent in area and 436,000 tons or 6.4 per cent in production over 1952-53. The increase in acreage reported by almost all the wheat-growing States has been shared mainly by Uttar Pradesh, Bombay, Rajasthan, the Punjab, Hyderabad, P.E.P.S.U., Himachal Pradesh, West Bengal and Saurashtra. This increase in acreage is attributed mainly to the sufficient and timely rainfall received at the time of sowing. Vindhya Pradesh, Bihar and Madhya Bharat have, however, reported negligible decreases in the current year's acreages under the wheat crop. The increase in production has also been reported by almost all the wheat-growing States. Uttar Pradesh, Bombay, Rajasthan, Madhya Bharat and P.E.P.S.U. mainly account for this increase. This increase in production is due partly to the increase in acreage and partly to favourable climatic conditions for the growth of the crop during the current year.

This estimate covers mostly the period up to the end of April or the beginning of May. Till then, the condition of the crop was reported to be generally satisfactory. The estimate covers almost the entire area sown to wheat crop and the final estimate is not likely to show any wide variation from the present estimate. It includes, for the first time, information relating to the Bellary district now forming a part of Mysore, this accounts for an area of 2,826 acres and of 464 tons during the current year.

WORLD COTTON PRODUCTION NEAR RECORD

World cotton production in the 1953-54 season, now estimated at 37.1 million bales (of 500 pounds gross weight), is the second highest on record, exceeded only by the 1937-38 total of 39 million bales. The new total is an upward revision of 350,000 bales above previous estimates. The revision is accounted for by higher totals for China, Egypt, Brazil, the Belgian Congo, Argentina and the United States, partially offset by lower estimates for India, Turkey and Pakistan. The high total was accomplished despite a drop in cotton acreage from 84,750,000 acres in 1951-52 to 81,000,000 acres during the 1953-54 season. The U.S. crop of 16,465,000 bales, the largest for any of the cotton-growing countries, is 1,326,000 bales higher than for 1952-53. The bumper crop was due to late rains which gave relief from a prolonged drought, ideal weather which provided a longer-than-usual growing period, which provided a longer-than-usual growing period, better crop practices, improved insect controls and better-yielding varieties of cotton. Production in the non-Communist areas has increased by about one million bales in the past two years to 29.7 million bales in 1953-54. It is estimated that production in Communist countries increased from 7 million bales in 1951-52 to 7.4 million in 1953-54.

JUTE GOODS EXPORTS UP

Indian jute goods exports recorded an increase of 15.4 per cent during the jute season ended June 30, 1954, as compared with the previous season. Total exports during the season amounted to 791,900 tons as compared with 686,100 tons in 1952-53. An analysis of the figures reveals there was an increase in three of the categories of jute goods, but it was most marked in the case of hessian. Hessian exports were up from 327,900 tons in 1952-53 to 382,000 tons, showing an increase of 54,100 tons. During the same period sacking shipments rose by 50,400 tons to 401,700 tons. Shipments of other varieties at 8,300 tons showed an increase of 1,400 tons.

The increase in exports during the season 1953-54 has been attributed to reduction in export duties, large buying from Argentina and improved demand for sacking from Burma, West Africa and Middle East countries. It is significant that this increase in exports was recorded despite lower shipments to the U.S.A., the main buyer for Indian hessian.

EXPORT OF RICE BRAN

The Government of India have reviewed the policy regarding export of rice bran outside India and have decided to allow on an 'ad hoc' basis its export within a limited quota. Full details regarding quota limits, licensing procedure, etc., will be announced by the Export Trade Control officers at the ports and at Rajkot.

IMPORT OF FERTILISERS

India's food production will automatically go up by about 50 per cent if the yield per acre reaches what it was 50 years ago. While in Japan, it went up by 53 per cent in 50 years, in India it has gone down from 940 lb. an acre to 643 lb.—a fall of nearly one-third. The Japanese method of cultivation and the increasing popularity of ammonium sulphate resulted last year in the yield going up to 791 lb. per acre, but it has still a long way to go to reach the old level as well as the modern yields in other advanced countries. The increased popularity of fertilisers has resulted in the growing need for ammonium sulphate and despite the average daily internal production of 850 tons, India needs 50,000 tons before September 15. The Government has approached the U.S. Technical Co-operation Administration if it could help an early procurement of this. India has planned to import altogether 1,00,000 tons of fertilisers this year. The U.S.A. and Japan are India's main suppliers.

SYNTHETIC RUBBER FACTORY IN FRANCE

The French Government and a group of private enterprise companies are expected to go into partnership to set up a butyl synthetic rubber factory in the country. It would have a provisional output capacity of 20,000 tons a year, but allowance would be made for a higher figure to be reached. Tyre manufacturers known to be actively pursuing the idea include Dunlop and Michelin. Another company interested is Esso Standard, which is controlled by Standard Oil (New Jersey), holders of the patents concerned in the butyl process. The raw material for the rubber would be oil from French wells. Government help is being sought in financing the venture, which calls for a high capital outlay. An internal synthetic rubber industry would ease France's sterling deficit position by reducing her imports of the natural product.

U.S. OIL GLUT

The United States oil industry is now producing so much that there is too much oil on the market. In an attempt to achieve greater balance, refiners have cut output by 152,000 barrels a day. The latest figures show that refinery runs averaged 6,969,000 barrels a day in mid-July as against 7,088,000 barrels at the same time last year. The entire refining side of the industry is now operating at only 86 per cent capacity.

PAKISTAN'S TEA EXPORTS

Pakistan plans to export 30 million pounds of tea this year out of an estimated production of 53 million pounds. The world is growing more and more tea-minded and a boom has been created in the tea market, primarily because of an upward trend in the prices of other beverages, particularly coffee. Consequently, the Pakistan Government is considering plans to expand tea production. Arrangements are stated to be nearly complete for the establishment of a Tea Research Institute at Sylhet. Construction of a building to house the Institute starts next winter. Average annual production of tea in Pakistan is in the neighbourhood of 52 million pounds.

COMPANY AFFAIRS

HASTINGS MILL LTD.

The Directors' report of the above jute mill (Managing Agents: Bangur Bros. Ltd.) for the year ended 31st March, 1954 discloses sizable declines both in sales and net profit as compared with the two preceding years. Sales have dropped to Rs. 170.73 lakhs as against Rs. 382.15 lakhs in 1952 and Rs. 215.77 lakhs in 1953. Similarly, net profit is as low as Rs. 12.43 lakhs as compared with Rs. 30.85 lakhs in 1952 and Rs. 20.75 lakhs in 1953. The dividend on ordinary shares has, however, been maintained at Rs. 10 per share, absorbing Rs. 4.00 lakhs.

The tables below summarises the working results

of the mill during the last three accounting periods:

Year ended	1952	1953	1954
Sales (Rs.)	3,82,15,123	2,15,77,344	1,70,72,889
Stock (Rs.)	9,18,140	4,64,049	4,01,428
Provision for depreciation (Rs.)	6,31,865	5,49,986	3,29,508
Provision for taxation (Rs.)	24,00,000	13,00,000	8,00,000
Net profit (Rs.)*	30,85,024	20,75,007	12,42,770
Dividend rate per cent per annum	10	10	10

* After providing for taxation but not for depreciation.

"MACNEILL AND BERRY GROUP" OF JUTE COMPANIES

The working results of Ganges, Nuddea and Gourepore Jute companies (Managed by Messrs. MacNeill and Berry Ltd.) for the half year ended 31st March, 1954 are far from happy. The sales in every case are down as compared with the preceding half year. The net profits are also not very encouraging. Ganges shows its net profit at Rs. 89,237 as against Rs. 3,91,151 in the previous half year. The net profit of Gourepore stands reduced by more than two-thirds from Rs. 8,59,564 to Rs. 2,02,433. Nuddea shows a loss of as much as Rs. 1,10,125.

Because of these discouraging working results Ganges and Nuddea have not declared any ordinary

dividend at all, while Gourepore has brought it down from 7½ per cent to 5 per cent per annum. The Directors report that the lowering of export duties on hessian in September 1953 and the greatly extended Argentine offtake helped hessian price to remain firm throughout the last quarter of 1953. As a consequence, heavy goods reacted upwards in sympathy. The position was reversed in the first three months of 1954 when hessian prices fell and were only supported by improved demands for heavy goods from Australia. The prices of raw jute, however, increased steadily throughout the half year with minor fluctuations on continued reports of inadequacy of the crop.

The table below summarises the working results of the three companies during the last two accounting periods:

	Gourepore		Nuddea		Ganges	
	30-9-1953	31-3-1954	30-9-1953	31-3-1954	30-8-1953	31-3-1954
Sales (Rs.)	1,09,25,529	1,07,32,739	84,56,956	87,46,556	1,63,34,973	1,36,46,391
Stocks (Rs.)	6,75,089	9,31,505	4,34,105	4,07,677	18,85,209	7,19,316
Net profit (Rs.)	8,59,564	2,02,433	2,52,939	1,10,125	3,91,151	89,237
Provision for depreciation (Rs.)	2,00,000	1,00,000	1,00,000	..	..	..
Provision for taxation (Rs.)	8,521	..	..	..	..	..
Dividend rate per cent per annum	7½	5	2	..	..	..

"MCLEOD AND CO., GROUP" OF TEA COMPANIES

In line with the working results of other tea companies, the tea companies (Tyroon, Rajabhat and Bhatkawa) managed by Messrs. McLeod and Co., Ltd., did well in the year 1953. The audited accounts for the year ended 31st December, 1953, disclose an excellent improvement over those of the year 1952.

The out-turn does not show any increase in the cases of Tyroon and Rajabhat while that of Bhatkawa is up by hardly two per cent. The chief favourable factor is the average price per lb. which has advanced by more than fifty per cent over that of 1952 for two of the companies, namely, Rajabhat and Bhatkawa. The average price realised by Tyroon has improved by nearly 37 per cent.

A natural consequence of the boom in prices is a satisfactory increase in net profit. Provisions for depreciation and taxation have been enhanced in all the cases.

Due to adverse working results in 1952, none of the three companies declared any ordinary dividend. In the year under reference, Rajabhat has declared a dividend of 15 per cent annum, the same as in 1951. Bhatkawa has also come very near the 1951 dividend-level, having declared the same at 30 per cent per annum (as against 35 of 1951). Tyroon's dividend of 10 per cent per annum is just half of its 1951 dividend.

The table below summarises the progress of the companies during the last three years:

	Tyroon			Rajabhat			Bhatkawa		
Year ended December	1951	1952	1953	1951	1952	1953	1951	1952	1953
Out-turn (Maunds)	13,841	14,208	12,434	12,307	11,243	10,988	18,486	17,197	17,469
Average price per lb. (Annas)	29.68	24.35	31.83	24.95	19.25	30.34	25.69	19.82	30.75
Net profit (Rs.)*	3,07,080†	87,480	4,19,608	1,46,926	1,25,221	4,51,687†	4,11,606	85,597	8,29,294
Provision for taxation (Rs.)	73,519	Nil	33,775	43,590	Nil	98,227	1,72,375	Nil	2,35,966
Provision for depreciation (Rs.)	1,05,291	1,15,659	1,87,256	39,997	47,357	53,313	47,847	74,143	85,371
Ordinary dividend rate per cent per annum	20	Nil	10	15	Nil	15	35	Nil	30

* Net profit provides for taxation but not for depreciation.

† Includes Rs. 11,376 being profit on sale of machinery.

‡ Includes Rs. 5,881 for adjustments and Rs. 556 for E.P.T. post-war refund (net).

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		Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
		Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48	..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49	..	382.9	444.8	327.3	346.1	525.2	378.2	..	..	..	..
1949-50	..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51	..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52	..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53	..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54	..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
September 1953	..	399.0	475.3	363.8	364.4	717.4	403.8	90.3	101.3	87.1	91.6
October ..	..	385.6	447.7	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November ..	..	378.0	441.4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December ..	..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954	..	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February ..	..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March ..	..	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
April ..	..	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May ..	..	366.2	464.6*	362.6	381.1	689.5	386.1	90.2	101.0	88.1	104.0
June ..	..	343.2	441.0	355.6	378.7	647.3	381.6	90.3	100.9	88.5	106.9
Week Ending											
19-8-1954	..	341.3	439.0	354.0	378.8*	649.7	380.5*	90.4	100.9	88.7	107.7
26-8-1954	..	338.0	431.0	356.7	378.7	647.4	378.4	90.5	100.8	88.7	106.9
3-7-1954	..	349.7	430.5	354.8	377.5*	645.5	381.6*	90.7	100.4	88.7	110.2
10-7-1954	..	348.1*	423.9	354.8	377.6	645.9	380.0*	90.7	100.4	88.9	109.8
17-7-1954	..	358.6	419.2	355.0	376.5	638.8	382.3	90.9	100.4	89.1	109.6

† Economic Adviser's Series. †† Reserve Bank Series. * Revised.

WORKING CLASS COST OF LIVING (August 1939=100)

Period	Bombay			Delhi	Bengal	U. P.	Central Provinces		Madras	E.P.	Bihar	All India†
	Bombay	Bombay June 1934 = 100	Ahmedabad July 1927 = 100	Delhi†	Calcutta	Kanpur	Nagpur	Jubbulpore†	Madras June 1938 = 100	Ludhiana†	Jamshedpur†	
1939 (Aug.-Dec.)	103	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	349	484	372	153	325	165	145	139
1951	314	330	261	142	370	451	391	168	334	167	160	145
1952	321	337	250	143	351	441	380	150	330	151	154	142
1953	346	363	275	140	349	453	387	151	351	147	156	146
1953 June	353	371	282	140	363	453	393	159	360	148	156	150
July	355	373	288	142	375	465	394	160	355	148	158	153
August	358	376	285	144	373	469	397	157	352	149	160	153
September	353	371	283	145	366	464	391	154	351	150	163	152
October	350	368	282	144	349	457	389	153	352	150	162	149
November	344	361	280	144	339	453	385	148	353	149	155	146
December	342	359	268	140	329	438	380	146	350	149	145	142
1954 January	346	363	269	139	325	442	377	144	353	151	142	144
February	331	348	257	139	316	432	375	144	352	151	141	141
March	332	349	257	138	319	416	374	143	345	150	136	139
April	338	355	255	141	323	426	—	—	341	—	—	—
May	338	355	—	142	339	415	—	—	341	—	—	—
June	—	—	—	135	—	396	—	—	342	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED											
	31-7-1954			24-7-1954			17-7-1954			10-7-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola)	87- 7	85- 3	86- 3	85- 9	84- 8	84-15	85- 7	83- 4	84- 9	85- 4	83-15	84-10
Silver (per 100 fine tolas)	154- 7	151-15	153- 2	155-1 0	152- 2	153-12	156-10	152- 2	154- 8	155- 4	152-13	154- 1

(Rs. Lakhs)

(Rs. Lakhs)

Note: Figures in brackets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid-up and Reserve Fund. *Average of Fridays. † Includes cash and short term securities.

(Rs. in Lakhs)

† Including Foreign Bills

WORLD GOLD PRODUCTION

(Thousands of fine Ounces)

Countries	1938	1947	1948	1949	1950	1951	1952	1953	Percentage increase (+) or decrease (-) of 1953 over 1952
I British Commonwealth	21,204	16,861	17,772	18,511	18,758	18,003	19,103	18,922*	-1.0
(a) Australia	1,592	938	891	893	861	896	980	1,078	+10.0
(b) Canada	4,725	3,070	3,530	4,124	4,441	4,392	4,472	4,061	-9.2
(c) Gold Coast	675	558	672	677	689	699	691	731	+5.8
(d) Indian Union	322	172	180	164	197	229	253	223	-11.9
(e) New Zealand	152	112	94	85	77	75	60	60*	-
(f) Southern Rhodesia	814	523	514	528	511	487	497	500*	+0.6
(g) Union of South Africa	12,161	11,200	11,585	11,705	11,664	11,516	11,819	11,940	+1.0
(h) Others	763	288	306	335	318	312	336	329	-2.1
II Latin American Countries									
(a) Brazil	143	167	157	183	195	200*	180*	180*	-
(b) Chile	294	171	164	185	192	175	177	180*	+1.7
(c) Colombia	521	383	335	359	379	431	422	430*	+1.9
(d) Mexico	924	465	368	406	408	394	459	450*	-2.0
(e) Peru	260	116	111	138	148	142	140*	140*	-
III United States of America	4,245	2,165	2,025	1,922	2,289	1,805	1,938	1,990	+2.7
IV All Countries†	37,239	24,007	24,959	25,884	26,586	25,392	26,563	26,500*	-0.2
British Commonwealth Percentage:	56.0	70.2	71.2	71.5	70.6	71.7	71.9	71.4	-0.7
Union of South Africa Percentage:	32.7	46.7	46.4	45.2	43.0	44.4	44.5	45.1	+1.3

* Estimated or Provisional figures.

† Includes estimated production of the U.S.S.R.

WORLD SILVER PRODUCTION

(Millions of fine Ounces)

Countries	1939	1947	1948	1949	1950	1951	1952	1953	Percentage increase (+) or decrease (-) of 1953 over 1952
Mexico	76.9	58.8	57.6	49.5	49.1	43.8	50.4	45.0	-10.7
United States of America	63.9	38.6	39.6	34.6	42.1	40.0	40.2	35.0	-12.9
Canada	22.8	12.5	16.1	17.6	23.2	24.2	25.2	30.0	+19.0
Peru	17.6	10.8	9.3	10.6	13.4	14.9	17.1	17.5	+2.3
Bolivia	7.2	6.2	7.6	6.6	6.6	7.2	7.1	7.5	+5.6
Other South and Central American Countries	1.6	3.5	2.4	7.0	7.2	6.5	6.9	7.5	+8.7
Total Western Hemisphere	189.0	130.4	132.1	125.9	141.6	136.6	146.9	142.5	-3.0
Outside the Western Hemisphere	76.9	37.3	42.8	48.1	50.4	62.0	62.2	60.0	-3.5
India †	0.023	0.012	0.013	0.011	0.016	0.015	0.018	0.016	-11.1
World Production	265.9	167.7	174.9	174.0	192.0	198.6	209.1	202.5	-3.2

Excluding figures for Burma.

Source: Report on Currency and Finance, 1953-54.

MONTHLY STATISTICS
(Monthly Averages or Calendar Months)

	1951	1952	1953	1953 Dec.	1954			
					Jan.	Feb.	March	April
I Foreign Trade								
i By Land, Sea & Air—								
Imports (Rs. lakhs)	71,20	66,93	48,11	39,43	39,90	40,08	49,06	
Exports (Rs. lakhs)	65,30	51,58	44,26	52,10	44,45	40,76	43,72	
ii Unit Value Index— (1948-49=100)								
Imports	128	130	115	112	111	118		
Exports	160	131	111	113	110	111		
iii Quantum Index— (1948-49=100)								
Imports	108	105	84	72	73	73		
Exports	114	106	108	124	111	101		
II Industrial Production								
i Cotton Cloth (Million yards)	340	383	406	421	419	401	399	4
ii Cotton Yarn (Million lbs)	109	121	125	135	132	124	124	1
iii Jute Manufactures (000 tons)	73	79	72	78	67	68	76	
iv Steel (Ingots & Castings) (000 tons)	125	132	125	148	154	132	147	1
v Paper and paper boards (tons)	10,993	11,459	11,536	98,97	10,328	9,385	11,50	1,1
vi Sulphuric Acid (000 cwts)	278	160	180	186	220	240		
Index of Industrial production (1946=100)	117	129	135	145	133	142	137	1
III Fuel and Power								
i Coal Production (000 tons)	2,859	3,019	2,987	3,163	2,903	3,056	3,071	3,0
ii Coal Despatches (000 tons)	2,435	2,591	3,065	2,538	2,424	2,244	2,594	2,5
iii Electricity Generated (Million kwh)	488	516	599	604	590	551	594	6
iv Electricity Sold (Million kwh)	399	420	455	487	478	451	484	5
IV Industrial Disputes: Number of man days lost (000)	318	278	282	475	326	344	331	1
V Employment Exchanges:								
i Number on register at the end of the period (000's)	329	438	522	522	534	539	526	5
ii Number of vacancies outstanding at the end of the period (000's)	22	23	21	21	21	21	22	
VI Inland Transport:								
Railway Freight Ton Miles (Millions)	2,336	2,372	2,372					
ii No. of Wagons loaded	569	584	575	618	618	578	623	5
VII Public Finance: (Central Govt.)								
i Revenue Receipts (Lakhs)	43,86	38,72		47,11	35,70	28,21	45,05	
ii Import Duties	18,50	15,88	12,91	14,16	13,21	13,41	14,55	
iii Export Duties	6,84	4,88	3,09	3,19	2,72	2,41	2,49	
iv Central Excise	7,86	6,39	7,84	8,29	8,64	7,50	8,89	
v Expenditure on Revenue Account	20,57	23,69		13,06	21,22	21,95	45,19	
vi Cash Balances with Reserve Bank (Rs. Crores) *	210	175	110	110	102	86	68	1

*Last Friday Figures.

MONEY SUPPLY IN SELECTED COUNTRIES

	AUSTRALIA (Millions of Pounds)			CANADA (Millions of Canadian Dollars)			FRANCE (Billions of Francs)			INDIA (Billions of Rupees)		
	Currency	Deposit Money	Total	Currency	Deposit Money	Total	Currency	Deposit Money	Total	Currency	Deposit Money	Total
1929 ..	54	149	203	281	1,089	1,370	153	107*	280*	3.40	1.51	4.91
1950 ..	270	1,034	1,303	1,214	3,637	4,851	1,590	1,530	3,120	12.67	8.88	21.55
1951 ..	318	1,174	1,492	1,275	3,568	4,843	1,883	1,795	3,678	12.35	8.41	20.76
1952 ..	337	1,077	1,414	1,377	3,798	5,175	2,124	2,003	4,127	11.28	5.92	17.20
1953 ..	363	1,281	1,644	1,429	3,705	5,134	2,310	2,317	4,627	11.61	5.94	17.55
January 1953 ..	315	1,100	1,415	1,353	3,658	5,011	2,097	2,077	4,174	11.44	6.03	17.47
February ..	317	1,168	1,485	1,389	3,832	5,221	2,105	2,057	4,162	11.61	5.99	17.60
March ..	321	1,219	1,540	1,349	3,692	5,041	2,128	2,084	4,212	11.75	6.14	17.89
May ..	325	1,225	1,550	1,381	3,867	5,248	2,127	2,093	4,220	12.03	6.14	18.16
June ..	325	1,191	1,516	1,398	3,738	5,136	2,101	2,118	4,219	12.01	6.03	18.04
July ..	327	1,173	1,500	1,378	3,836	5,214	2,142	2,146	4,288	11.75	6.03	17.78
August ..	328	1,143	1,471	1,425	3,730	5,155	2,179	2,216	4,393	11.34	6.26	17.60
September ..	330	1,122	1,452	1,394	3,763	5,157	2,214	2,258	4,472	11.20	6.08	17.28
October ..	331	1,135	1,466	1,383	3,863	5,246	2,227	2,172	4,399	11.06	6.01	17.07
November ..	331	1,155	1,486	1,439	3,758	5,197	2,229	2,198	4,427	11.12	6.18	17.30
December ..	332	1,188	1,519	1,397	3,637	5,034	2,224	2,259	4,483	11.30	6.28	17.58
January 1954 ..	358	1,231	1,589	1,429	3,705	5,134	2,310	2,317	4,627	11.61	6.04	17.65
February ..	328	1,241	1,569	1,388	3,649	5,035	2,290	2,328	4,618	11.93	6.05	17.98
March ..	333	1,278	1,611	1,398	3,555	4,953	2,301	2,324	4,625	12.11	6.17	18.28
April ..	337	1,308	1,645	1,359	3,739	5,098	..	..	..	12.28	6.39	18.65

	ITALY (Billions of Lire)			JAPAN (Billions of Yen)			UNITED KINGDOM (Billions of Pounds Sterling)			U. S. A. (Billions of U.S. Dollars)		
	Currency	Deposit Money	Total	Currency	Deposit Money	Total	Currency	Deposit Money	Total	Currency	Deposit Money	Total
1929 ..	25	25	51	3.8	6.5	10.3	..	1.29	1.79	6.4	29.8	36.2
1950 ..	1,128	1,373	2,501	400.0	780.0	1,180	1.39	3.99	5.38	25.4	91.3	116.7
1951 ..	1,237	1,642	2,880	420.0	1,047.9	1,467.9	1.38	3.99	5.37	26.3	94.2	120.5
1952 ..	1,343	2,031	3,374	440.0	1,154.7	1,594.7	1.45	3.93	5.38	27.5	101.5	129.0
1953 ..	1,422	2,537	3,959	460.0	1,258.8	1,718.8	1.53	4.00	5.53	27.8	103.3	131.1
January 1953 ..	1,366	1,970	3,336	467	1,180	1,647	1.40	3.81	5.21	26.8	100.5	127.3
February ..	1,347	1,940	3,287	490	1,171	1,661	1.41	3.63	5.04	26.9	98.3	125.2
March ..	1,355	2,000	3,355	447	1,175	1,622	1.44	3.66	5.10	26.9	97.4	124.3
April ..	1,341	1,982	3,323	485	1,211	1,696	1.48	3.69	5.17	27.0	98.0	125.0
May ..	1,297	2,004	3,301	474	1,258	1,732	1.47	3.68	5.15	27.0	97.5	124.5
June ..	1,322	2,022	3,344	484	1,207	1,691	1.48	3.66	5.14	27.1	97.2	124.3
July ..	1,380	2,062	3,442	483	1,214	1,697	1.51	3.78	5.29	27.2	97.3	124.5
August ..	1,381	2,066	3,447	494	1,225	1,719	1.50	3.77	5.27	27.3	97.5	124.8
September ..	1,394	2,247	3,641	487	1,237	1,724	1.48	3.78	5.26	27.4	97.7	125.1
October ..	1,372	2,233	3,605	507	1,262	1,769	1.48	3.82	5.30	27.4	100.3	127.7
November ..	1,390	2,275	3,665	513	1,259	1,772	1.48	3.86	5.34	27.9	100.3	128.1
December ..	1,422	2,338	3,760	510	1,239	1,749	1.53	4.00	5.53	27.8	103.3	131.1
January 1954 ..	1,358	2,254	3,612	540	1,341	1,881	1.48	3.79	5.27	27.0	102.4	129.4
February ..	1,314	2,127	3,441	523	1,289	1,812	1.49	3.73	5.22	26.9	99.6	126.5
March ..	1,308	2,139	3,447	499	..	..	1.52	3.72	5.24	26.9	98.7	125.6

* Estimated

Source: International Financial Statistics



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The Adventure of India

THE Prime Minister's inaugural address last Friday at the eleventh annual meeting of the All-India Newspaper Editors' Conference has rightly been noted as one of the ablest addresses he has delivered in a speaking career which has given him, both in number and quality, a unique place amongst practitioners of the art of exposition in the modern world. There was so central theme to this address. It covered the problem of Freedom and Responsibility; it dealt with Communalism and Casteism; it contained a policy announcement on the Portuguese settlements in India. There

was something in it of quite general interest to the philosopher and the moralist. In all these things, there was nothing that was new. What was attractive was the manner in which these widely separated subjects were welded into a whole and informed by a spirit of animated confidence, which is the root of inspired leadership. The inaugural address to the All-India Newspaper Editors' Conference was an example of this inspired leadership. Its core was confidence; confidence in India and in her future. And thus this speech which had no central theme came, paradoxically enough,

to acquire a central theme. That theme, expressly stated only in a single paragraph, was the Adventure of India.

The interesting thing about this Adventure of India is that, while it is obviously gathering strength everywhere, it is still so rarely appreciated by the town-rooted dweller that forms the overwhelming fraction of the Indian intelligentsia. Slowly, all too slowly, the Indian economist is awakening to the trends in production which in the last two years show India in company with the foremost countries in the world. Happily, these last two years have been good years judged by the monsoon; unhappily, this fact obscures something of the really permanent character of the Indian achievement. Even if fifty per cent of increased agricultural production were due to good rains, there would be a remarkable degree of progress left to be explained. The Adventure of India has already proved itself by results, cold, even if comforting, to the practical man of doubt. But the spirit of the Adventure of India cannot be told entirely in material terms.

The spirit of change which has gathered momentum in the Indian countryside has been highlighted by the National Extension Services, for which a full and warm tribute should be paid to Sir V. T. Krishnamachari, Deputy Chairman of the Planning Commission. It is now seen that, when Sir V. T. Krishnamachari inaugurated these services, he had seen this spirit of change in India's villages with a foresight vouchsafed to few people in India or abroad. The Community Projects and the National Extension Services have acted in many places as catalytic agents, accelerating the process of change. Essentially, however, the ferment in the Indian countryside is spontaneous in the sense that it is the people of India who are demanding change, not the planners or the intellectuals. A true agricultural revolution is under way.

What are the marks by which this revolution can be known? In the first place, there is the volume of new agricultural investment. Few people realise what tremendous investment is taking place as a result of voluntary or unpaid work performed on wells, roads, drains and the like. Informed observers consider that the volume of agricultural investment has doubled in the last two years. The Second Round of the National Sample Survey computed investment in 1950-51 at Rs. 166 crores; the figure for 1953-54 has been estimated at Rs. 350 crores. Authorities in the Planning Commission are not sceptical about this figure; and, for purposes of calculation, it would appear it will form an important ingredient of policy. This, be it noted, is the rate exclusive of the large multipurpose works which have not yet imparted their dynamic impulse to the countryside. When these works deliver their fruit after 1958, the picture will become even more hopeful; the uncertain imponderable, which is the fluctuation of the monsoon, will in some part have been neutralised.

The major impulse in India's agricultural revolution is certainly a passion for self-help which has shown itself in this enhanced rate of agricultural investment. But the same passion has shown itself in other ways, traditionally believed to be contrary to the structure of the peasant's mind. For example, the opposition to fertilisers has dwindled rapidly, and supplies of chemical fertilisers have run very short. Again, where there is scope for tractors, the volume of opposition to their

use, it is now seen, was greatly exaggerated. In tracts of new land in particular, the Indian agriculturist is tractor-minded. Obstacles remain in finance, servicing, organisation and so forth. But the opposition is not primarily today in the cultivator's mind. And what is true of tractors is true perhaps even more of less costly improved methods of cultivation. The Japanese method of rice cultivation is catching on with a speed which it is quite impossible to reconcile with the traditional conservatism of the Indian village mind.

And thus India's revolution, both materially and psychologically, has prepared the ground for greater things. It is, perhaps, appropriate that optimism should be restrained, and that not too much should be claimed too soon. Surely, however, the Prime Minister was right last Friday when he was impatient with those Indians who travel abroad and see miracles in other countries but are totally blind to the great work that is being done in this country. He could with even greater justice have been impatient with those who do not travel and see, but merely read, or assume without reading, that the People's Republic of China has surpassed India in the rate of economic progress or in the solution of her food problems. Nothing can be more grotesque than this foolish assumption that China has beaten India in economic progress. All the best figures available show that India is racing ahead. In particular, while India has virtually attained food self-sufficiency, the People's Republic is now in greater trouble than ever before.

A despatch from Hong Kong on August 8 says that Chinese Communist papers are now describing the serious shortage of food and consumer goods as a "protracted phenomenon which is likely to continue for a long time". More fully, the Tientsin newspaper "Ta Kung Pao" says: "Last year it became increasingly apparent that certain commodities were short of supply in the market of our country. This phenomenon is continuing to develop this year and has already become a question of concern to the broad masses of the people". It is known that Communist China has been exporting large quantities of food to the Soviet Union to pay for shipments of machinery. But even when allowance is made for this fact, China's increase in food production is seen to be far lower than the spectacular improvement India has shown in the last two years. Perhaps the increased pace of collectivization is the cause; but whether excessive control in China and wise decontrol in India have brought about this disparity or not, there is no gainsaying the fact that India has raised both her consumption and investment levels in agriculture significantly, while China is reducing both.

These are the victories of peace, no less renowned than those of war. India can claim that, while the Chinese hierarchy continues to impose increasing burdens on the Chinese people, over the last two years in India the burden has been lightened at the same time as the rate of economic progress has become higher than ever before. It is part of the Adventure of India that we should understand how this remarkable result has been attained. But we are not likely to feel the exultation of this adventure merely by explaining statistical figures. The Indian intellectual needs to throw himself into the Indian Adventure; at the present time, he is still an onlooker. The villages are now leading. We who dwell in cities must learn to dream their dreams; the Prime Minister was wholly right in demanding that we should catch the fire which has been lit in the countryside. We should then pass it on to other Asian nations. But if the salt should lose its savour, wherewith shall it be salted?

Iran's Road to Solvency

THE Iranian oil agreement announced on August 5, like the Anglo-Egyptian agreement on the Suez Canal base which preceded it, is a notable contribution towards the restoration of conditions of stability in the Middle East. It is the best news about Iran that the world has heard in the last three years, though the enthusiasm shown over this achievement has not perhaps matched the interest in Dr. Mossadeq's obstinate nihilism which made Iran drift steadily towards bankruptcy and chaos. The solution to the oil problem now found promises a way out of this bankruptcy during the next three years. By the end of 1957, Iran can barely hope to recover the position which she held as one of the leading oil suppliers until the middle of 1951. Other countries with oil resources have profited during Iran's period of misfortune by making good the deficiency caused by the closing down of the refinery at Abadan. That in spite of such demonstration of the ability of the world's oil distributors to do without Iranian sources, it has now been possible to retrieve Iran from complete ruin is the most significant aspect of the present agreement.

Obviously, the most important factor helping the agreement was the political change in Iran which terminated Dr. Mossadeq's ascendancy and unqualified right of veto on the oil question. On the other side, neither the Anglo-Iranian Oil Company alone nor the British Government was the negotiating party. A delegation like the Stokes Mission could not have negotiated with the quiet firmness with which the Consortium of eight oil companies has now dispelled Middle East illusions and impressed Iran of the realities of the oil business. Eight of the world's leading oil companies acting in concert have given an impression of solidarity which was greatly aided by a skilful and able negotiator like Mr. Herbert Hoover Jr. who played a key role in bringing the parties together, on his authority as an oil consultant to the U.S. Secretary of State. The atmosphere of a purely business deal was kept up. Issues about defeat or victory for either side, which usually arise when two Governments negotiate, were altogether avoided though, in the event, Iran's earlier policy has been proved to have been a serious miscalculation.

The arrangement now agreed upon is undoubtedly very complicated. In the Consortium, the Anglo-Iranian will have a 40 per cent holding and the Royal Dutch-Shell 14 per cent, the rest being held by American and French companies. The Consortium is expected to form two companies incorporated under the Netherlands law, one for exploration and production and the other for refining. There will also be a holding company for their shares and another procurement and servicing company, both formed in London. The agreement covers a period of 25 years—with provision for three five-year extensions—during which the two operating companies will pay the National Iranian Oil Company for all oil required for export, with an option to the N.I.O.C. to take crude oil in kind, in lieu of payment, up to 12½ per cent of the export. All the facilities and services not directly connected with oil extraction and refining—like housing, medical care, education, technical training and transport—will in future be in the hands of the N.I.O.C., the operating companies being liable for reimbursing their cost to the N.I.O.C.

Though the process of recovery will be slow, the benefits to Iran over the next three years will be quite considerable. The total exports of crude and products during this period is expected to be 68 million tons, fetching a total income under all heads of £150 million—beginning with £31 million for the first full year of operation and increasing to £67 million for the third. This gives an idea of what Iran could have secured if

she had accepted the 50-50 formula even before. In six years from 1951 to 1957, the earnings, if Abadan had not shut down, might well have been about £400 million, a figure which spotlights the enormous loss sustained by the Iranian economy.

There is, however, one matter on which there has been an apparently favourable settlement for Iran. On the vexed question of compensation to the Anglo-Iranian Oil Company the agreement provides that commencing on January 1, 1951, the Iranian Government will pay the Company a sum of £25 million in 10 equal instalments. This net payment is in full settlement of all claims and counter-claims of the parties. The Anglo-Iranian Oil Company's continuing 40 per cent interest in oil operations has been the main factor in reducing the total amount of this compensation. The Company will also be receiving payments as entrance fee from the other members of the Consortium for the remaining 60 per cent interest and has, therefore, abandoned its claim for future profits. All transactions including those of the Consortium, would be normally settled in sterling and full "transferable account" facilities and facilities for converting sterling into dollars, would be accorded to Iran.

Neither the commercial interests of the Anglo-Iranian nor the benefits of restoring an important source of supply of sterling area oil could have proved so compelling as to induce agreement with conditions which in practice may prove too complicated to be worked smoothly. There has been an important political purpose in preventing a vital source of oil supply to the free world from falling by default into Communist hands. A second political implication, which flows from the first, is that Iran, which has occupied a precarious position between Russia and Western Powers, has now been drawn nearer to the democratic world. Definite evidence of this attitude was seen in the recent exchanges of notes between Iran and the Soviet Union, in which Iran has asserted her right to join any security system of her choice. It may well be that Iran will in practice prefer to observe the old neutrality between the great Powers but the courage in asserting her right to make a choice of her own has been striking.

In the final event, satisfaction over the oil negotiations can be created only when the revenues now made available are utilised for the improvement of the conditions of life of the Iranian people. The young Shah has given proof of being very enlightened and interested in setting an example to Iran's feudal gentry, by economic reform which would gradually help to abolish privilege. The old seven-year plan is now a dead letter. Though the Consortium knew as well as the Shah that the hope of Iran and the future of the Company lay in general progress towards increasing welfare, no clause to link the payments to planned development could be provided. That gap has to be filled by other agencies—mainly international institutions. Iran needs technical assistance in formulating a plan which could be based on the oil wealth now progressively to be made available. If popular interest could be stimulated in the tangible results of such development, there could develop a sufficiently strong public demand for the uninterrupted continuance of the oil income, in which would lie the best safeguard of the Consortium or of other oil companies in areas elsewhere. It may be unwise to plan too far ahead in a notoriously unstable area politically, as Iran has been. The utmost has now been done in putting the country on the right road, instead of reviving an outmoded system of oil enterprise which was helplessly trying to maintain a privileged position by getting entangled into Iranian politics.

Land Reform in Travancore

THE Restriction on Possession and Ownership of Land Bill, which has been circulated for opinion on a motion passed recently by the Travancore legislature, is an interesting attempt at legislation for more reasons than one. In mere political terms, a hard-pressed ministry is being forced, willingly or unwillingly, to live up to its promises; and, because of its lack of bargaining power vis-a-vis the Congress, it is also being expected to implement the Planning Commission's directives earlier than the other states. But to dismiss the bill in these terms will be premature.

The seven bills of which this controversial one restricting ownership forms a part will be path-breaking in various ways. Ceilings, which are described as being fairly low (thirty acres for paramba land cannot be regarded as universally acceptable) have been made applicable, for example, to existing owners. Reasonable rent has been scaled down to 25 per cent in the case of wet land. Special rights, like Sri pandaravagai and adavagal, are being bought out at slightly more than sixteen times the rent that is now payable. As regards payment of rent in respect of land in excess of the ceiling, the liability is to be related to the reasonable rent, as now prescribed, but the proviso to the effect that existing rents, if they are lower, will not be disturbed, may turn out in the event to be very important.

One's first inclination may be to think that foreign observers like Bowles, Parsons, and Ledejinsky exaggerate this problem (has not the Malabar land problem been with us ever since 1864, with no more disastrous result than, perhaps, the Moplah rebellion one generation back?). But the election results in 1951, and more recently in Travancore do not bear this out. In Madras itself, the Mayuram agreement on which the legislation of 1953 was based, was the outcome of a situation which was rapidly becoming impossible; and in recent years, under Communist pressure, the situation has, if anything, further deteriorated. There is no evidence that such an impossible position will not again be created; and even as it is, the uneasy peace that is being maintained, in the wake of recent legislation, by means of state action nullifying evictions, cannot be expected to last indefinitely. It is against this background that the Travancore bills have now to be studied.

Already, the compulsions are so great that any discussion now of the economics of land reform is more or less futile. The number of proprietors owning land in excess of twenty-five acres is estimated to be less than 8,000 in Travancore-Cochin; and if, as is likely, the situation is not very different elsewhere in South India, it would be quite possible to argue that there will not be enough land available, after the introduction of ceilings, for redistribution to be at all meaningful. It can be argued, moreover, that the unsettlement which this will mean in land values will lead to difficulties in obtaining credit; and without credit, the verumpattadar or varam cultivator can be of very little use either to himself or to the country.

Against these arguments, which are traditional, new and hitherto unforeseen considerations must, however, be taken into account at this stage. These considerations are that if the state does not interfere now, lawlessness may develop on a very big scale, thanks to the Communists' interest in this question. Even if lawlessness does not develop, the hitherto familiar evils of rack-renting and evictions may continue unchecked. The situation can then easily deteriorate to such an extent that the country's efforts to raise the level of food production will be defeated; and from the land-

lords' own point of view their bargaining position may easily get worse instead of better from day to day.

Seen in this perspective, land reform, and land ceilings for that matter, including, as in the case of Travancore, ceilings applicable to existing proprietors, are now inevitable. This is not to say that these bills can straightway be accepted as they are and cannot be recast. On the other hand, some points of the criticism directed against them seem to be well-taken. There is no reason why the owners of exemplary farms, which are in a position to abide by modern standards, should not be exempted from the Restriction on Possession and Ownership of Land Act. There is no reason also why this exemption should not be extended to land in respect of which special circumstances exist, such as punja kayal land, or land where the jenmis or mirasdars are prepared to co-operate with their tenants for the purpose of forming co-operative estates on suitable conditions. The states must also recognise, what they do not seem to recognise now, that no problem is solved merely by breaking up estates; and that modern management must somehow be introduced. And there may be a case, as has been pointed out, for prescribing the ceilings, which have been proposed, in greater detail and with more direct reference to the quality of the land.

These are exemptions and modifications which may ease the transition for the landed proprietors. In the last analysis, however, it has to be clearly recognised that these are only modifications and that they cannot defeat the trend of events. That trend may just as well be recognised now, when there is still a chance of settling this land problem amicably and in a spirit of goodwill, as at some indefinite date in the future, when the failure to recognise the compulsions of the times has created confusion.

Land reform is not exactly the key to politics in the five states of southern India. But it can almost be described in these terms. The plight of verumpattadars, kanomdars, and kuzhi-kanamdars in Malabar, the sobering discovery that in Madras even the Tanjore Tenants and Pannaiyal (Protection) Act of 1953 may be nothing more than a first step, the near-crisis that has arisen over the distribution of waste lands in Andhra, and above all the evidence that proprietors in land seem to be hardly alive to the changing situation and the compulsions of the times—all this makes it a matter of more than ordinary importance that the land problem in the South should be tackled with vision; and what is equally important, it should be tackled early.

Notwithstanding the drastic nature of the remedies which it proposes, the Restriction on Possession and Ownership Bill, which the Travancore Assembly has agreed to circulate, cannot, therefore, be dismissed off-hand. Like the Tanjore Tenants and Pannaiyal (Protection) Act of Madras, this is intended to deal with a major grievance in sufficient time. If those whom it affects choose now to behave like the more enlightened among the landlords of Tanjore, they will accept the principle of these seven bills—and will only try to liberalise them, if necessary, in the directions which have been indicated. There is a case for dealing generously even with the jenmis, but that should not be confused, least of all by the jenmis themselves, with a case for the status quo. The Travancore state is facing and trying to deal with a difficult problem, as are all the other four states in southern India. Each one of these states seems to be entitled to all the co-operation it can get.

Guest Editorial

The New Balance of Power in Asia

IN international affairs, conferences may sometimes clear the air, but events do not stand still. No sooner is a conference over than the restless play of international forces leads to new situations.

These rather elementary truths have been demonstrating themselves in the last few days. After the Geneva settlement everybody heaved a sigh of relief. The settlement was the best which, in the tangled circumstances, was practicable. But the nations cannot automatically look forward to prolonged peace. Wearily, reluctantly, the onlooker sees new patterns forming, some of them ominous.

The centre of interest is Communist China. If China lives up to the spirit of the non-intervention and non-aggression pacts that she has proposed, a deep fear will be lifted from the world. She may do so. Everybody must hope for the best. But as China thus holds the key to so much, it is no wonder if her moves are the subject of lynx-eyed scrutiny.

What clue has she given to her intentions since the Geneva pacts were signed? It may not be necessary to attach too much significance to the shooting down of a civilian airliner near Hainan a day or two after the armistice. It was a brutal act. But the Chinese Government apologised and denied that it had been a deliberate act of policy. What is very much more grave is the incitement by the Government at Peking to a civil war in Thailand.

SENSE OF URGENCY

At the Geneva meetings, those who feared that the Chinese were bent on continued aggression said that the test would be in Thailand. Once the Chinese had secured their objectives in Indo-China, Thailand would be their next intended victim. The events of the last few days make it look as if they were not far from the truth. The Chinese have chosen this moment for disclosing that the Thai opposition leader, Mr. Nai Pridi, is in their country. The principal Government newspapers have published an article by him calling for revolution in Thailand.

A day or two later, the Peking Government announced that a banquet had been given in Peking for Dr. K. I. Singh, the revolutionary from Nepal. He had declared his aim of overthrowing the Nepalese Government and had fled to Tibet. Why is China now trying to make him into a hero?

These moves may well cause a new wave of alarm through South Asia. Where will the Chinese stop? A new impetus has been given to those filled with a sense of urgency in negotiating a South-East Asia defence pact.

Of course there are still neutralists in South Asia. Their motives and ideas must be respected. Similarly, the neutralists must realise that those in favour of a South-East Asia Defence Organization (SEADO) are acting with a sense of responsibility and that there are solid reasons behind their proposals. Communist advances in Indo-China have changed the balance of power in Asia. Dien Bien Phu demonstrated that Communist arms are formidable. Now is the time for a closing of the ranks.

Broadly speaking, the aim of a SEADO alliance would be to create a new balance of power. It must be recognised that the former balance has been upset. If history is examined over a long period, it will be observed that the longest periods of peace have occurred precisely when the balance of power has been the most stable. There is nothing immoral about a balance of power. To suppose that there is, has been one of the aberrations of our bewildered times.

A DEFENSIVE PACT

Building an alliance is only one of the means for promoting security. If the Communists are set on expansion in Asia, they are now more likely to try to subvert their victims by promoting rebellion internally than by invading them openly. In Korea, the Communists learned the folly of resorting to naked force. The best answer to this new strategy, as the statesmen of free Asia have realised, is enlightend social and economic policies in the countries threatened. If the governments of free Asia give immediate and tangible benefits to their people, the hypothetical promises of Communism will become less attractive.

In the eyes of some people there is matter for regret in all these policies as they spring from suspicion. They argue that China should be given the chance to make good her pledges of non-aggression. This argument is not lightly to be put aside as sentimental. But to organise a SEADO front is certainly not to make an offensive against China. By its very essence, SEADO would be a defensive pact. SEADO can come into being, and at the same time every effort can be made to persuade China to agree to live peaceably side by side with her neighbours.

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LETTERS TO THE EDITOR

ACCOUNTS AND AUDIT

Sir,
 Apropos of your Delhi Diary of July 23, I am tempted to send you the following:

- (1) **In short words:** If the man who spends the cash is not made to keep his own books he will get slack on the job and waste more than he would have done; and if the man who checks the books is the one who made them up he will be more apt to miss the faults.
- (2) **Polysyllabically:** Departmental accounting responsibility stimulates administrative efficiency; independent auditing guarantees maximum vigilance.

I tried it out in words of two syllables only but failed!

Yours faithfully,
 O. L. WILLIAMS.

Office of the High Commissioner
 for the United Kingdom.
 New Delhi 2.

[We are obliged to Mr. Williams for his most appropriate explanation of the need for separation of Accounts and Audit. "Argus" has expressed himself most illuminated.]

"The Eastern Economist" will be very grateful for similar explanations of economic conundrums preferably in what Mr. Williams has described as "short words". If a sufficient number of these is forthcoming, a column will be devoted every week to their display. Payment will also in every case be made for an accepted explanation.—Ed.]

SELF SUFFICIENCY IN FOOD

Sir,

Figures regarding 1953-54 crop returns certainly indicate that a very definite up-trend in food production has been achieved at the most opportune time.

Whilst this fact gives definite grounds for considerable self-congratulation, certain statements that have been made in recent months imply that the food problem in India is now a matter of past history as self-sufficiency has now been attained.

Unless the rise in food production be reviewed in some relation to the trend of population in India, it can very easily promote a spirit of complacency that is extremely dangerous. In 1951 the census revealed that in the preceding decade the growth of population was at the rate of 13.4 per cent and there have been no developments which would indicate that this rate of increase has not been maintained. It must accordingly be accepted that the trend at the present time is to increase by an average of 1.34 per cent per year, at which rate there are now 14.7 million more people to feed than in 1951, as the following shows:

	Million population
1951	361.2
1952	366.04
1953	370.94
1954	375.91

A glance at the food grain production figures for the same period shows that if, as may quite reasonably be anticipated, the targets for 1954 are realised, home production of food has risen in a considerably higher scale and this is a very great, though necessary, achievement. Home production in 1951 was in comparison with neighbouring years, however, for various reasons, at an unhealthy low level and it is necessary to review the figures over a longer period to obtain a true indication of the balance between food production and population.

The Index of Agricultural Production published in "The Eastern Economist" shows that if an average of the years 1936-39 be taken as a basis, food grain pro-

duction will have risen, after interim years of shortage, some 19 per cent by 1953-54.

If the variation trend in population referred to above be applied between the years 1939 and 1954 it will show an increase of 20.1 per cent.

There is every reason to believe that these figures are as accurate as can be computed at the present moment and illustrate that a deficit of 1.1 per cent food grain production exists below the level applicable at or about 1939. This is a small decline but the level of food consumption shown, some believe too optimistically, to stand at 13.67 ounces per person per day by the Planning Commission is one of the lowest in the world and must be raised to create happiness and content among the people and to create the "home market" that any industrial development in India must have. It cannot accept a reduction of even 1 per cent with equanimity and without recourse to overseas purchases.

Control of the expansion of population in some form is unquestionably desirable and can understandably become a necessity. It is, however, one of the most difficult problems to overcome and progress must be very slow indeed.

Progress in elevating the crop yields in India is an infinitely easier problem for it is within the direct control of Governments. The first and most urgent requirement is improved seed-bed preparation which relates completely with improved tillage and this in turn conforms to the now urgent and overdue modernisation of tools and machinery. The fact that indigenous production of agricultural implements fell by almost exactly 50 per cent between 1951 and 1953 cannot present any indication that the correct approach is being made, although reclamation of waste lands and improved irrigational facilities are certainly in the right direction.

Modern machinery—tractors and associated implements—have more than doubled the yield in Turkey in some five years and some similar type of action is essential if India is not going to be forced in only a year or two to fall back on imported food grains because of the rise in its population figure, however kind the weather may be.

Given security of land tenure and reasonable medium-term agricultural credit, whether on a co-operative basis or not, as decided, the Indian ryot is completely able to be compared with the Turkish farmer. These two basic factors are of much more vital interest to the country than many of the wonderful development schemes now planned for they will give a more immediate return and a better foundation on which to build. And, in conjunction with the present low standards of production generally, mechanisation correctly applied means more employment of labour on the land.

Yours faithfully,
 W. H. KETCHELL, M.I.B.A.E.,
 Resident Director,
 Harry Ferguson of India Ltd.

INTERNATIONAL STATISTICAL CENTRE

Sir,

The report published in "The Eastern Economist," Vol. XXII, No. 17, dated April 23, 1954, on the activities of the International Statistical Education Centre, Calcutta, was not factually correct.

The Seventh Term, which was attended by 24 students from 15 Asian countries came to a close on June 30, 1954. The English Term will begin on August 16, 1954, and last up to April 1955.

Yours faithfully,
 H. HOME
 Indian Statistical Institute

THE STORY OF TEA No. 1



Sowing tea seeds in a plantation nursery (Assam)

First the seed...

THE FOREST HAS BEEN BEATEN. The matted undergrowth and tangled vines are gone. The trees have been felled and uprooted. Shade trees have been planted. A new tea estate is born.

In the nearby nursery, seed is being sown and the beds will be shaded from the scorching sun by 'tatties'—thatchings of grass and fern spread over bamboo frames. These protect the tender young seedlings as they grow.

When the seedlings are between six and eight months old, most of them will be transplanted to the new plantation; others will go to old plantations to replace bushes past their prime.

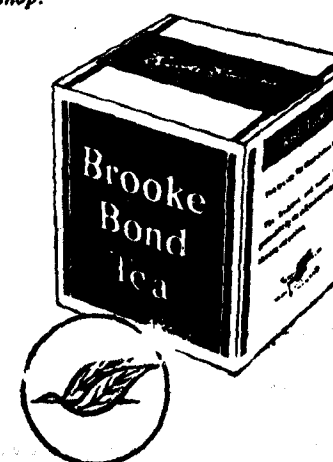
In approximately five years time the bushes will be ready for plucking, and will come into full bearing when they are six to eight years old.

Brooke Bond have thousands of acres of their own tea gardens—more than any other firm of tea distributors in the world.

And Brooke Bond is the only tea firm with five blending and packing factories, each serving its own part of the country, from which fresh stocks are rushed to every shop.

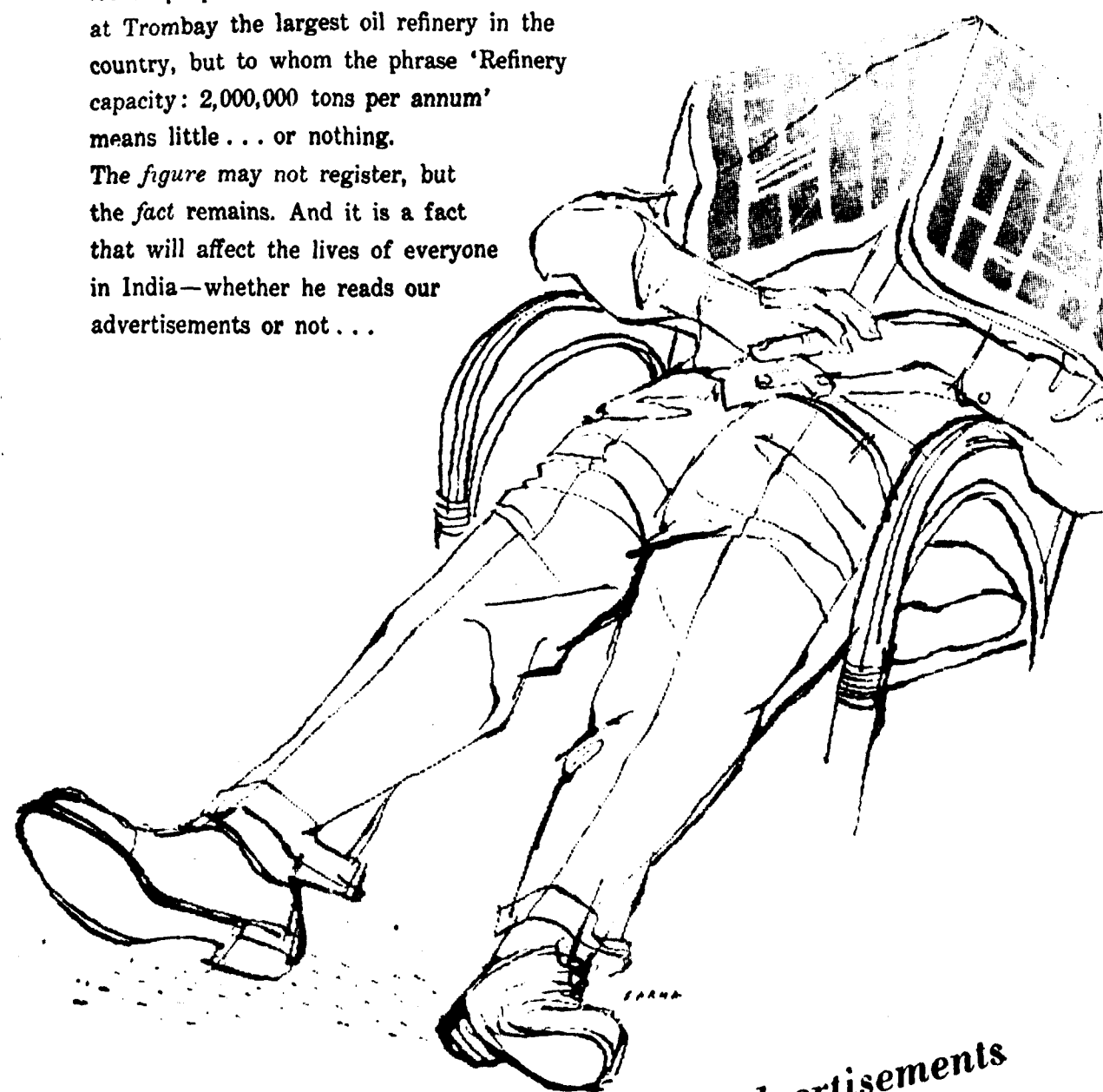
Brooke Bond
Tea

Fresher because delivered Quicker



Some people tell us that you are not very interested in statistics and won't read them if we put them in an advertisement. You don't want to know about production figures, output capacity, and so on. Sometimes we wonder. There may be quite a lot of people who know that we are building at Trombay the largest oil refinery in the country, but to whom the phrase 'Refinery capacity: 2,000,000 tons per annum' means little . . . or nothing.

The figure may not register, but the fact remains. And it is a fact that will affect the lives of everyone in India—whether he reads our advertisements or not . . .



people don't read advertisements

THE WEEK'S NOTES

PRESS FREEDOM—AN ENTAILED INHERITANCE

The main theme of Mr. Nehru's address to the All-India Newspapers Editors' Conference was that the freedom of the Press, like the freedom of any other group or individual, entailed obligations which should be discharged with a due sense of responsibility. This reminder of the obligation to be responsible was necessary, because as the Prime Minister pointed out, sections of the Press could so terrorise the public by their irresponsible writing that full freedom of discussion and thought was prevented. There can be no brief for such writings and if the ordinary law of the land is widened to help the prevention of such writings by regular prosecutions, the main sections of the Indian Press would have no reason to disapprove. But the main reason for complaint on the part of the Press is based on the tendency of governments to assume and make use of punitive powers to deter criticism. Even if this was not the avowed purpose of restrictive legislation at the Centre, there is no check on abuse and the tendency of the executive to intimidate critics even in bona fide cases of public interest. In other words, the Press while accepting the Prime Minister's definition of freedom, can reply with equal force that State power, like freedom, involves responsibility and that too wide powers or specially privileged positions tend to make executives as irresponsible as sections of the Press. It is far better that a democracy should err on the side of freedom than on the side of restriction or privilege to a few.

These principles have special relevance at the present time to the Home Ministry's proposal to make defamation of public servants a cognisable offence. As the president of the A.-I.N.E.C. pointed out, once a privileged class is created there are no limits to its indefinite extension, while still leaving equally important non-officials holding positions of public trust or of high responsibility without similar channels of redress. Even if, with the safeguards suggested by the Press Commission, a case can be made out for protecting high dignitaries and permanent civil servants, there can be no justification whatever for including Ministers or other political office holders—who must face fierce criticism and vindicate their actions in the glare of publicity. The clause in the Criminal Procedure Code Bill on this point can become an unworthy subterfuge to curtail political criticism and deserves to be scrapped.

M. MENDES-FRANCE TO MEND FRENCH ECONOMY

The French National Assembly's vote for M. Mendes-France last week by 361 votes to 90 (with 160 abstentions) was a clear mandate for economic and financial reform, which had been denied to many of the Premier's predecessors even in emergencies. The French have always been reluctant to clothe the executive with powers of delegated legislation. M. Mendes-France did not present to the National Assembly an economic plan with clear-cut implications. He did not ask for special powers on the ground of any existing emergency but only for preventing the occurrence of crises in the future. The overwhelming vote in his favour was, therefore, a striking proof of public confidence in his policies. The powers will be wide until the end of March to enable the French Government to act with boldness, especially when it can act with such confidence and authority as M. Mendes-France can exercise because of his clear convictions on the remedies for the disease. Three main problems were mentioned by the Premier during the debate. The deficit in the

balance of payments has so far been met only through U.S. aid and a genuine equilibrium had to be restored. The liberalisation of trade had to be extended to French imports in order to reciprocate the gesture of other European countries. Last came a suggestion for an increase in the standard of living of the poorer classes.

The French Premier has yet to face two major issues—the ratification of the E.D.C. and approval of his North African policy—before the Assembly next week. Parliamentary approval of E.D.C. may depend as much on his success with the E.D.C. partners as on his powers of persuasion before the National Assembly. It is believed he will ask for the postponement of the supra-national aspects of the E.D.C. for eight years, seek to limit the integration of armed forces to the forces stationed in Germany (which would be unpopular in Germany) and try to make the E.D.C. terminable within 20 years, so as to make it run concurrently with N.A.T.O. (instead of for 50 years as now proposed) and also to make the E.D.C. void if British or American troops were to be withdrawn from the Continent or if Germany were to be reunited. On some of these points the French Premier may secure a sympathetic response. But the Germans are unlikely to agree to the restriction of integration to the forces stationed in Germany and other proposals are also likely to be sources of controversy if not of disagreement.

STRAINING AT THE GOAN GNAT

The tension in Goa has attracted the attention of the world's Press this week. After the initial phase of adverse comment, especially in the British Press, there has been growing awareness of the incongruity of the Portuguese stand on Goa. The most surprising thing was that the Government of the U.K.—normally quick to face realities—should have lost its balance so completely as to present a stiff note to Delhi, the reply to which has been deservedly sharp. It was clear that Portugal has been obstinate in refusing even to discuss the issues with India during the last seven years—thus refusing to accept the logical consequence of the British withdrawal. The Government of the U.K. was thus straining at a gnat after it had swallowed the camel of its own transfer of power. This cannot be attributed to any special obligation to Portugal that exceeded British obligations to India; provoking India was certainly a strange way of defending British Colonialism anywhere. The Indian Prime Minister's Independence Day address emphasised that Goa would be viewed by India as a test case for the view that Western Colonialism was in retreat. Portugal may not realise its full force but her sympathisers cannot fail to pay heed if their pretensions have to be taken at face value.

The Indian stand has been made clearer by the events of the last few days. The Government of India has restrained Indian volunteers from marching to the Portuguese pockets on missions of liberation. India has also agreed to impartial international observation and for starting negotiations to establish it. There is also the long-standing assurance to the inhabitants of these areas that any distinct cultural or linguistic features will be preserved. A vicious suspicion has been created by anti-Indian propagandists that the Xavier Shrine in Goa may not be respected by India even though no instance has been given of any disrespect or defilement of any religious shrine, least of all Christian shrines in this country. There is no reason why India should ever hesitate to give any such assurance on this matter, if one were needed. The assurance has

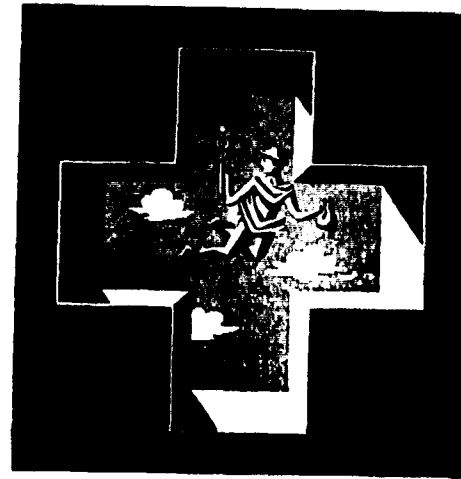
actually come forth quite readily this week even though it should seem redundant to all who have eyes to see. In any case, the world has long crossed the stage when mendacious reporting in London papers can determine political developments in the 'non-Western' countries.

DECREE NISI AT THE HAGUE

The successful conclusion last week of The Hague talks on future Dutch relations with Indonesia was largely due to a commendable spirit of reasonableness displayed by both sides. The Indonesian delegation acquiesced, though under protest, in excluding the highly controversial question of West New Guinea and to confine the negotiations to the abolition of the Netherlands-Indonesian Union of 1949 and its substitution by arrangements befitting two independent and unassociated States having many common interests. The new arrangements will include some formal ones like the exchange of Ambassadors in the place of High Commissioners. The citizens of the two countries will enjoy equal rights and obligations under the law, especially in cases of arrest. It is also reported that Indonesia has agreed to continue a large number of conventions and understandings, particularly in relation to commercial affairs, unless they are modified by mutual arrangement. The termination of the Union has been viewed by the Dutch as the end of an experiment that had failed. But there was a good deal of substance in the statement of the Indonesian Foreign Minister, Dr. Sunarjo, that this termination would lead to better relations between the two countries in future. So long as the question of West New Guinea does not assume larger proportions, this hope will be fulfilled.

An agreement to end the Union was certainly superior to the only other alternative that faced the Dutch—a unilateral abrogation of the Union by Indonesia. In the event of Indonesia being compelled to take this extreme step, the safeguards now obtained by the Dutch (by way of continuance of existing conventions, restraint on unilateral repudiation of arrangements and provision of procedure for the settlement of disputes) could not have been possible. It now seems likely that the achievement of the Sunarjo delegation

would receive wide political support in Indonesia. As a result, the Indonesians may grow less suspicious of Dutch interests and show greater readiness to utilise their technical skill for the economic development of the country. The agreement signed at The Hague on August 10, would thus constitute a good enough achievement for the Government to present to the people on the eve of their independence anniversary celebrated this week.



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WORLDGRAM

TRADE

Britons Drinking More Tea: Britain has increased her imports of tea still further, although she has for some time been the largest consumer of this commodity in the world. The report for August of the International Tea Committee reveals that in the first six months of this year, when tea was off the ration, Britain's imports of tea (after deducting the amounts re-exported) rose to 219,667,000 lb., compared with 195,605,000 lb. in the first half of last year. The amounts of imports from individual countries during those two periods were (figures in 1,000 lb.): India, 144,626 and 125,414; Pakistan, 5,277 and 6,611; Ceylon, 63,090 and 60,267; Indonesia, 4,992 and 6,311; all other sources, 14,272 and 17,206.

British Trade in First Quarter of 1954: Although United Kingdom exports kept pace with world exports in the first quarter of this year, the aggregate value of exports from all sterling countries was only slightly higher than in the first quarter of 1953 and two per cent above the 1953 average. The value of world exports in the quarter was about four per cent above the 1953 average and seven per cent more than in the first quarter of last year. British exports and re-exports, at £701 millions were seven per cent higher by value than a year earlier (nine per cent by volume), but exports from the rest of the Sterling Area, at £857 millions were three per cent lower, though probably much the same by volume. The aggregate value of Sterling Area imports, in spite of the rising level of activity in the United Kingdom and the relaxation of import restrictions by some Commonwealth countries last year, at £1,719,000 were slightly lower than during the second half of 1953, and only two per cent more than in the first quarter of last year.

Australian Trade Programme: According to a recent announcement, Radio Australia have decided to include in their Overseas Broadcasts a Trade Programme for the benefit of traders in India. This programme will be presented under the title "Trade Catalogue" and will be broadcast every four weeks commencing from Monday, August 23rd, 1954. Times and frequencies of this special Trade Broadcast will be as follows:

Time	MC/S	Metres
1115 GMT	11.90, 11.76 & 7.22	25.21, 25.51 & 41.55
1415 GMT	11.90, 9.58 & 7.22	25.21, 31.32 & 41.55
1715 GMT	11.90, 9.58 & 7.22	25.21, 31.32 & 41.55

The programme will be repeated the following day (i.e. Tuesday, August 24th, and every fourth Tuesday thereafter) at 0330 GMT on 17.84 MC/S, 18.82 metres.

British Exports, Imports Up: Britain's overseas trading continues to increase in volume. Imports and exports both increased slightly during the second quarter of this year. Board of Trade statistics show that exports reached an index level of 104 as against 103 during the first three months (figures based on standard of 100 given to the monthly average in 1950). For the first six months as a whole, the volume of exports was 9 per cent above the level of the corresponding period of 1953. Overseas sales were worth £671,300,000 in the second quarter—an increase of more than £40,000,000 on the corresponding period of 1953. The volume of imports reached an index value of 114 in the second quarter, an increase of one point on the first. When the first six months are taken as a whole, there was a 2 per cent increase on the first half of last year.

Surplus Balance in West Bengal's Foreign Trade: Large increase in exports combined with a sharp fall

in imports have resulted in a surplus of Rs. 11.42 crores in June 1954, according to the foreign sea and air borne trade of the West Bengal Customs Zone. The surplus amounted to Rs. 2.96 crores in the corresponding month of the previous year. While the value of exports, including re-exports, increased from Rs. 16.00 crores in June 1953 to Rs. 20.09 crores in June this year, that of imports declined by Rs. 4.37 crores to Rs. 8.67 crores. Large shipments of jute manufactures and tea were mainly responsible for the improvement in exports, while exports of metal ores and minerals showed an all-round decline during the month.

INDUSTRY

Display at Manchester Next Month: Britain's office machinery industry has set up a fresh export record every year since World War II. In the first half of this year, the value of the industry's exports was nearly £850,000 more than in the same period of 1953. Altogether, during the six months office machinery alone, exclusive of furniture, safes and cabinets, to the value of £6,103,268 was shipped overseas. Next month the industry will hold a major Business Efficiency Exhibition at Manchester. It will open at the City Hall on September 27 and go on up to October 2.

Japan to Build Passenger Ships for Turkey: The construction of five passenger ships for Turkey totalling 31,600 tons and valued at \$19 millions has been approved by the Japanese Finance Ministry. The condition attached to the construction undertaken by the Company concerned is that payment be made in sterling. The terms are that 25 per cent of the total amount, including interest, will be paid before delivery and the remainder over a five-year period. The sum will be paid through the Turkey-Italy switch account. The Turkish buyers have yet to confirm whether they agree to pay in sterling. The vessels include two 7,700-ton and three 5,400-ton passenger ships.

Joint Japan-British Mining Concern: A five-man inspection team of a Japanese Mining Company is scheduled to leave Japan for Malaya early next month to make a three-month survey of the Temanggan iron ore mine to be jointly managed by two British firms and one Japanese firm. The ore is said to be of superior quality containing 55 per cent iron and 3 per cent manganese. Under arrangements made so far, the new firm will be capitalized at 1,000,000 Straits dollars, of which the Japanese firm will contribute 49 per cent. An estimated 1,600,000,000 yen worth of machinery and equipment required for development will be exported by major Japanese iron and steel makers in return for ore. Building is scheduled to commence around October and will be completed by April 1955. The yearly output estimated at 500,000 tons at the beginning will be supplied by Japanese steel makers.

West German Steel Production: The West German steel industry produced a record post-war total of 1,570,000 tons of crude steel in July. The previous highest total was 1,483,000 tons turned out in January last year. During the first seven months of this year, steel has been produced at an annual rate of 16,200,000 tons. But this has been stepped up lately so that when May, June and July are considered alone, the annual rate works out at 17,300,000 tons.

3,000-Ton Ship Built in Dry Dock: A 3,000-ton ship has been built in dry dock at Newport, Monmouthshire, and has been successfully floated. The vessel is a pulp and paper carrier for the Quebec and Ontario Transportation Company, and she is destined to ply on the Canadian Great Lakes. The ship, the first

to be so built, was constructed in a 300-foot, shallow dry dock. The Newport yard is the first in the United Kingdom to build ships in dry dock. It now has an order for a second and similar vessel from the same Canadian company, and work on this has already begun in the yard's prefabrication shops.

FINANCE

Americans Earning More: Personal incomes in the United States during the first half of this year were equal to an annual rate of \$285,500 millions, reports the Government's Department of Commerce. This is \$800 millions higher than in the corresponding half of 1953. By the end of June, the annual rate was still higher at \$286,500 millions.

Insurance Dollars for Britain: Britain received £12 million in dollars last year through United States insurance concerns carrying out reinsurance transactions with British companies, says the Department of Commerce. Of premiums totalling £61 million paid to foreign underwriters, £47 millions was received back in claims and profits.

Pakistan's Rs. 55,000,000 Newsprint Factory: The Pakistan Industrial Development Corporation have appointed a Canadian firm as their consultants for their newsprint industry. A representative of the firm is visiting East Bengal to study and report on the location of a factory for the manufacture of newsprint. The PIDC is to invest Rs. 55,000,000 on the plant which is to be erected at Khulna.

Landmark in History of Burmese Banking: The opening of the State Commercial Bank here marked another step forward in the history of Burmese banking. There are about 30 commercial banks already operating, excluding the State Commercial Bank in Budma. The new bank has an authorised capital of Rs. 50,000,000 and a paid-up capital of Rs. 10,000,000, and a reserve fund of Rs. 2,000,000.

AGRICULTURE

Increase in Jute Acreage: The all-India first estimate of jute for 1954-55 puts the area at 1,334,000 acres as against 1,269,000 acres in the corresponding estimate of last year, showing an increase of 65,000 acres or 5.1 per cent. The increase in acreage during the current year, reported by almost all the jute-growing States, is due to favourable weather conditions at the sowing time and also to efforts made under the jute development scheme.

World Wheat Stocks Soaring: Officials of the United Nations Food and Agriculture Organisation are trying to work out plans for the disposal of the stocks of wheat which are bulging the world's granaries. In the middle of 1951, global stocks amounted to 21,900,000 metric tons. Latest estimates show that this figure has grown to 44,800,000 tons. With the 1954 harvests gathered in, the figure is expected to be still higher. Rice stocks at the end of 1953 came to 1,050,000 tons as against 100,000 tons at the end of 1951. In January, 1954, world sugar stocks stood at 8,300,000 tons—nearly twice what they were at the beginning of 1951. An FAO working party suggests that surplus countries should allow underdeveloped nations to buy surpluses on concessional terms.

MISCELLANEOUS

Britain's Employment Reaches Record 22,000,000: The number of people working in Britain reached the record total of 22,466,000 in June, says the Ministry of

Labour. This was 36,000 more than in May and 228,000 higher than the figure for June, 1953. The Ministry's latest employment analysis shows that the country has probably reached the lowest level of unemployment possible. On July 12, there were only 220,100 people out of work—one per cent of the available labour force. As the latest number of vacancies notified by employers to the Ministry for filling through employment exchanges was 353,651, there are now more jobs open than there are unemployed to fill them. Many of the jobs, for instance, require a high degree of skill not possessed by those out of work.

U.S. to Set Up Three Power Plants in Korea: Actual construction of the largest American aid project in the industrial rehabilitation of the Republic of Korea will get under way soon. Five hundred tons of construction equipment will arrive at the port of Inchon soon. It will be used in building the three-unit power project designed to add 100,000 kilowatts to the Republic's electric power system. The power plants will be built at Tanga, five miles south of Seoul, and two other places. All three plants are scheduled to be completed by the end of 1956.

Madras Port Development Plan: The Central Government has sanctioned the construction of an additional warehouse and a coal yard in Madras port as part of the Five-Year Plan for the development of the port. The total capital outlay on the development plan is expected to be about Rs. 6.36 crores, half of which will be provided by the Centre. The warehouse will be built at a cost of Rs. 6.40 lakhs while the construction of the coal yard will cost Rs. 5.65 lakhs. There are at present 12 warehouses of different types in the Madras port, which has seven general cargo berths and two coal berths.

I.L.O. Conference on Iron and Steel: India will participate in the fifth session of the Iron and Steel Committee of the I.L.O. to be held at Geneva from October 11 to 23, 1954. The Committee will review the General Report with special reference to (a) the action taken in various countries on the Committee's recommendations; (b) steps taken by the I.L.O. to follow up the studies and enquiries proposed by the Committee; and (c) recent events and developments in the iron and steel industry. It will examine a supplementary pension scheme in the iron and steel industry with reference to the general pension scheme. The Committee will also discuss the problem of human relations in this industry. India is a member of this Committee and has been invited to send a tripartite delegation consisting of two Government representatives and two representatives each of employers' and workers' organisations having a substantial number of members in the industry concerned.

Six Years of Rehabilitation Finance Administration: The Rehabilitation Finance Administration has, during the last six years, helped in the rehabilitation of over 3 lakhs of displaced persons and permanent employment of over 60,000 displaced people. This has been done through the grant of loans amounting to Rs. 12.84 crores to displaced persons for setting up business and industry. The Administration which was set up by the Government after partition, supplements other Government activities for the rehabilitation of displaced persons. Till 1953-54, the total expenditure incurred by the Central Government alone for rehabilitation of displaced persons amounted to Rs. 201.02 crores. Considerable expenditure has also been incurred by the State Governments of the Punjab, West Bengal and the other States where displaced persons have migrated to.

NEWS IN BRIEF

INDIAN

The Government of India have issued a notification announcing that the 3½ per cent National Plan Loan, 1954 will be closed for further subscription with effect from September 16, 1954.

A Press communique issued by the Reserve Bank of India states that during the week ended August 13, 1954 the Government of India Treasury Bills for Rs. 3,70,75,000 were sold in favour of the Reserve Bank of India.

The Government of India has set up the All-India Khadi and Village Industries Board, the All-India Handloom Board and the All-India Handicrafts Board for the development of cottage and small-scale industries in the country.

It is reported that out of the total outlay—Rs. 2,244 crores—to be spent on the Five-Year Plan, the total amount of foreign assistance received so far is only Rs. 166 crores.

During 1954-55 and 1955-56, the Indian Railways will spend Rs. 7,22,00,000 on extending and covering existing platforms, providing waiting rooms, water for bathing and latrine facilities on stations, and fixing more fans and lights in railway carriages.

The number of Extension Training Centres in the country, including one in Jammu and Kashmir, is to be raised from 35 to 44 to train more village-level workers. The total estimated cost at Rs. 37,66,100 will be spread over three years.

Of the 28 States in the Indian Union, 20 have State-operated road transport services. The total Government investment in them is Rs. 20,00,00,000. There are 47,575 motor transport operators in the country of whom 46,000 own five or less vehicles each.

During 1952-53, the P. & T. Department handled 2,553 million postal articles; 56.3 million Money Orders (value Rs. 198 crores); 86.8 million registered articles; 29 million telegrams and about 11 million trunk-calls. There were 37,434 rural and 5,769 urban post offices during this period.

Two agreements provide for the supply of 21 locomotives, to be delivered within two years, from Japanese locomotive manufacturers. Eleven locomotives are to be supplied in the first instance, at an aggregate cost of £167,190, the remaining ten to be delivered later.

During April 1954, the total number of units of electricity generated by 61 public utility power stations in India, was 6,049 million k.w.s. against 526.6 million k.w.s. produced in April 1953.

Official statistics reveal India's total sea-borne trade in 1953-54 amounted to Rs. 1,088 crores. Of this, imports claimed Rs. 543 crores and exports Rs. 523 crores.

It is reported that married women form about 50 to 80 per cent of women workers employed in various industries. It is estimated that widows constitute about 20 to 50 per cent.

FOREIGN

The U.S. President recently authorised \$4 million worth of surplus U.S. food for the Danube River flood victims in Central and Eastern Europe. Austria, East and West Germany and Hungary have accepted the offer. The \$4 million limit may possibly be raised.

It is reported that 92 per cent of Italy is either forest or open land. Of this 43 per cent is arable land, 18 per cent woods, 17 per cent grassland and 8 per cent orchards and vineyards. According to the 1951 census over 40 per cent of the active population is engaged in agriculture.

Israel formally became a member of the International Monetary Fund and the International Bank for Reconstruction and Development recently. Israel's quota in the International Monetary Fund is \$4.5 million, and its subscription to the capital stock of the Bank is 45 shares.

Brazil had a total of 649,966 motor vehicles in operation as of the second half of 1953, according to statistics released by the Ministry of Finance. Of these 337,539 were passenger cars, the remaining 312,427 were trucks, omnibuses and other commercial vehicles.

According to estimates, out of every 10 persons in the world, 6 live on farms and depend on agriculture for a livelihood. This ratio varies from continent to continent—in North America only 2 against 7 in Asia and Africa depend on agriculture.

Pakistan's wool exports during July 1953 and April 1954, stood at approximately 17 million lbs. bringing in Rs. 36 million in foreign exchange. Exports for the whole year are expected to total 22 million lbs. Exports during 1952-53 were 29,284,000 lbs. valued at Rs. 57,759,000.

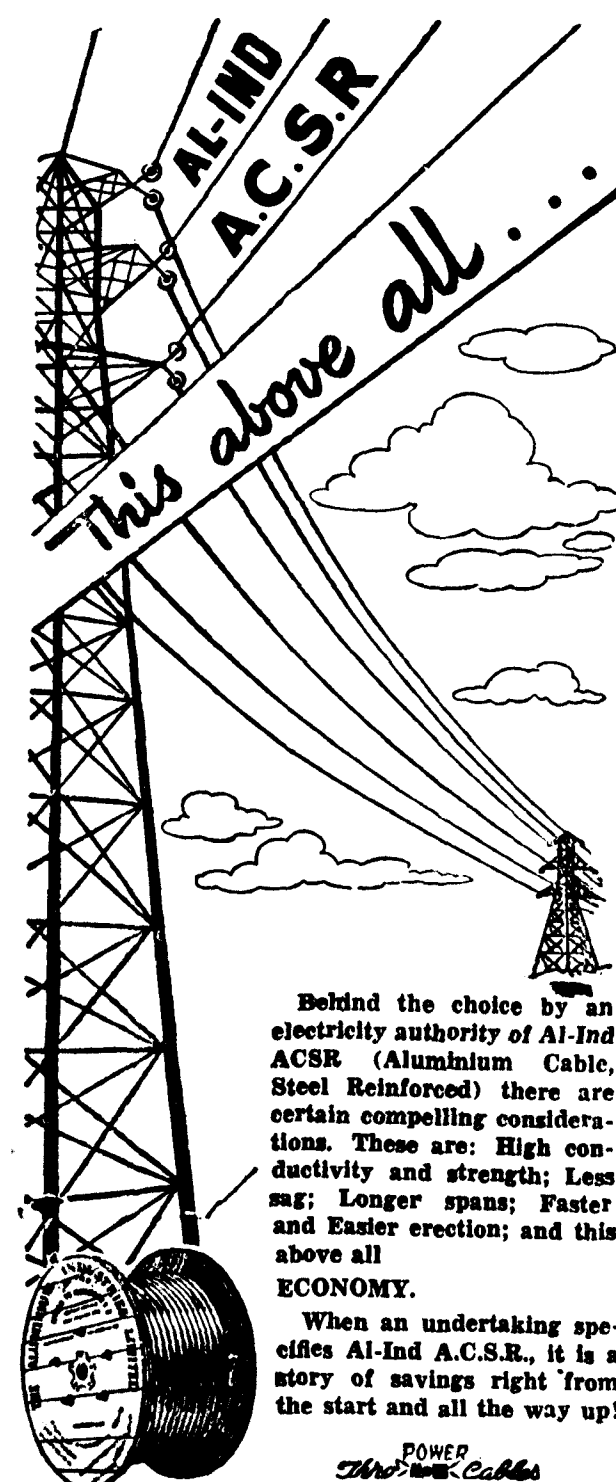
World production of cotton has increased 20 per cent since before World War II, according to a survey undertaken under the auspices of F.A.O. A total of 6.4 million tons of raw cotton was produced throughout the world during 1953-54.

The East Asian Association in Hamburg reports that West Germany's exports to China decreased considerably during the first six months of this year as compared with the corresponding period in 1953. In this period imports from China have gone up slightly.

A \$1 million off-shore contract has been placed by U.S.A. with the Government of Spain for anti-aircraft guns, making the total of off-shore purchases of artillery from Spain nearly \$11 million. This and similar orders with Italy, Holland and Norway, constitute the first instance of the purchase of standard arms for NATO.

With the exception of India, there will be delegates representing every other country in the Commonwealth at the Commonwealth Parliamentary Association Conference due to open in Nairobi on August 21.

According to recent reports, the Canadian Chamber of Commerce has declared in a survey of immigration that Canada should work towards the objective of getting a population of at least 30 million by 1975. The Chamber describes Canada 'as land of the greatest opportunity in the world'.



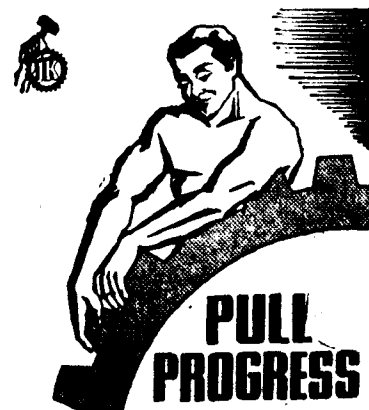
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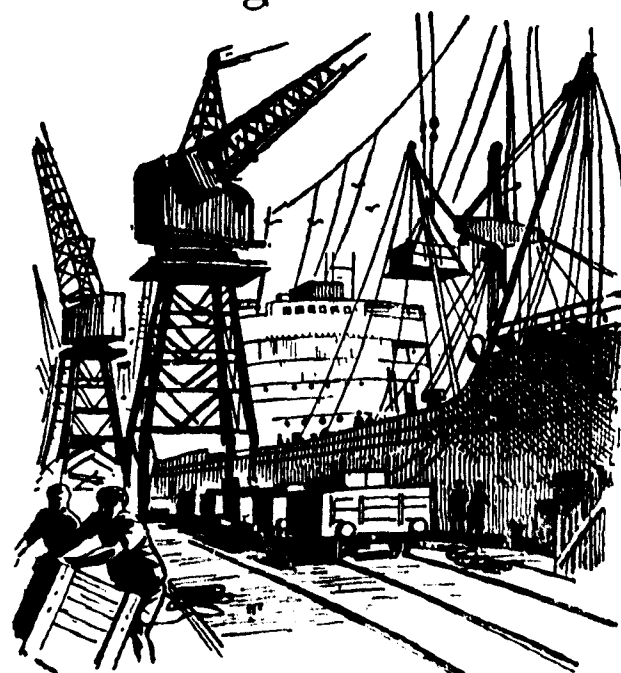
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A Window On The World

HOW'S NEUTRALISM TODAY?

BY
ODYSSEUS

INDO-CHINA has, as I write, drifted out of the news to small paragraphs on the inside pages, but every free Asian government should be thinking up plans to meet the developments that can be seen looming on the Indo-Chinese horizon. The Geneva agreement secured us a breathing space of some months. It solved no problem.

We need to remind ourselves of the facts. The Japanese occupied Indo-China in 1940 and (a significant thought) used it as a base for the invasion of Malaya, followed by Burma, and their drive to the frontiers of Assam. During the Japanese occupation, there had been underground activity among various resistance bodies, of which a nominally nationalist coalition known as the Viet-Minh League (founded by the Communists in 1941) was the most important. At the Potsdam conference (July, 1945) the U.S.S.R., Britain, and the U.S.A., agreed that Indo-China north of the 16th Parallel should be occupied by Chinese forces, while British troops were to maintain law and order in the south until the French were able to resume control. But on August 22, 1945, before the British arrived, the Viet-Minh, led by the Moscow-trained Ho Chi Minh, set up a provisional Vietnamese government.

In these circumstances, should the Allied governments have instructed the British troops not to land? Should they have recognised the Communist Viet Nam republic as representative of Indo-Chinese nationalist aspirations? Or should they have done what in fact they did, allow the British troops to restore order, to disarm the Japanese, and to hand over to the restored French authorities?

Most Asians would assert that the issue was simple: the French had lost control of Indo-China in 1940 and, after the Japanese surrender, Indo-Chinese patriots had set up a *de facto* Vietnamese republic before any foreign Power was on the scene. Therefore, *de jure* recognition should have been given to the Vietnamese regime which corresponded with national aspirations. Most Britons and Americans would sympathise with this argument, but they would regretfully go on to point out that the trouble with any Communist-dominated regime is what experience in all countries has shown that it subordinates national interests to those of a foreign Power, so that it is begging the question to assert that the Communists who set up the Vietnamese republic were entitled to speak for the 23,000,000 people inhabiting Viet Nam's 127,000 sq. miles (14,000 sq. miles more than the area of Uttar Pradesh). Moreover, it is relevant that in 1945 China was not yet Communist, and Chiang Kai-shek's troops north of the 16th Parallel would have been ordered to throw out Ho Chi Minh once things had returned to "normal", and to establish a regime acceptable to Chiang Kai-shek. Indo-China would have passed first under a puppet government acceptable to the Chinese nationalists and then under a satellite government acceptable to the Communists. If that had happened, nothing is more likely than that Communist satellites would have been established in Siam, and Burma, and have come up against the frontiers of India at the height of the internal distractions with which we were coping in 1947-48.

IMPERIALISM IN THE POST-WAR WORLD

In 1946, there was a power vacuum in Indo-China. Foreign intervention was inevitable and the basic

question to ask therefore is: Which imperialism, Communist or Western, would sit least oppressively on the Vietnamese? The answer is not a matter of opinion but of fact. Look at the post-war records of the Communist and Western imperialisms.

On the one hand, Britain has retreated from India, Pakistan, Burma, and Ceylon, and the Dutch from Indonesia. Britain has quitted the Sudan, is quitting Egypt, and is committed to quitting Malaya when the foreign Communists leave it alone. French-North Africa is in a state of effervescence. On the other hand, the U.S.S.R. by direct annexation in Europe alone has acquired more than 250,000 sq. miles and some 24,000,000 new subjects. Three countries have disappeared from the map of Europe. In the East, the U.S.S.R. controls South Sakhalin, the Kuriles, Port Arthur, Darien, and Manchuria, a total of half a million square miles. Still unsatisfied, the U.S.S.R. later made satellites of another five European countries covering 414,922 square miles. Altogether this adds up to an area about the size of India. That Soviet imperialism is not yet sated is suggested by the U.S.S.R.'s attitude towards Eastern and Western Germany, Yugoslavia, Greece, Turkey, Finland, and Scandinavia.

As for China: Southern Korea was invaded by the Communist-controlled North (on a gamble that the U.N.O. would swallow the accomplished fact); but when the United Nations looked like driving the Communists out and re-uniting Korea, the Chinese intervened in force so that if today one-half of Korea is subject to Communist domination, the blame cannot be laid to Western imperialism.

And what is the Communist and Western imperialist record in Indo-China itself? In 1946, negotiations for a settlement between Ho Chi Minh and the French broke down because the French wished to create a separate state out of Southern Viet Nam and Ho Chi Minh would only agree to all or nothing. The French were stupid and shortsighted to haggle and would have gained by a "big" gesture such as the British gave India. But Ho Chi Minh was equally wrong not to take what the French offered in the certainty that the rest must have followed sooner rather than later; he might not have gained sole control of Viet Nam; he would have had to join a coalition of other Vietnamese patriots; but he would have been a citizen of a united and free Viet Nam, if that means anything to him. Instead, he thought that he would get all for the Communists by force of arms in one quick stroke, and on December 19, 1946, he launched a surprise attack which started the war which, in the course of the eight years that ended last month, has devastated his country, caused the death of tens of thousands, and brought misery to millions.

Meanwhile, the march of events has steadily led France to concede more and more until today that part of Viet Nam which remains in the French Union enjoys the equivalent of the status that India has in the Commonwealth.

The post-war record therefore proves that while the Western imperialisms are in process of ceding to nationalist aspirations, the Communist imperialisms are engaged in the exactly opposite process of concentrating in Moscow and Peking all the power that they can

AMERICANS LOOSE THEIR STRIPED PANTS

Last time, I revealed the friendship that exists between Sir Winston Churchill, Mr. Eden, and Pandit Nehru, the main architects, together with M. Mendes-France, of the Indo-Chinese cease-fire. To have stopped the fighting on terms so favourable to the French and the independent Vietnamese was a triumph; and it must be emphasised that American diplomacy, grumbling and spluttering from the side-lines, criticising those who were doing the job, displayed bankruptcy of ideas, imagination, and plain commonsense. And if the American press, typified by a multi-million circulation paper like "Time" (which sneered at the British and the Indians with its stream-lined, chromium-plated Smart-Alecisms for Muniching and selling out), wonders why, in the months of June and July last, the U.S.A. was the best-hated country in the world, they have only to tie a wet bandage round their heads and read their own columns. Alternations of threats, sneers, and abuse, may be the sure-fire formula for popularity in Senator McCarthy's country but not outside it.

Nevertheless, in our exhilaration over the Indo-British-French salvage operation, we should not forget that we owe our success to the existence in the background of American resources and armed might. The Communists did not make such substantial concessions out of love for their fellow-Asians but because if they had caused the Geneva talks to fail, and banked all on driving the French out of Indo-China by arms, they would have risked war between the Communist states and the democracies. And in World War III, American power would provide about half of the democracies' strength. Without America, the Communist states could stage a walk-over against democracies, without a shot fired, here and now, any day this week. If the Chinese made real concessions at Geneva, especially when America was rubbing the noses of her friends in

the dirt, it was because they hoped to split the democracies away from America.

WHO POWERS MONROE DOCTRINE FOR ASIA?

When in 1821, President Monroe warned off all European states from helping Spain to re-conquer her revolted South American colonies, he had no navy capable of preventing any European power from landing troops at will in the Americas. But the British had, and it suited their interests that neither Spain nor any other European Power should aggrandise itself in South America. The European states knew this and kept away for fear of Britain's power. American neutrality was secured in the nineteenth century by the British navy. So India's policy of neutralism today is made possible ultimately by Soviet and Chinese respect for American power. For, suppose that the Americans were to say: "Aw! What the hell! The Indians and the South-East Asians don't appreciate our support. Okay! We wash our hands of them. We proclaim our neutralism. They complain we've divided the world into two Power blocs. Okay! We quit. In future there'll only be one Power bloc—we give the U.S.S.R. and China a free hand throughout Asia. Let them all be Asians together".

If the Americans talked like that, the rights enshrined in the Indian Constitution would not be worth an anna. All Asia would be swallowed up by Communism. Possibly that might not disturb you. But it would me. I'd no longer be allowed to kick up my heels and say what I like in this column. I'd have to follow the party directives and stifle my own thoughts. Thank God for the Americans—atom bomb, childish sulks, Senator McCarthy, and all, say I! But you don't have to agree with me. And that's another thought: under a Communist regime, you'd have to agree with me. If you didn't, it would be the Andaman Isles for you.

A DELHI DIARY

THE PRIME MINISTER

IT seems bad perspective to go to a meeting of a great institution and come away with an impression of one man. I regret to say, however, that is exactly what happened to me last Friday when I went to attend the inaugural session of the 11th meeting of the All-India Newspaper Editors' Conference. The newspapermen did very well: Mr. A. D. Mani, President for the second (or is it the third?) time, created history by asking his audience to take his Presidential speech as read. There was loud applause. If this excellent example gets followed everywhere in Delhi, a sense of business haste will infect all tedious proceedings. Would not Parliament's time, for example, be put to much more useful purpose if some of its speeches were taken as read? And would not the reputation of some members be higher, if whether their speeches are read or not, they were not spoken?

However, I was straying away from my theme. My theme on this occasion is the Prime Minister. I would have started my tribute with the epic beginning: "Arma irrinique carro"—I sing of Arms and the Man—if the Prime Minister's speech had not been so heavily dedicated to non-violence. The speech had an epic quality of a man leading a nation; but there were no arms, not even for Goa. On this there was a categorical declaration. "Do you mean to say," the Prime Minister said, "that the Indian Army cannot take possession of Goa in a trice if it wants to? Of course it can in spite of all armed preparations (on the other side), but we just do not want to do that, we have not done it and we will not do it". The declaration was splendidly timed. Did I hear a sound of (unuttered!) mental applause amongst the numerous diplomats present. I had one on either side of me and as far as I could gather they were very pleased with this speech.

It was not the Prime Minister's excellent exposition of our policy to the foreign pockets, however, which was the centre of his speech. The centre was well and truly set in the few minutes he devoted to what he called "The Adventure of India". The adventure of India is exciting enough; the learned economic pundits tell me our rate of economic progress in the last two years may be the highest rate in the world. But I always have the feeling that when the Prime Minister talks about this adventure of India, it always seems so much fuller and more exciting than when our other politicians or our economists or our social workers or our civil servants describe this or that phase of it. And this is not only a matter of the large canvas on which the Prime Minister paints. I dare to say that it is because of the vast capacity which he has to awaken emotion in an adventure of this kind that the Prime Minister sounds so different from anybody else. On Friday he was irresistible.

I was particularly affected when the Prime Minister was talking about the people of rural India. Turning a little fiercely upon the newspaper-men, he said, "I am a judge of the Indian people. I claim that I know and understand them better than any editor in this country". Before this claim had time to awaken any resentment amongst the distinguished editors present, there was the warm human note which always acts like a soft answer which turneth away wrath. Continuing, the Prime Minister said, "I will tell you why I know the Indian people better than you do. This is, perhaps, a rather foolish way of putting it. But I might put it that way. I am intensely in love with them."

This was such an unexpected way of claiming superior knowledge that the claim went through at once and was even able to enforce a strong criticism of sensational journalism. The Prime Minister said, "They have been most generous to me and extravagantly generous in their affection for me. It is a travesty of fact if one imagines that they require sensationalism that will tickle their palate or excite their passion".

That is the kind of speaking which never fails to sway an Indian audience. It is quite strange how remarkable its effect can be in changing the mood of an Indian audience and I noticed on Friday that there was not a single non-Indian present who was not under the influence which I suppose the Indian audience radiated. For the first time I was convinced that the Prime Minister received the total approbation of a wholly intellectual gathering.

AMENDE HONORABLE

Having paid so fulsome a tribute to the Prime Minister it is, perhaps, appropriate that I should record a small vote of censure. I find, continuing my researches on the proving flight to Tokyo, about which I wrote a fortnight ago, that the Communications Ministry was not responsible for the serious interference with the Chairman's proposals which I attributed to them. I understand that the Prime Minister himself made a choice in this matter and the differences are now between the Prime Minister's Secretariat and the Chairman of Air-India International. May I in reiterating my view that the Chairman was correct in his interpretation of the purpose of a proving flight tender my sincere apologies to Shri Jagjivan Ram, Minister for Communications, for having attributed to him an error of which it now seems he was wholly innocent?

IRREGULAR DECORATIONS?

Are decorations such as those which the President was pleased to bestow in such abundance on Independence Day in full accord with the Indian Constitution? I have it on the highest authority that the Law Ministry is of the opinion that there is nothing in the Constitution which prevents these particular decorations. It would be interesting to know now what decorations are really barred by Article 18(1) of the Indian Constitution. Irrespective of the view of all the legal pundits, I assert that an Honours List is a violation of the spirit of the Indian Constitution!

I hasten to add that I approve of decorations and disapprove of the Article of the Constitution. But the Constitution should not be violated even in spirit; it should have been amended before these decorations were given. Are there any which really could not wait?

What do all these classes in decorations imply? A Communist friend, logical everywhere except in Marxist countries, asserts that they are inconsistent with an egalitarian ideology such as he believes we profess. Not believing we have professed any such thing, I like degrees of difference. But what are the degrees? A highly confidential source tells me the first class is equivalent to the G.C.S.I.; the second to the K.C.S.I.; and the third to the C.S.I. And thus we have got back to the various Stars of India in their appropriate Hindi equivalents!

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SPECIAL ARTICLE

A "NATIONAL" EMPLOYMENT SERVICE?

THE Report of the Training and Employment Services Organisation Committee presided over by Sri B. Shiva Rao, M.P., which was published about two months ago, has not attracted much attention presumably because the people have lost faith in the effectiveness of the Employment Exchanges in reducing the unemployment problem in the country. Yet the recommendations of the Committee are so far-reaching in character that they merit careful analysis so that irrevocable decisions may not be taken by Government in a mood of despondency or defeatism.

It is true that Employment Exchanges in India have not made any material difference to the unemployment problem in the country—not even to urban unemployment. But it is not the function of these employment offices to "create" employment. Employment creation is the result of the combined developmental activities of Government and the private sector. As has been pointed out by the Shiva Rao Committee, Employment Exchanges (a) constitute an efficient and well-organised machinery which can both collect and analyse information regarding the employment situation and its trends, (b) assist in finding men and women suitable for vacancies notified by employers and help applicants to find posts for which they are best suited, and thereby mitigate "the misery of tramping after problematical work", (c) alleviate unemployment arising from lack of information regarding opportunities of employment available in a community, and (d) provide a readymade framework for schemes of social security, such as unemployment insurance. It is, therefore, unfair to expect Employment Exchanges in this country to pave the way for full employment in the sense that all able-bodied persons should be found some sort of work by these offices.

That being so, the question arises whether, in the present context of unemployment, Employment Exchanges have a useful function to discharge in the country. Here, the value should be appraised in terms of the cost of the service. It is perhaps not known to many that the total cost of the Employment Exchanges in India today is the magnificent sum of Rs. 1 crore per annum! (This figure excludes the cost in respect of the Training Schemes also operated by the same organisation which operates the Employment Exchanges). Would anyone in his senses say that the country cannot afford this expenditure—even from the standpoint of the limited service which Employment Exchanges can and do perform in a difficult context? It is, therefore, in the fitness of things, that the Shiva Rao Committee has come to the conclusion that Employment Exchanges are performing a really useful service and has recommended that the organisation should be renamed "The National Employment Service" and placed on a permanent footing without further delay.

Having made this recommendation, the Committee has gone off at a tangent. Anxious to reduce the administrative and financial responsibility of the Central Government (at present the cost of the organisation is shared between the Centre and the States in the ratio of 60:40), the Committee has recommended that the administration of the Exchanges should be handed over to the States, the Central Government being responsible only for laying down policy and standards and for co-ordination and supervision of the work of the Employment Exchanges. As a sop to the States, the Committee has added the rider that, "for the present", the amount which is being spent on the organisation by the Centre should be given to the States as a subsidy.

The arguments in favour of administrative devolution are very ingenious indeed. It has been stated that,

as the Exchanges have functioned in the past, there has been no effective collaboration between the Central and State Governments which has resulted in "some" indifference on the part of the State Governments towards their successful working. It has also been asserted that most of the State Governments would like to assume direct control, if the Centre would continue to pay them as subsidy the amount which it has been spending from its own funds at present. It has been completely overlooked that the transfer may put an end to the uniformity of standards and administration which is the 'sine qua non' of an efficient Employment Service. In a brief but realistic dissenting report, the employers' representative on the Committee, Sri Hari Raj Swarup, has pointed out that, with the proposed transfer, each State will pursue its own employment policy and the organisation may no longer remain above local party politics. The toy of employment is a fascinating but dangerous weapon to play with. Those who have got experience of actual work inside the organisation are fully aware of the pressure to which they are put by local leaders in the matter of submission of candidates against vacancies. The fact that the organisation is controlled by the Centre has certainly served as a healthy check.

Another important point should not also be lost sight of. If total manpower planning is to be made by the National Employment Service and the same is to be fitted into the overall programme of future plans, it is desirable that a Central authority should not merely lay down policies but take an active share in the execution of those policies. With the Employment Exchanges completely transferred to the States, it will become extremely difficult, if not impossible, to ensure the above.

It may be argued—as has been argued by the Committee—that the duties of co-ordination and guidance by a Central "cell" (these duties have been laid down in the Report itself) should correct all dissipated tendencies. The Committee has completely overlooked the fact that, in the absence of statutory powers (and, strangely enough, the Committee has not even recommended that some sort of an Employment Service Act should be placed on the Statute Book), all this talk about co-ordination and supervision, through the medium of "healthy conventions", will be empty and meaningless. Those who are in charge of administration in other fields are well aware how difficult it is to secure co-ordination in the absence of statutory powers. Is it not a bit too optimistic to assume that Employment Exchanges would prove an exception?

It may be stated that the Central Government will be able to make its influence felt by threatening to withdraw the subsidy. This, however, is nothing but wishful thinking. Apart from the fact that the Central subsidy is a paltry sum when viewed against the background of what may be given to each individual State, and a threat of withdrawal may not, therefore, act as an adequate deterrent, the Government of India must be aware how very difficult it is to enforce programmes and policies laid down by it even when it is armed with both statutory powers and a big financial subsidy. The attitude of recalcitrant States in the fields of rehabilitation, education, public health and development of industries is too well known to need emphasis.

Finally, one might look to international experience as a guide. Except in U.S.A., in no country in the world is the Employment Service a function of the federating units. In Canada and Australia, the Service is "national", i.e. controlled completely by the federal authority. Even in U.S.A., where, for historical reasons, the States have been entrusted with the day-to-

day working of the Employment Exchanges, the Federal Government wields much greater authority and power than has been assigned to the Central "cell" by the Shiva Rao Committee. It is also significant that, during the war and for quite a few years at the end of the war, the Federal Government in U.S.A. assumed supreme powers in the matter of administration of the Employment Exchanges. When the actual administration of the Exchanges was handed back to the States, certain safeguards were incorporated in the Rules, but, even so, impartial opinion in U.S.A. is not happy over the decision to hand over which was taken in deference to political pressure from the States.

It is indeed an irony that the Shiva Rao Committee has pleaded for a truly National Employment Service and at the same time has recommended steps which will make it anything but "national". It is obvious that the Committee has not visualised the implications of its recommendations. It is understood that the matter is still under the consideration of the Government of India. It is to be hoped that saner counsels will prevail and a way out will be found of the impasse in which the Government of India finds itself today.

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THE BUSINESS WORLD

REPORT ON REHABILITATION

The report on the activities of the Rehabilitation Finance Administration for the sixteen months ending December 31, 1953, recently released, summarises very briefly the character of the problems which an administration of this kind has to face. The administration had received up to the end of December 1953 a total of 65,727 applications. Except for about 5,000 of them, these applications have all been dealt with—which is not an insignificant record, considering the fact that the Administration has to act through the district officers, and can, therefore, exercise only remote control over its clients. The principal amount outstanding on December 31, 1953, on account of the loans disbursed was a little more than Rs. 6.70 crores; and there is little doubt that this amount can safely be realised now, whatever happens—it will simply be set off against the compensation which will be due. On the whole, therefore, there is reason for satisfaction. Nevertheless, there are some paragraphs in the report, which even at this stage may repay study.

One outstanding fact is that no use has been made of Section 12(C) of the original legislation of 1948 permitting the Administration to reimburse scheduled banks' losses. The amending legislation of 1953 permits this sum to be diverted for the purposes of loans, but the position regarding the direct loans of the Administration is not itself such as to make this diversion inevitable.

The cumulative total of loans sanctioned up to the end of December 1953 was Rs. 13.66 crores. Out of this Rs. 1.85 crores were cancelled and the amount actually disbursed was Rs. 7.41 crores. These figures are eloquent; and they reflect the following facts.

(a) More than 7,000 applications have had to be filed, because the applicants are not traceable.

(b) More than 2,000 applications have had to be cancelled, mainly because the applicants have not been interested, or have not been able to comply with the conditions subject to which the loan was sanctioned.

(c) More than 300 applications have had to be scaled down either at the instance of the applicants themselves or on the initiative of the Administration.

The Rehabilitation Finance Administration's applications have been made from all over the country but the territorial distribution of loans applied for and loans sanctioned indicates heavy concentration in particular areas. The table at the end of this article summarises the facts.

The scope for fresh applications from these areas seems to be limited. The average loan granted by the Rehabilitation Finance Administration, it may be noted,

is of small size. In the case of business, the average loan has been of the order of Rs. 7,122, and in the case of industry, it has been of the order of Rs. 10,852. These figures indicate that although the Administration's loans are not intended to cater to the needs of very small business, the type of business or industry which has in fact been financed is not very big. One cannot be sure, now that the compensation scheme is under way, that applications of this kind will in future be plentiful.

Can it be concluded from this that the Administration has run its course, and that having disposed of all the 65,000 and odd applications which have been made to it, it will have nothing to do but wait till the loans are repaid? Hardly; and the recent review of the Administration's activities does not take this view. It is hoped that the Administration will be able to re-lend the sums which have been placed at its disposal. If this hope is to be realised, it must have plenty of original work to do in future and, what is more, in order to wipe out the cumulative loss of Rs. 95.19 lakhs as on December 31, 1953, (including provision for doubtful debts) the volume of remunerative lending will have to be increased.

The Rehabilitation Finance Administration will soon be only one of many institutions with money available for lending. But if it can arrive at a common understanding with other institutions and state governments which are interested in the development of medium and small-scale industry selecting particular areas and particular industries for purposes of concentrating its lending, and if it attempts at this stage to finance enterprises which are somewhat bigger than those which it has financed in the past, it may yet be possible to find remunerative scope for the employment of the funds which have been placed at the disposal of the Administration. Now that the controversies regarding the working of the Administration have been forgotten, and interest rates have become competitive, it should be possible to concentrate on this as the major problem to be faced in the future.

	Number of applications sanctioned up to 31-12-53	Amount of applications sanctioned up to 31-12-53 (In lakhs of rupees)
Delhi State	2,634	213.93
West Bengal	2,928	234.98
Bombay	1,531	117.51
East Punjab, Pepsu and Himachal Pradesh	1,688	158.89
Uttar Pradesh	1,839	142.46
Total for seven States	10,620	867.77
Total for All-India	15,235	1,181.32

CAUTION ON COUNCILS

By
CROESUS

Several days after I wrote my piece on "Trade With China" in the issue of "The Eastern Economist" dated July 23, 1954, I learned that the authors of "China's Foreign Trade", namely the British Council for the Promotion of International Trade, (BCFTPOIT) were, after all, not so objective, nor so innocent, as

they seemed. In the words of the "Economist", London, (vide page 184 of the issue dated July 17, 1954), "it is not by coincidence that a study of China's foreign trade carrying a superficially authoritative air has been published by an organisation sympathetic to the Chinese point of view. It, too, arrives at an optimistic con-

clusion; but, on closer study, the assumptions on which it is based are seen to be so nebulous that the estimate of potential trade cannot be taken seriously". I am glad, however, that, despite the deliberately optimistic conclusions put forward by the BCFTPOIT Study thus, I was not carried away either to expect or to visualise the prospect of any greatly expanded trade between this country and China. In the final analysis, as I believe I made myself clear in my piece, the development of mutual trade between India and China will be directly governed by the latter country's resolve to live as a peaceful neighbour and, more particularly, by concrete manifestations—and not mere pious resolutions or pompous pronouncements—thereof.

Readers of this column may wonder why I should refer to all these here and now. I have a purpose and it is to caution them not to be taken in, as I was almost about to be, by bodies which parade under the imposing name of councils for the promotion of international trade in different countries. These are nothing but units set up by the Communists in every country with a view to serving as an agency through which the international Communist movement can carry out its purpose under the guise of trade promotion. There could be no more effective way than this to rope in unsuspecting business men. It may not be known to many that it was as a result of the directive issued by the World Peace Council, held in the Soviet sector of Berlin early in 1951, that the 1952 Moscow Economic Conference set up the International Committee for the Promotion of International Trade. The several councils for the so-called promotion of international trade that are being set up in different parts of the world are but the handmaids of this International Committee which is alleged to have motives other than mere trade promotion. Presumably because of this, recently, the British Government discouraged their business men who asked for its advice for accepting an invitation extended to them by the BCFTPOIT acting on behalf of the Chinese Communist Government, to visit Peking. It was reported, at the time, that "although Her Majesty's Government are willing to increase trade with China in non-strategic goods, they are not prepared to assist Communist efforts to make trade an adjunct to propaganda!"

Possibly—and this is just a guess of mine—thoughts like these must have also led to what started in January, 1953, as the "Indian Council for Promotion of International Trade" in Bombay almost as soon—and quite imperceptibly—changing its name to the "Indian Council of Foreign Trade". This new name does not carry any equivocal implications; otherwise, I am sure, most of those that occupy office in the organisation would by now have severed their connections with it. Even so, I must add no one who heard Mr. Pranlal Devkar Nanjee when he inaugurated the first meeting of the Council on January 8, 1952—it was, in fact, known then as the "Indian Council for the Promotion of International Trade" or none who listened to Dr. Jivraj Mehta, Bombay's Minister for Finance, Industries and Prohibition, when he inaugurated the third meeting of the Central Committee on August 5, 1954, ever suspected—or suspects—the bona fides of this new body, which, even within its very brief existence of hardly 31 months, has shown a marked awareness to its duties as a purely business organisation with no other object except that of promoting India's foreign trade "with all countries on the basis of equality, due regard being paid to the needs of industrialisation of our country", as Mr. Pranlal observed over two and a half years ago. Were it not so, one could never expect Dr. Jivraj Mehta, of all persons, publicly to declare that "the establishment of the Indian Council of Foreign Trade" has been a step in the right direction."

I must now turn to the proceedings of the Third meeting of the Central Committee of the Indian Council

of Foreign Trade (ICOFT) which it was that I actually set out to deal with this week. Both the important speeches made on the occasion, the one by Dr. Jivraj Mehta when inaugurating the meeting and the other by Mr. Murarji J. Vaidya, President of the ICOFT, while welcoming the State Minister and Mr. G. L. Mehta, our popular Ambassador to the U.S.A., were particularly good, the more so because the speeches only dwelt on essentials instead of meandering aimlessly. Perhaps the presence of Mr. Mehta prompted Dr. Mehta to use an appropriate and effective simile when he said: "Industrialists should also realise that the goods they supply have to be as correct in their quality and specifications as their Ambassadors have to be in their conduct to earn the respect of other nations, thus ensuring a safe place for the sale of their wares abroad without much difficulty". Well might the Doctor have also advised his listeners—why, for that matter many of our countrymen—that the Indian public should not go on decrying Indian goods and those who produce them, in season and out of season, even as they must not lightly belittle their ambassadors abroad even in the Indian Press. For, be it noted that these too will be carefully and promptly conveyed by representatives of the respective countries in India to their own Governments whose judgments about, or assessments of, our ambassadors might be adversely influenced thereby. Such criticisms, however well meant, may at times prove embarrassing to them, even as the oft-repeated crying down of the quality of our goods may be unhelpful to push the sales of our products which will begin to be viewed with a prejudice in those countries because of the disparagement here. I am afraid I have again digressed.

A notable point in Mr. Vaidya's address, it seemed to me, was his reference to the belief that, because the ICOFT is mainly interested in foreign trade, it is more concerned with the Union Government and so the policies or programmes of the State Governments do not affect it. Nothing could be farther from realities than this and, as the ICOFT President himself observed, "the policies of the State Governments in the matter of labour legislation, sales-tax and other matters, which affect the cost structure of our exportable commodities, affect our foreign trade". He did well, therefore, to cite a few examples to show how the State Governments should be "as closely watchful of the interests of our export trade as the Central Government is".

Both Mr. Vaidya and Dr. Mehta were agreed that the products of our industries which are exportable abroad required standardisation and economy in respect of production costs, and the former did not minimise the responsibility of business men's organisations in this behalf either. Yet the State Minister chose to give a homily on self-reliance and, without disclosing how, on their part, State Governments would help our export industries, exhorted them to "so economise their costs of production, so minimise their margin of profit and, so plough their earnings—mark the word; it is not "profits"—back into the industry that in years to come they would be in a position to stand on their own legs (feet?) rather than to live under the patronage of tariffs and controlled imports".

Apparently Dr. Mehta was not in quite a receptive mood that day. For he did not give to Mr. Vaidya's very sincere and pertinent suggestions—at any rate so they seemed to me—the attention they merit. Referring to export of products of handicrafts and cottage industries, Mr. Vaidya said that, in the case of many of these products which are in demand in countries like the U.S.A., Canada and Australia, "a certain degree of standardisation and uniformity of designs and of the materials used, apart from the outward appearance, is required." He further made the point that, inasmuch as such products are marketed in these countries by

which they are sold, they should be supplied with large consignments of standardised products to make it possible for them to market these goods uniformly and efficiently. Accordingly, he said: "While we all appreciate the fact that products of cottage industries and handicrafts, which are individualistic because they are the products of the craft of the individual artisans, must have a certain individuality of their own, we also must not overlook the needs and requirements of our export markets". In reply to this, all that Dr. Mehta said was to catalogue the efforts of the Central Government to promote the export trade in handicrafts and cottage industries and to add that these products were finding a market in foreign countries not in competition with any other products and that, if they secured any place of preference, it was only because of the artistic beauty of these products, thanks to their native craft, which was responsible for that position. I don't think Mr. Vaidya said anything to dispute this. What he wanted was an earnest endeavour to study and cater to the needs and requirements of the export markets. Does Dr. Mehta seriously suggest this is all unnecessary and that the artistic beauty of the products of our handicrafts and cottage industries alone will suffice to push the sales of these goods?

This apart, there were some striking home truths in the Bombay Finance Minister's inaugural address. For instance, he was devastatingly outspoken when he refused to feel consoled that Indian mills still continue to supply the world with cotton textiles or jute manufactures. Evidently because of the antiquity of these industries he was not quite satisfied with the export performance so far of these industries, and he also was conscious of their vulnerability, especially jute mills, in the changing context of recent years, that is since the Partition and the end of the Second World War. What he visualised, and wisely too, was that India should henceforth concentrate on producing those goods, particularly engineering goods, which our neighbours in the Middle East and Far East need. "The countries in both these regions", as he said, "would naturally take a long time to industrialise themselves and the opportunity to cater for their needs is at our very doors". Immediately, Dr. Mehta wanted iron and steel, heavy electrical, and heavy chemical industries to be speeded up.

In conclusion, I feel I must revert to Mr. Vaidya's

speech just to allude to his forceful pleading for a permanent exhibition in Bombay, and, more than that, for a separate organisation for the purpose. "It is essential", he said, "that there should be a well-organised and centrally constituted permanent exhibition and show-room of Indian manufactured goods of our large-scale as well as medium, small-scale and cottage industries and handicrafts—what about the newly opened show-rooms of the All-India Khadi and Village Industries Board, by the way?—where all the types of our manufactured products and other exportable materials could be inspected by the visitors. Such a place should also have facilities for organising exhibitions of various important industries, such as textiles, engineering products and machines, including electrical products, plastic goods, leather manufactures, automobiles, furniture, carpets, etc." These exhibitions should be organised during fixed weeks every year, so that foreign visitors may know that, if they happen to be in Bombay on a particular date, they will be able to see the latest products of a particular industry, just as visitors to London know that, at a particular time of the year, they will be able to see the latest models of British cars, if they visit Earl's Court Grounds". All this involves money and co-operation of not only exporters and manufacturers but also of the Union and State Governments, as also of the Municipal Corporation. However, as the 'urbs prima in Indis' and as the undisputed industrial and commercial metropolis of India, Bombay deserves to have this additional attraction. It is gratifying that the idea has already had the blessings of the Union Minister for Commerce, Mr. D. P. Karmarkar. Indeed, he himself stressed the need for it in this very city some time ago. And, according to Mr. Vaidya, the Indian Merchants' Chamber, the A.I.M.O.—what about the Association of Indian Industries?—the Swadeshi League, in addition, of course, to the ICOFT, also have been evincing keen interest. Bombay's Finance Minister did not make any reference to it, but he may not object to it at least on the score of lack of funds, because the sponsors of the proposed permanent exhibition idea are content with only the grant, by the State Government, of a suitable site for the purpose at a nominal cost or rental. Nearly all circumstances, therefore, seem to be propitious for an early materialisation of the splendid idea, and when it does eventuate, one earnestly hopes that the same dozen or half a dozen busybodies will not dominate the new show also.

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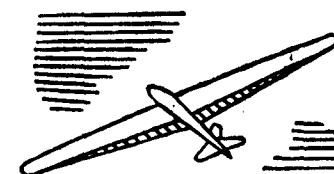
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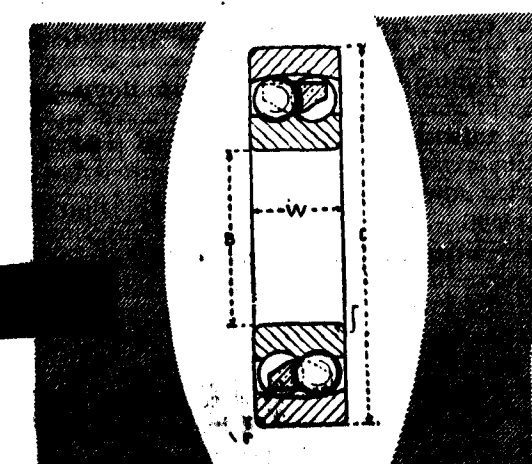
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BUSINESS NOTES

ORIENTAL IN 1953

Sir Cowasjee Jehangir's speech at the seventy-ninth annual general meeting of the Oriental Government Security Life Assurance Co. summarises the impressive results of the year 1953. The new business written amounted to a little less than Rs. 23.40 crores. The average rate of interest for 1953 shows little change as compared with the previous year (after deducting one year's refund of tax from 1952) and mortality experience is steadily improving year after year.

The two main points which Sir Cowasjee Jehangir made in his speech are thus not directly related to the needs of the company, for Oriental continues to command its usual share of new business. Nevertheless, from the point of view of the general health of the insurance industry as a whole, it may be important, as Sir Cowasjee Jehangir has pointed out,

(i) that the decline in premium rates should not be too steep and

(ii) that the amendments which the Indian Insurance Companies' Association has suggested in the taxation of general insurance business should be carried out when income tax law is next revised.

Sir Cowasjee Jehangir points out that as between premium rates bordering on the uneconomic (and what is more leading to an unhealthy and unsettling attempt to convert existing policies) and rates which will leave a surplus which the insurance companies can pass on to the policy-holders, there is much to be said for the latter rates. This is eminently reasonable advice, and although nothing much can unfortunately be done at this stage, it may be useful to bear it in mind.

EXPANSION PROSPECT FOR TEA

Last year's remarkable expansion of the market for tea, accompanied by successive gains in prices, has led to a probe into its prospect in the near future. The feature that has caught highest attention, not without a feeling of anxiety, is the price factor. The conclusion has been emphasised that prices have now very nearly reached the peak and any further persistence of the upward trend in prices, it is feared, is bound to provoke consumer resistance. The implications of this analysis are of equal importance to the trader as well as the producer, but future policy in tea production and trade must necessarily take a long-term view of the probabilities of the situation.

The world output of tea in 1953 was in excess of the output in the preceding year by 12 million pounds at 1,118 million pounds and, in spite of this increase, prices moved up comparatively fast. This tendency emphasises the impact of increasing consumption and, in so far as our export interests are concerned, the rising demand in the U.K. and the U.S. gave a strong impetus to our external trade. The answer to the possible hardening of consumer attitude to continued rise in prices is not to be sought in artificial price regulation either in the exporting or importing countries, but in allowing price adjustment to follow adjustment in supply and demand. Mr. K. R. Bhansali, the outgoing President of the Calcutta Tea Merchants' Association, has urged the view that there should be no restriction but expansion of the North Indian tea crop. Regulation must be exercised only to ensure quality of the crop and good grades being shipped abroad. With Indonesia placed in a position in which she cannot step up her output and Ceylon's energetic drive for larger production and export being only partially important as a factor of immediate weight, Indian policy on pro-

duction will influence the supply situation in a concrete manner. The U.K., the U.S., Canada, Australia and New Zealand can be predicted as steadily growing markets for India, while Egypt, Iran and Russia are somewhat steady from the demand angle, but any increase in their offtake may strain the supply side in the equilibrium. A policy of contraction will be completely out of tune with the foreseeable trends.

The growth of demand in the internal market is another important factor in the situation which definitely points to a policy of expansion. Apart from the fact that a growing home market is always of value as insurance against consumer reaction in the export market, the expanding trend of this country's economy gives an added importance to the domestic market. Sustained expansion of this market, however, must be achieved by deliberate propaganda and this will be an important task of the Tea Board. Mr. Bhansali, however, points with greater stress that the Tea Board should occupy itself with the pressing problem of export. Vigilance over quality is no doubt a standing need, but of much more pressing importance is the urgency to develop Calcutta and Cochin as powerful centres of auction as Colombo is being developed. Now that the Cossipore Foodgrains Warehouse, the biggest of its kind, will be available for tea storage one major problem of developing Calcutta auctions will be considerably solved. The Association's President urges that the external market should receive greater attention of the Tea Board than it has been able to receive till now.

PROGRESS OF JAY ENGINEERING

Jay Engineering Works made still further impressive strides in the year ended March 31, 1954. Their record of progress at a time when competitive markets are retreating and several engineering industries in this country have begun to languish under their impact is explained by a dynamic policy of expansion based on realistic policies. Lala Shri Ram, Chairman of the Company, repudiates the theory of a declining purchasing power leading to contraction in output and avers from the experience of the bold policy adopted by his unit that purchasing power can be stimulated by price reduction, which, in the final result, serves to expand production. The average price reduction for every product manufactured by Jay Engineering in 1953-54 ranged between 10 per cent and 12½ per cent as compared to the previous year. Rationalisation has proceeded in this unit at a moderate pace and on this score the gain in the level of wages without the need for retrenchment has proved how the problem is viewed in the current public discussion in a wrong perspective. Much of the fuss made about the drastic effects of rationalisation is due to a basic misconception about the approach to it. There has been a greater integration of this unit with cottage and medium scale industries producing components and this co-operation has given a lie to the theory of an inevitable conflict between large and small scale industries. Rational co-ordination can eliminate much of the possible conflict. The extent of progress in output, employment, profit and rationalisation carried through by Jay Engineering Industries last year has been set out in brief in the Chairman's speech which appears elsewhere in this issue.

Expansion of the export market will always remain an indispensable plank in the development programme of the light engineering industries. It is gratifying and also reassuring that the exports of the products of Jay Engineering jumped from Rs. 26.43 lakhs in 1952-53 to Rs. 38.61 lakhs in 1953-54 in spite of all-round price reduction. In fact, lower prices accom-

panied by improved quality are effective instruments of competitive strength. There are, however, positive handicaps to the expansion of exports in respect of which government assistance would go a long way to ease the situation. Discriminatory imposition of fares by foreign shipping companies, which operates against this country as high as 250 to 500 per cent of what is charged to countries enjoying preference, is a grievance which can be solved only with the good offices of the Government and the Government of India has accepted its responsibility in this matter. An indirect way to offset in some degree this discriminatory charge is to reduce railway freight rates for the industry to port towns. This request which has been pressed before the Tariff Commission in respect of sewing machines is now pending consideration.

PROSPECT FOR THE WOOL MARKET

The Commonwealth Economic Committee's survey of the conditions in the world market for wool during the current season 1953-54 and the forecast projected for the next season 1954-55 show that on the whole, it would be safe to predict a reasonably sound prospect in the coming season. During the season 1953-54 the market trends tended to be colourless and no marked fluctuations in prices were in evidence. Price levels were more or less steady and no eventful developments in demand overtook the market. In the earlier part of the season, there was a tendency towards a small decline in prices, but from March onwards prices began to gain strength and they continued to firm up. The withdrawal of Russia during this period from the Australian and New Zealand markets did not upset the balance of demand and price trends remained unaffected by the absence of Russian offtake. This feature is explained, in so far as the crossbred market is concerned, by the strength lent by the reluctance of Argentina and Uruguay to unload their stocks at the prevailing levels of prices. The support from the attitude of these two markets was powerful enough to enable crossbred wools to recover earlier losses. During the first quarter of the calendar year 1954, consumption was estimated to be high, at a rate in excess of new supplies, with the result that stocks in consuming countries were depleted in some measure. In the second quarter, consumption was not only maintained at the level of the previous quarter, but recovery in American demand is believed to have given a fillip to sales.

As regards the ensuing 1954-55 season, one vital factor that needs consideration is the possible threat of unsold stocks which have accumulated in Argentina and Uruguay. By the end of June last, Argentine stocks are estimated to have reached the figure of 80 million lb. clean. The probabilities are that these stocks will not be released if their direct effect would be to depress the prices appreciably. Russian intentions are, as usual, inscrutable and it is anybody's guess whether Russia will continue to hold aloof from the Australian and New Zealand markets. On balance, Russian withdrawal will have no tangible effect on Commonwealth prices. This conclusion is based on the nature of the demand from other consuming countries. The U.K. and the countries of Western Europe, which are the mainstay of the Dominion export markets, hold promise of maintaining their offtake in the next season. If Japanese imports are likely to be restricted on considerations of foreign exchange, the offsetting factor of a pronounced recovery of demand in the U.S. gives assurance of no depression in demand in 1954-55.

KOLAR GOLD FIELD MINING COMPANIES

Mr. M. A. Sreenivasan, Chairman of the Mysore Nandydoorg and Champion Reef Kolar Gold Field Companies, again stressed the trends in the price factor which have been exercising the minds of the manage-

ment as in 1952. The working results of the companies have not been reassuring in 1953 also, but in the current year the situation has registered some improvement which is due to two causes—mine operations without any serious interruptions and the turn in gold prices. In 1953 the average price received for the gold produced by the two companies stood at Rs. 228 per ounce. The recovery in prices in 1954 was due to the sharp decline in the arrivals in Bombay of smuggled gold on account of the political situation in the Portuguese enclaves and strict customs vigilance on the border. Prices which had risen to Rs. 255 per ounce in the first quarter of 1954 declined in April last to Rs. 224 per ounce.

The persistence of this disturbing price trend strengthens the gold mining industry's case for tax reduction to bring it into line with the tax levels adopted by other gold producing countries. The injurious effects of the levy of royalty on the ad valorem basis on marginal units have been stressed by Mr. Sreenivasan in his annual speech this year and relief by way of changing its basis by relating it to profits is suggested as desirable improvement on the present situation. The question of royalties for gold mines has been referred by the Government to an enquiry sub-committee as part of the larger issue of royalties and dead rents for specified non-ferrous metal mines.

IMPORTED SUGAR

An important aspect of the policy on sugar supply which has received considerable emphasis in the speech of Mr. Matadin Khaitan at the last annual meeting of the Bengal Sugar Merchants' Association is the policy regarding procurement and distribution of imported sugar. In the context of the continued necessity of importing sugar to satisfy the higher consumption at home, Mr. Khaitan suggests that import should be allowed on private account instead of the Government stepping in, in this trade. At current selling prices of imported sugar fixed in Bengal at Rs. 29-8-0 per maund, hardly a margin of Rs. 1-12 per maund is left to the trade and while this price regulation will stay, the trade will be in a position to achieve greater benefits in the shape of better quality and lower prices for imported sugar. Mr. Khaitan pleads for continuance of the State Government's policy of organizing retail distribution through the agency of the Association on the basis of clearly defined shares for individual members, but he urges that the quota of imported sugar allowed for Calcutta should be increased by one-third along with an increase in the supply of free sugar. In the light of the initial experience of the Government last year, it is optimistic to expect a reversal of Government's policy on the agency for import specially because of the urgency of maintaining adequate supplies.

PROGRESS OF STEARIC AND OLEIC ACIDS INDUSTRY

The stearic and oleic acids industry, whose claim for protection is being investigated by the Tariff Commission at present, is one of the minor industries set up during the war. Out of the five units which manufacture these two acids, only Navsari Oil Products are interested in their manufacture principally on a commercial scale, while in the case of the remaining four units this production forms a fraction of their total production. During the last six years, this industry has been enjoying protection with the duty at a rate of 30 per cent ad valorem to which a surcharge of 5 per cent was added in 1951. The industry's case is for a change in the duty to a specific duty at the rate of Re. 1/12/- per lb. for each of the two acids. Among the reliefs it has claimed are a complete ban on imports of stearic acid for two years for the purpose of enabling the industry to clear its accumulated stocks as also to remove consumer prejudice, a similar ban

on imports of oleic acid and derivatives of the two acids, facilities to export oleic acid, including possibly a government subsidy, and reduction in railway freight charges for transport of the materials and products involved.

To enable the Tariff Commission to examine these claims exhaustively, full data are quite necessary. The state of the statistical information, however, is confusing. In the previous tariff enquiry of 1950, the requirements of the Indian Union were placed at 700 tons for stearic acid and the fantastic figure of 600 tons for oleic acid. The Commerce and Industry Ministry's present estimate has varied this estimate to 900 tons for stearic acid and only 100 tons for oleic acid. The figures of production supplied to the Commission by the industry and those furnished by the Commerce and Industry Ministry show wide variation. The estimate of capacity is far from clear. The estimate of the capacity of four units as provided by the manufacturers is 2,700 tons per year in the case of stearic acid and 1,120 tons in the case of oleic acid. The Commerce and Industry Ministry's information puts the figures for three units at 1,400 tons for stearic acid and 600 tons for oleic acid. Allowing for the exclusion of one unit in the latter estimate, it is difficult to comprehend why there should be such an irreconcilable difference. One fact which goes to affect the production costs seriously is clear and it is that only a fraction of the installed capacity is used in actual production. As for derivatives, there is a consensus about quality of the indigenous product being comparable with their foreign counterpart. As for the two acids, manufacturers of cosmetics complain that quality is sub-standard, while other users have no such grievance. The general trend of progress of this industry during the last six years of protection raises the query whether effective use has been made of this facility. Continuance of protection on the present terms will not be grudged, but in a competitive market quality and price will need greater attention.

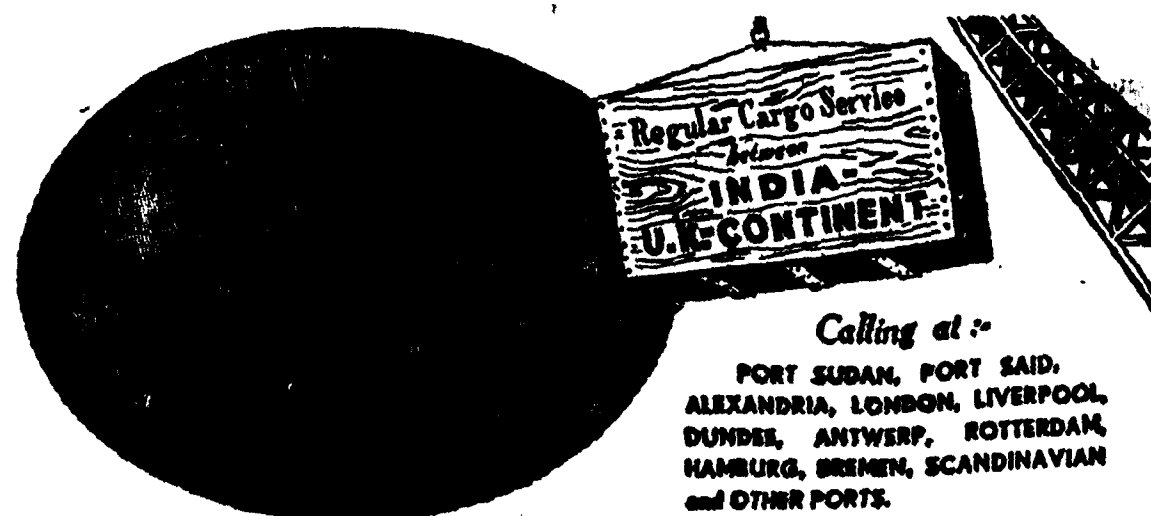
MEDIUM-TERM LOANS FOR AGRICULTURE

The Reserve Bank of India now provides medium-term loans also under the authority conferred on it in terms of the amendment to the Reserve Bank of India

Act passed last year. The Reserve Bank is permitted to make medium-term loans for fixed periods not being less than fifteen months and not exceeding five years against securities specified by it. These loans are to be fully guaranteed by the State Governments both as regards the principal and interest and each State Co-operative Bank is entitled to get loans not exceeding its owned funds. The amendment has also fixed the total amount of medium-term loans to be made available by the Bank at five crores of rupees in all.

According to the procedure which has been prescribed in this behalf, even though medium-term loans are permissible for periods up to five years, as far as possible, three-year loans will be encouraged, so that there may be a quick turnover of funds. However, funds for longer periods will also be provided in cases where genuine needs for loans of longer duration are felt. The Reserve Bank's circular also mentions the purposes for which medium-term loans would be granted. For the present, they are reclamation of land, bunding and other land improvements, preparation of land for orchards and plantations, minor irrigation works, purchase of livestock, machinery and transport equipment, construction of farm houses and cattle sheds and so forth.

The Bank has announced that it will charge the same concessional rate of interest viz., 2 per cent below the Bank Rate, (which is now $3\frac{1}{2}$ per cent) on these loans as in the case of short-term loans which mature within 15 months. The State Co-operative Banks, in effect, will be able to obtain medium-term advances from the Reserve Bank at $1\frac{1}{2}$ per cent. The Bank has specially drawn the attention of the State Governments and the State Co-operative Banks to the need for ensuring that the benefit of the concessional rate of interest passes on to the agriculturists. Before the Reserve Bank's money reaches the agriculturists it has necessarily to pass through several intermediaries. Considering this, the Bank has suggested that the rate charged to the ultimate borrower should not exceed 6 per cent. Where this is found to be impracticable, the Bank suggests that the margin retained by the Apex Banks and the Central Banks should be utilised to strengthen their reserves.



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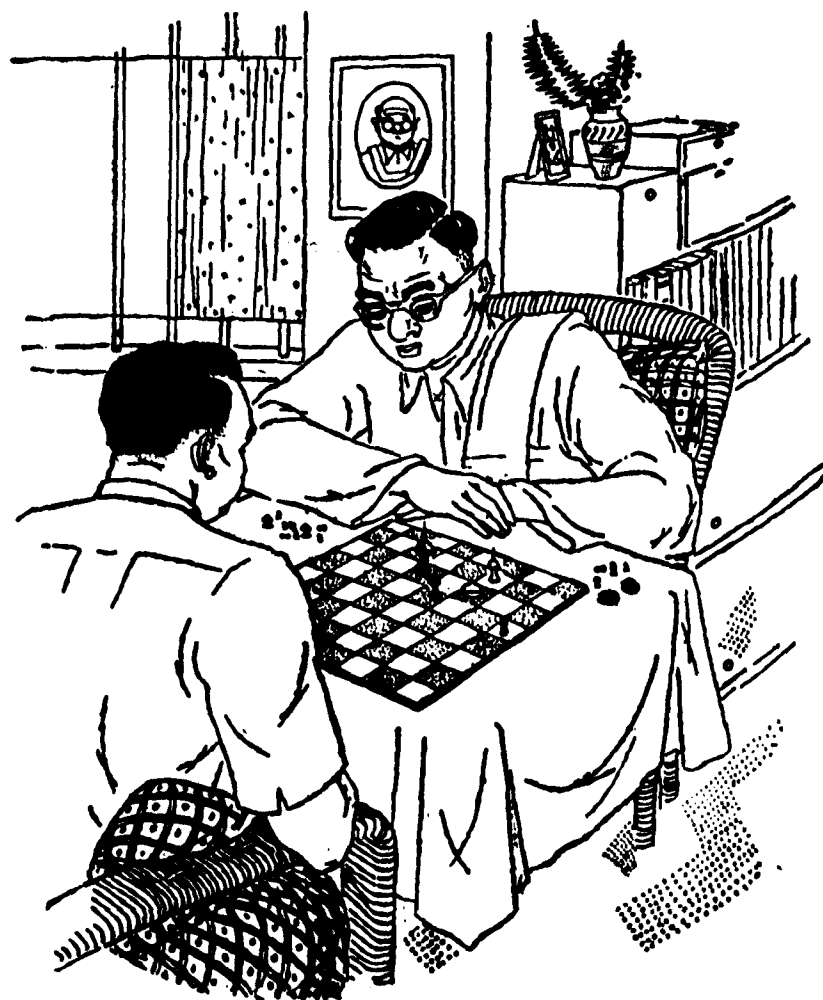
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COMMODITY NEWS AND NOTES

FINAL ESTIMATE OF LINSEED

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India final estimate of linseed for 1953-54 puts the current year's acreage and production at 3,369,000 acres and 355,000 tons respectively, as against 3,395,000 acres and 359,000 tons in the partially revised estimate of 1952-53, thereby showing a decrease of 26,000 acres or less than one per cent in area and 4,000 tons or slightly more than one per cent in production. The decline in acreage under linseed during the current year has occurred mainly in Hyderabad, Rajasthan and Madhya Pradesh. In Hyderabad, the decrease in area is due to the delay in sowings caused by heavy rains while in the case of other States it is due to inadequate soil moisture at the sowing time. This decline has, however, been largely offset by the increases reported by Vindhya Pradesh and Uttar Pradesh. Production during the current year shows a slight decline mostly due to decline recorded in Uttar Pradesh, Hyderabad and Rajasthan. The decline in production in these States has been attributed partly to decrease in area and partly to adverse weather conditions during the period of crop growth. It is significant that despite a decrease in acreage, there has been an increase in production in Madhya Pradesh due to better climatic conditions during the growing period.

INCREASE IN TOBACCO ACREAGE

The third all-India estimate of tobacco for 1953-54 puts the current year's area and production at 870,000 acres and 250,000 tons as against the adjusted estimate of 858,000 acres and 231,000 tons for 1952-53, showing an increase of 12,000 acres or 1.4 per cent in area and 19,000 tons or 8.2 per cent in production, according to Food and Agriculture Ministry statistics.

The increase, both in area and production, is accounted for mainly by Bombay due to favourable weather conditions during the period of sowing and subsequent crop growth. This increase has, however, been offset to some extent by the decrease reported by Andhra due to heavy rains during the planting season. The estimate does not contain information in respect of the late variety of the crop grown in U.P. and Delhi, and the final position in the Punjab and P.E.P.S.U. which will be reported at the time of the all-India final estimate stage. Past experience shows that the final estimate figures are only slightly higher than those of the third estimate.

DECLINE IN INDIAN COAL EXPORTS

Coal exports, after showing gradual improvement for several months, recorded a decline in July, 1954. Approximately 108,174 tons were shipped to overseas countries as compared with 139,833 tons in the previous month. The reduction is attributed to the uncompetitive price of Indian coal in foreign markets. In Hong Kong, Indian coal is available at Rs. 66 per ton while South African coal is sold at Rs. 60 and Chinese coal at Rs. 54. Even Japan is selling coal imported from the U.S.A. at Rs. 56 a ton in the Hong Kong market. Coal exports to Pakistan, however, showed slight improvement at 82,742 tons in July this year as against 71,784 tons in the previous month.

REVIVING SUGAR FACTORIES NOW LYING IDLE

The Government of India is soon to appoint a special committee to study and suggest ways and means of reviving the 16 sugar factories which are lying idle at present. Another similar committee will also be set up to examine the prospects of establishing new sugar factories in the country with special emphasis on the need of such factories in areas where sugarcane is grown in plenty but has to be carted over long distances to the existing sugar factories. The decision to appoint

these committees was taken at the recent two-day sugar experts conference in Delhi. Representatives on the committees will include Government officials, both Central and State, technologists and representatives of millowners as well as sugar mill workers.

INCREASE IN U.K. WOOL IMPORTS FROM INDIA

U.K. wool imports from India and Pakistan showed an increase in the first half of this year. India sent 12,126 thousand lb. of sheep's and lambs' wool to the value of £2,761 thousand compared with 10,966 thousand lb. (£2,424 thousand) in the same period last year, while Pakistan sent 6,116 thousand lb. to the value of £1,399 thousand compared with 5,241 thousand lb. (£1,081 thousand). This increase is possibly due in large measure to the increased activity of the U.K. carpet industry. Oversea trade returns of the United Kingdom for the first half of 1954 show that wool imports in the six months ended June 30 totalled 413,500 thousand lb. compared with 541,000 thousand lb. in the corresponding period last year. In the first six months of this year the U.K. imported from Australia 160,200 thousand lb. of wool compared with 207,200 thousand lb. in the first half of 1953; from New Zealand 130,400 thousand lb. against 140,900 thousand lb.; and from South Africa 38,900 thousand lb. compared with 35,300 thousand lb. By far the largest relative decline in U.K. wool imports, however, were those from the Argentine, which fell from 59,200 thousand lb. in the first six months of last year to 12,200 thousand lb. in the first half of this year; and from Uruguay, which fell from 43,800 thousand lb. to 23,900 thousand lb. over the same period.

WORLD RUBBER STOCKS

World stocks of natural rubber fell by 50,000 tons in the first six months of this year because consumption kept ahead of output. Global production came to 815,000 tons—including 132,500 tons in June—as against 827,500 tons in the first half of 1953. This year's consumption totalled 850,000 tons—including 140,000 tons in June—as against 817,500 tons last year. The Soviet Union imported only 200 tons during this six-month period, but China took 30,500 tons. All but 75 tons of the Russian total is accounted for by June imports alone. World stocks at the end of June came to 780,000 tons. At the beginning of the year they totalled 830,000 tons. There was a sharp slash in the amount of synthetic rubber produced. It totalled 352,500 tons in the first half of this year as against 509,700 tons in the corresponding period of 1953. Consumption was also down, from 485,000 tons to 365,000. Stocks at the end of June came to 182,500 tons, a reduction of 17,500 tons on the figure for the start of 1954.

COCONUT OIL INDUSTRY IN EAST PAKISTAN

The East Pakistan Government are examining a scheme to convert Hatiya Island, near Noakhali, with its abundant coconut crop, into a centre for producing copra and manufacturing coconut oil. East Pakistan's consumption of coconut oil totals 40,000 tons. Imports from Ceylon are reported falling short of demand.

TIN PRODUCTION IN MALAYA RISING

Malaya's tin mines created a post-war record in the April 1 to June 30 quarter of 1954. This was achieved with fewer mines working than in 1951. The average production of mines in the second quarter of this year is also likely to be very high. It has been brought about, it is believed, by the possibility of tin restriction. Miners have boosted their production to show high figures as it is generally believed that assessments for quotas under tin restriction will be made on this year's output. During the second quarter, production soared to 15,172 tons, bringing the figure for the first half-year to 29,534 tons, which exceeds the previous post-war record by 589 tons.

COMPANY AFFAIRS

JOST'S ENGINEERING CO., LTD.

The working results of the above company for the year ended 31st March, 1954, show a net profit of Rs. 2,68,631 after meeting all expenses of operation and management and after allowing for depreciation. The corresponding figures for the years 1952 and 1953 were Rs. 1,93,239 and Rs. 3,16,206 respectively.

The directors have appropriated Rs. 5,000 for the dividend equalisation fund (making a total of Rs. 1,75,000), Rs. 20,000 for the staff gratuity fund (making a total of Rs. 45,000), Rs. 7,000 for bad and doubtful debts (making a total of Rs. 37,000), Rs. 43,000 as provision for bonus to employees and Rs. 1,08,000 for taxation. The directors have also recommended a dividend of 15 per cent per annum, the same as paid in the preceding two years.

Because of lower profits in the year under review, the provisions for depreciation, taxation and the reserve fund have all been scaled down. This fact is brought out very clearly in the table below:

Year ended March	1952	1953	1954
Sales (Rs.)	26,94,049	31,71,920	27,08,483
Stocks (Rs.)	7,18,919	4,86,240	5,21,242
Net Profit (Rs.)*	1,93,239	3,16,206	2,68,631
Provision for Depreciation (Rs.)	6,875	7,007	6,091
Provision for Taxation (Rs.)	1,00,000	1,23,500	1,08,000
Provision for Reserve Fund (Rs.)	Nil	30,000	5,000
Dividend rate per cent per annum	15	15	15

* After providing for depreciation but not for taxation.

METAL BOX COMPANY OF INDIA LTD.

The audited accounts of the Metal Box Company of India Ltd. for the year ended March 31, 1954, disclose the net profit (after providing for taxation but not for depreciation) at Rs. 25,50,924 as against Rs. 26,22,101 in 1953 and Rs. 37,31,411 in 1952. The figure for sales shows a drop of more than 8 per cent from Rs. 3,43,67,808 in 1953 to Rs. 3,21,04,824 in the year under review. The provision for taxation has, therefore, been scaled down from Rs. 12,84,835 in 1953 to Rs. 9,41,139 in 1954.

The directors have appropriated Rs. 3,50,000 for the General Reserve and Rs. 10,000 as provision for Doubtful Debts. Six per cent Preference Dividend (less tax) absorbed Rs. 1,32,750 while the interim ordinary dividend at the rate of 5 per cent took up Rs. 5,75,000. The proposed final dividend of 5 per cent would take away another sum of Rs. 5,75,000. The rate of ordinary dividend is, therefore, being maintained at the preceding year's level.

The table below summarises the progress of the company during the last three years:

Year ended March	1952	1953	1954
Sales (Rs.)	40,03,37,262	3,43,67,808	3,21,04,824
Stocks (Rs.)	1,80,72,917	1,39,47,090	95,92,923
Net Profit (Rs.)*	37,31,411	26,22,101	25,50,924
Provision for Depreciation (Rs.)	7,93,865	8,30,552	8,86,173
Provision for Taxation (Rs.)	28,05,270	12,84,835	9,41,139
Provision for General Reserve (Rs.)	4,00,000	2,00,000	3,50,000
Ordinary Dividend rate per cent per annum	10	10	10

* After providing for taxation but not for depreciation.

THE CONCORD OF INDIA INSURANCE CO., LTD.

Concord is one of those progressive insurance companies which have forged ahead at a very rapid rate during the last decade. Its total income from Fire,

Marine and Accident insurance has more than doubled itself since 1943. As against a total income of Rs. 23.14 lakhs in 1943, the same for the year 1953 is as high as Rs. 52.01 lakhs. Its funds have also progressed from Rs. 14.01 lakhs in 1943 to Rs. 31.33 lakhs in 1953. Total funds, including shareholders' capital and reserves, stand at Rs. 61.32 lakhs compared with Rs. 60.85 lakhs in 1952.

After providing Rs. 3,00,000 for taxation, the profit and loss account for the year ended 31st December, 1953, shows a balance of Rs. 3,77,110. The directors have decided to write off a sum of Rs. 1,76,903 being the accumulation of realised losses on sales of Investments up to 31st December, 1953. The Investments are, therefore, now shown in the Balance Sheet at cost, and there was consequently a considerable Reserve for Depreciation of Investments Account. The directors have, therefore, transferred a sum of Rs. 1,00,000 from the Reserve for Depreciation of Investments Account to the Profit and Loss Appropriation Account.

The dividend has been proposed at 25 per cent per annum, without any deduction in respect of taxation paid by the company, absorbing Rs. 1,68,750.

In order to bring the Paid-up Capital of the company more into proportion with the value of the assets and the size of the undertaking, the directors have decided to make an application to the Controller of Capital Issues for permission to capitalise a sum of Rs. 6,75,000 out of the amount standing to the credit of Premium on Issue of Shares Account, and to apply this sum, at Rs. 2-8 per share, towards payment of the uncalled liability on the Issued Capital of 2,70,000 shares, thus making each share Rs. 5 paid-up.

ALUMINIUM INDUSTRIES LTD.

The Directors' report of the Aluminium Industries Ltd., (Managing Agents: Seshasayee Brothers Ltd.) for the year ended 31st March, 1954, shows the net profit at Rs. 7.45 lakhs as against Rs. 4.21 lakhs in 1953. Sales have also improved from Rs. 111.43 lakhs in 1953 to 130.56 lakhs in the year under reference. The production figures during the year have registered a substantial increase over those of the previous year. 6515 miles of aluminium cables and a full range of cable accessories were manufactured.

The cable mill expansion programme has resulted in the doubling of small and medium size cable manufacturing capacity. Within the next few months, the directors hope, the capacity for bigger sizes of cable will also be more than doubled. The increased capacity has resulted in greater economies and quicker deliveries of the cables. The company has embarked on the installation of a rolling mill for producing aluminium rods from ingots made in India. The latest type of machinery and equipment for making electrolytic aluminium rods have already been procured and it is expected that the rod rolling mill will be brought into commercial operation towards the close of the year.

The Directors have created a new fund called the deferred taxation reserve fund in order to meet the income-tax burden in later years. A sum of Rs. 1,50,000 has been set apart for this fund in addition to a reserve of Rs. 3,50,000 for the general reserve. The dividend which has been maintained at 12½ per cent will absorb Rs. 2,50,000.

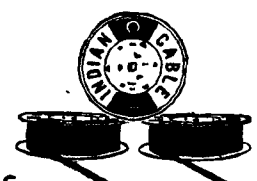
The entire production of the company was against orders from Central and State Governments and public utility undertakings. Now that the installed capacity is being rapidly increased, it is for the Governments, both State and Central, to make available sufficient work for the new machinery. It is hoped that under the influence of the expansion programme of the Five-Year Plan the installed capacity will be fully utilised and will not go waste.



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COMPANY MEETING

THE JAY ENGINEERING WORKS LIMITED

STEADY PROGRESS OF THE COMPANY: SIR SHRI RAM'S REVIEW

Speaking at the 17th Annual General Meeting of the Company held on 1st August, 1954, Sir Shri Ram Kt., Chairman, made the following observations:

The year under report was one of steady progress as in the past, which is evident from certain figures given below:

Particulars	Year ending 31-3-1953	Year ending 31-3-1954
Sales: (In spite of reduction in prices in 1953-54)	Rs. 1,35,99,431	Rs. 1,87,37,729
Profits:	" 13,94,723	" 16,31,020
Payment to Labour	" 38,21,045	" 46,84,106
Number of Workers	Nos. 2,118	2,403
Number of Schools and Students in Embroidery and Tailoring	Student: 2,000	4,000
	Schools 48	72
Centres for Sales and Service	600	712
Exports	Rs. 26,42,806	Rs. 38,61,434

Further, expansions and improvements have been brought about in almost every section, particularly in the Foundry, the Tool Room, and the Painting and Assembly Sections. So far as Painting and Enamelling is concerned, the whole operation has been automatised with Electro-Static Painting and Infra-Red Drying Ovens.

We incurred an expenditure of Rs. 6,48,650-0-3 on additions to buildings and Rs. 7,10,973-1-0 to machinery. To meet our increased demand for skilled workers, a training school has been started.

We brought out an experienced German Engineer under whom educated young men are trained in the latest methods of assembling Sewing Machines.

Most of the parts produced have been put on line production system, which is resulting in better efficiency and better quality.

I am glad to say that our Statistical Quality Control Department is helping us in reducing waste and improving quality.

During the year under report we have built 200 more quarters for our workers.

We are always trying to introduce new models. Besides our production of Domestic, Tailor and Industrial Model, we have started manufacturing a small number of Link-Type Domestic Sewing Machine also. Efforts are being made to increase the production of this particular type of machine to meet the demand in the country and outside.

I wish to express our deep gratitude to the Government of India for their timely and welcome action in checking to a considerable extent the import of complete Sewing Machines in knocked down condition (in the guise of spare parts), and in various other ways. I pray and hope that the Government of India will continue to watch the interests of this infant industry.

This action has not only helped us, but has helped thousands of craftsmen, working in their homes and making sewing machine components in various parts of the country, and in most cases of good quality and at reasonable prices. This will eventually lead us into a position similar to that of Japan, where Cottage Industries play a very important role particularly in the case of light engineering industries, by supplying a number of parts to large-scale industry.

Last year I mentioned about the great possibilities of building up of a big export trade in cotton textiles made from Indian cotton and of light engineering articles. I feel still more confident from my experience of the last year that India can build up a big export market.

There are a number of difficulties in building up a big export market. The first is that quality goods must be produced, at low prices, and then the railways must give special freight rates, from manufacturing centres to the Ports, for the goods meant for export.

The shipping companies at present are charging for the same distance from India to other countries two to five times as much freight, as for the same distance from certain other countries. I am glad that the Government of India have already taken up this matter with the Shipping Companies. I do hope their efforts will be successful.

Our scheme of getting work done in cottages has further expanded. As against providing work to 200 families last year, we are providing work to more than 500 families now.

Great controversy is going on in the country about rationalisation. On the one hand, labour is scared of rationalisation, and on the other capital is making too much fuss about it.

Rationalisation has always gone on. Even in the last Meeting of the A.-I.C.C. suggestions were made to help the cottage and small scale industries by introduction of new machines and new ideas. It is my experience that in spite of rationalisation and increasing mechanical efficiency, the number of workers rather than decrease has increased in this factory which is evident from the figures quoted above.

But before rationalisation, it should be seen that nobody loses his job; that the work-load be bearable and if the change does not increase the workers' income, it should not result in loss.

What applies to the engineering industry can equally apply to all other industries.

There is a great deal of loose talk about conflicting interests between large scale, small scale and cottage industry. I am afraid this repetition of conflicting interest might lead to harmful effects. I am certain, if problems are approached in the right spirit, by all concerned, whether those working large scale, small

scale, or cottage industries, by Government Departments, and politicians, then, I am sure, as in Japan, all the three sectors of Industry could be integrated successfully in the service of the country and no conflict should arise.

Unconsciously speeches by different classes of people, and awards by various tribunals, reconciliation officers, adjudicators and courts, etc., have created a sort of gulf between labour and capital, instead of bringing them nearer to each other, which is definitely detrimental to the interests of all. In all humility, I suggest that nothing should be done which may create unfriendly feelings between large scale, small scale and cottage industry.

We are thankful to our Government for the very great improvement that is steadily taking place in the economic conditions of our country. It is, however, a tragedy that while conditions are improving all over, the problem of unemployment is still menacing.

We will have to find employment for our expanding population mainly in industry, be it large scale, small scale or cottage, as agriculture is already burdened with more workers per acre than in any other country and the capacity of our cultivable land to support more people is limited.

To find employment for more people, goods must be produced and sold at a price which the buyer can pay. Here I do not hold that the sales of various articles are not increasing as fast as they should because the purchasing power is not there. My contention is that the purchasing power is a function of current prices, and purchasing power can be increased if prices are reduced. This will increase the demand for goods, which in turn will stimulate more production, reduce costs and increase employment and so on and on.

The cost consists of raw material, labour and overheads. So far as labour is concerned, the average payment to an industrial worker in India, as compared to the per capita income in India, when compared with the average income of an industrial workers in other countries in relation to the per capita income of that country, is the highest.

PERCENTAGE OF WAGES IN MANUFACTURING INDUSTRIES TO PER CAPITA INCOME YEAR : 1952

Country	Wages	Per Capita Income	Percentage of Wages to Per Capita Income
U.S.A. (\$)	3,534	1,857	190
Canada (\$)	2,788	1,257	221
U.K. (£)	392	270	145
France (Fr.)	277,647	239,366	116
Germany (Mk.)	3,848	2,021	190
Argentina Pesos	10,980	8,659*	127
Japan (Yen)	162,192	61,783	263
India (Rs.)	1,111	265**	419

* The figure is for 1951.

** The figures are for 1948-49, 1949-50 and 1950-51 respectively.

THE KOLAR GOLD FIELD MINING COMPANIES

Mr. M. A. Sreenivasan, Chairman, addressing the third annual general meetings of the members of the Mysore, Nundydroog and Champion Reef K.G.F. Companies, held on 29th July, 1954, said:

"The price of gold continues to be a factor of major importance in the economics of the industry. Last year I referred to the steep fall in the price of gold which occurred in the early part of 1952. The average price received for the Companies' production of gold during 1953 was about Rs. 228 per ounce. Although

The average payment to an industrial worker in India is 419 per cent of the per capita income; the average income of a worker in The Jay Engineering Works, I am glad to say, on the same basis, is 780 per cent.

The cost of labour is an important item in the cost of production. It is not merely the wages directly paid by us but by the producers of various raw materials like steel, aluminium, coal, etc., used by us. If we pay higher labour cost, our cost of production is bound to be high in relation to the per capita income and the general standard of living of the people.

Far be it for me to suggest that payment to labour should be reduced, but I do feel that labour must realise their responsibility and increase their efficiency so that cost can be reduced.

Mahatma Gandhi used to say that the employers should consider themselves as trustees of the country and I do feel that they should be taken as trustees by our people, if they will practise self-imposed austerity, lead simple lives, and invest the balance of their profits in expanding industry and thus serve the country as trustees.

Japan is one of the poorest countries in the world with a population of not more than 80 million and consume half a million Sewing Machines every year in the country, whereas our population is 360 million and not more than 80,000 Sewing Machines are sold in India, whether imported, manufactured in the factories or cottages.

I am equally certain that if the cost and prices of various commodities were reduced, sales would go on increasing and the increase so effected will provide employment for more and more people and enable them to purchase more and more.

In India capital is short and labour is plentiful. If we run our factories three shifts, and seven days a week, then without incurring much additional capital expenditure we will produce work for many more people and increase supply of goods and at lower cost.

I am glad to say that during the last year or two we have reduced our prices for almost every item of our manufacture and the average reduction in prices ranges from 10 to 12½ per cent. It is our aim to go on steadily bringing down cost, reduce prices and increase production.

We intend to increase our production of Sewing Machines to about 10,000, Fans to 12,000 and Lanterns to 1½ lakhs per month by the end of this year.

Before I sit, I must convey my thanks to all my colleagues, to all our customers, agents and sales staffs, whose whole-hearted co-operation has contributed to our success.

there was a gradual recovery in the price in the early part of 1954 and it reached Rs. 255 per ounce in April 1954, there has been a steady decline again, the present price being in the region of Rs. 224 per ounce. Indications are that due to the atmosphere prevailing in India with regard to foreign enclaves and increased

vigilance on the part of the Customs authorities, the supply of smuggled gold to the Bombay market has declined during the early part of 1954. The good crops resulting from satisfactory seasonal rains in 1953 have had a beneficial effect on the demand for gold."

"Although the working results of the year under review have not been encouraging, operations for the current year to June 1954 show an improvement, due to continued working without serious interruption and to a rise in gold prices."

"In my speech last year, reference was made to the appointment by the Government of India of the Taxation Enquiry Commission. Jointly with the other Mining Companies operating on the Kolar Gold Field, a memorandum was presented to the Commission for a revision of the existing taxation of the gold mining industry in India so as to be in line with the system of taxation obtaining in other countries which have been more successful in developing their mineral wealth. On the invitation of the Commission I gave oral evidence before them at their sittings in Bangalore. It is earnestly hoped that the Commission, appreciating the present plight of the industry, will make suitable recommendations to the Government of India."

"The Government of India were pleased also to appoint various Sub-Committees to examine thoroughly the question of rates of royalties and dead rent for specified metals and to recommend such rates as may be appropriate. One of the Managing Directors of Messrs. John Taylor and Sons (India) Ltd., Mr. J. K. Lindsay, was invited to serve on the Sub-Committee which dealt with the question of royalty on non-ferrous metals including gold."

Continuing, the Chairman said the levy of royalty on an ad valorem basis adversely affected marginal producers like the Kolar Gold Field Mining Companies.

In many countries with a prosperous metalliferous mining industry, royalty was related to profits. Instancing the case of the K.G.F. Companies, the Chairman gave the following illuminating figures relative to the operations for the year under review:

Company	Royalty Paid to Mysore Government			
	Working Surplus	Percentage of Working Surplus plus to Gross Realisation	Amount	Percentage of Working Surplus plus
	Rs. in lakhs	%	Rs. in lakhs	%
Mysore Company	16.04	10	8.02	50
Champion Reef Company	10.54	7	6.21	60
Nundydroog Company	20.86	14	7.45	35

Speaking of the affairs of the Ooregum K.G.F. Company, the Chairman said:

"The Committee set up by the Government of India confirmed the decision of your Directors to close the mine. The Mysore Government agreed that the leases of the Ooregum Mine be transferred to the Champion Reef K.G.F. Company and, on the 30th of September, 1953, the Joint Operation Agreement was terminated and the Sale Agreement in favour of the Champion Reef K.G.F. Company completed for a consideration of Rs. 21 lakhs."

The Chairman then dealt with the accounts and referred in detail to the results of the individual Companies.

Mr. Arthur H. E. Taylor, on behalf of the Managers, John Taylor and Sons (India) Ltd., read the technical report.

Oriental Government Security Life Assurance Co., Ltd.

Seventy-Ninth Ordinary General Meeting

Speech By Sir Cowasjee Jehangir, Bart.

At the Seventy-ninth Ordinary General Meeting of the Oriental Government Security Life Assurance Co., Ltd., held at 4 P.M., on Wednesday, the 18th August, 1954, at the Head Office of the Company at Oriental Buildings, Bombay, Sir Cowasjee Jehangir, Bart., B.B.E., K.C.I.E., J.P., Director, presiding in the unavoidable absence of the Chairman, Sir Purshotamdas Thakurdas, K.B.E., C.I.E., J.P., said:

Gentlemen,

Before proceeding with the business of the meeting, I would like to give expression to my feelings of regret at our Chairman, Sir Purshotamdas Thakurdas, being unable to be present here today to preside over this meeting.

I have pleasure now in presenting to you the Report and Accounts for the year ended December 31, 1953, a copy of which has been in the hands of the Shareholders and such of the Policyholders as had asked for one before the date of the meeting and may, therefore, I hope, be taken as read.

ALL-ROUND PROGRESS

The New Business completed last year amounted to 78,275 Policies assuring a little over Rs. 23-1/3 crores which shows an increase of 6,916 Policies assuring Rs. 217½ lakhs as compared with the New Business of the preceding year.

Our total Premium Income last year was over Rs. 952½ lakhs.

The Claims by Death last year amounted to a little over Rs. 120½ lakhs. The Claims by Maturity amounted to Rs. 315-2/3 lakhs. The Company's Mortality Experience continues to improve, the ratio of Actual to Expected Deaths during the year being 41.7 per cent., as compared with 42.9 per cent., in 1952.

The Renewal Expense Ratio for last year was 14.40 per cent., as against 14.76 per cent, for 1952 showing a decrease of 0.36 per cent.

As a result of the year's operations, the Funds of the Company increased to slightly less than Rs. 72½ crores at the end of the year.

Demand for Policy Loans continued unabated during the year. The total amount of Policy Loans standing on the Company's Books at the end of the year was Rs. 528½ lakhs.

The net rate of interest after deduction of income-tax at the source earned on the Funds during 1953 was 3.57 per cent., as compared with 4.09 per cent., for the preceding year. The difference is mainly due to the fact that, while in 1952 we received refund of Income-tax for two years, in 1953 we received refund for only one year. Had only one year's refund been received in 1952, the Net Rate of Interest for that year would have been 3.58 per cent. The refund of excess tax deducted at source received during the year under report has not been taken credit for in the Revenue Account for the year as it forms part of the total tax deducted at source during the triennium ended December 31, 1948, credit for which entire item was taken in the Revenue Account for the year 1948 itself in pursuance of the consent of the Ministries of Commerce and Finance.

The Lapse Ratio registered an improvement from 5.7 per cent., in 1952 to 5.5 per cent., in 1953.

ESTATE DUTY AND LIFE ASSURANCE

During the latter part of last year, the Estate Duty Act was placed on the Statute Book, in terms of which Estate Duty is payable on the principal value of all property which passes or is deemed to pass on the death of any person dying on or after October 15, 1953, being the date on which the Act came into force. Life Assurance Policies constitute "property" and will, therefore, attract Estate Duty but certain exemptions are provided, viz., policies effected by a person on his life to the extent of Rs. 5,000, policies effected for the purpose of paying Estate Duty or assigned to Government for the said purpose to the extent of the amount of duty payable but not exceeding Rs. 50,000 and policies effected by a person for the marriage of a dependent female relative to the extent of Rs. 5,000. There is a provision that property in which a person never had an interest will not be aggregated with any other property but will form an estate by itself and that Estate Duty thereon will be leviable at the rate or rates applicable to the principal value thereof. Accordingly, a policy effected by a person under the Married Women's Property Act for the absolute benefit of his wife and/or children will not be aggregated with his other property but will be treated as an estate by itself so that if the policy amount does not exceed Rs. 1 lakh, no Duty will be payable thereon and even if the policy exceeds Rs. 1 lakh, the Duty payable thereon will be much lower than what would be the case if the policy were to be aggregated with the rest of the estate. There is a further provision with respect to gifts, in terms of which, if a person makes an absolute assignment of a policy by way of gift so that no benefit arises to the donor by contract or otherwise and if in addition the donor survives a stipulated period from the date of gift, the policy moneys will be exempt from Estate Duty provided further the premiums, if any, after the assignment are wholly paid by the assignee.

Taken as a whole, the obligations for payment of Estate Duty created by the Act coupled with the reliefs provided in respect of Life Assurance Policies—although these in my view could have been liberalised—should serve as a stimulus to Life Assurance. To cater particularly to the needs of persons who might wish to take out Life Insurance Policies for the purpose of paying Estate Duty or for protecting gifts, the Company has introduced the Whole Life Assurance Scheme with premiums payable throughout life which provides insurance protection at the minimum annual cost, and the Temporary Assurance Scheme, the premium for which is attractively low. Already we have written a satisfactory volume of business effected for the purpose of Estate Duty and I have no doubt that the demand for such policies will go on progressively increasing.

EFFECTS OF REDUCTION IN PREMIUMS

The early part of this year witnessed a sizable reduction in life insurance premiums and we also had to make a similar reduction. The protagonists of the movement argue that the reduction in the cost of insurance which has come about by reason, primarily, of improved mortality and interest earning should be passed on to the policyholder in the form of a reduction of premiums. Though that is wholly true in the case of non-participating assurances, in respect of participating assurances which account for nearly 4/5ths of the entire business, reduction of premiums does not appear to be wholly justified. The safer and more desirable course in the larger interests of the credit and stability of Indian Life Assurance business is to translate a part of such reduction in cost into a reduction of premiums and in respect of the balance to recompense the policyholder by an enhanced bonus. The latter course has this particular advantage that it provides for the life assured additional insurance cover without the necessity of his paying any additional premium and what is more important, without any enquiry as to the state of his health at the time that this additional insurance cover is granted. Our country carries the lowest per capita insurance cover amongst civilized countries of the world and the adoption of the above course will raise this figure to a certain extent. Quite independently of what view one holds on the question, it is unfortunate that the premiums should have been reduced, as has actually happened, to such an extent that it becomes worth while for existing policyholders to drop their policies, which have been placed on the books after incurring the usual heavy initial expenditure, and take instead policies offering similar benefits at the revised reduced rates of premium. The overall effect of this is that insurers have to suffer a considerable reduction in premium income and at the same time bear the higher initial cost resulting from this process of substitution.

BRIGHT PROSPECTS OF BONUS AT NEXT VALUATION

The current year is the last of a triennial period at the end of which the statutory Valuation of the Assets and Liabilities of the Company falls to be made. Our experience during the current triennium to-date with respect to the main sources of profit, I am glad to report, is increasingly satisfactory. With respect to Mortality, while the percentage of Actual Deaths to those Expected according to the Mortality Table adopted in the last Valuation was 50.6 for the last triennium, the average for the two years 1952 and 1953 was 42.3 per cent. registering an improvement of 8.3 per cent. Even the experience so far for the year 1954, indicates a further improvement. Similarly, while the average net rate of interest earned during the last triennium was 2.85 per cent the average for the two years 1952 and 1953 was 3.80 per cent, showing an improvement of nearly 1 per cent. The expenses are continued to be kept within satisfactory limits. Provided therefore no major adverse factor arises such as a reduction in the Bank Rate, of which there appears to be little likelihood in the immediate future, there is every ground for anticipating that the results of our next Valuation will be even more satisfactory enabling declaration of rates of bonus higher than those of the last Valuation.

PROGRESS OF ORIENTAL FIRE AND GENERAL

Conditions affecting general insurance business development in India were no more satisfactory than in the previous year. Competition—often carried to unhealthy extremes—continued to be severe and was aggravated by a further contraction in available premium income resulting in an even more hectic scramble for direct business by companies anxious to check any

increase in their apparent ~~expense~~ ratios. Notwithstanding these adverse conditions but thanks largely to "Oriental" reputation and integrity, our Subsidiary continued to make steady progress. The Company's gross direct premium income showed an increase of 16.2 per cent and the expenses of management and commission were again well within the statutory limits. The loss ratios of 35.2 per cent in the Fire department and 39.2 per cent in the Accident department may be considered satisfactory and the results in the Marine department (loss ratio 65.8 per cent) are no worse than can be expected under the very difficult conditions which beset this section of the market.

Although 1953 was only the third completed year during which the "Oriental Fire and General" transacted business, you will be glad to note that our investment is already yielding dividends. The first dividend received will, of course, find a place in our accounts for the year 1954, although the dividend was declared out of the Subsidiary's profits for the year ended 31st December 1953. This declaration of dividend has been made after providing fully for all liabilities including taxation, maximum reserves for unexpired risks and, in addition, an appropriation of Rs. 1,00,000 towards general reserves. I have no doubt that you will all agree that the progress shown by our Subsidiary has been satisfactory.

PLEA FOR REFORM OF TAXATION OF GENERAL INSURANCE BUSINESS

In his speech made at the Seventy-seventh Ordinary General Meeting of the Shareholders and Policyholders on 30th July, 1952, the Chairman, Sir Purshotamdas, had expressed his satisfaction at the fact that Government had at last realised the desirability of granting to the business of Life Assurance much-needed relief in respect of taxation—a satisfactory solution to a problem on which Sir Purshotamdas had dwelt in many of his speeches at the Annual Meetings of the Shareholders over the past several years. While, therefore, as regards Life Insurance I have nothing now to say criticising the existing basis of taxation, I consider it necessary to place before you my views regarding the reform required in respect of taxation of General Insurance business. This is a vital matter to us, as we have now a General Insurance Company as our Subsidiary.

The strength of a General Insurance Company entirely depends on the free reserves it is able to establish in addition to the normal reserves for unexpired risks. Banks and other institutions requiring substantial Insurance covers consider this factor before agreeing to accept the policies of an insurer, for it is mainly these free reserves which enable a company to absorb the shock in the event of a catastrophic series of losses which, by the very nature of general insurance business, is occasionally unavoidable. Older established foreign companies have been able to build up vast reserves over a long period when taxation was only a fraction of what it is today. Most of the Indian companies have been discouraged from doing so as taxation has been at a very high level almost throughout the period since their incorporation. And yet it is these companies who have most need for such additional reserves particularly in view of the fact that it is not yet possible for them to write a sufficient spread of business to ensure a balanced account in each separate underwriting year.

It is in the national interest that Indian companies should write a progressively increasing volume of business both in India and abroad, for just as any increase in the business in India reduces the country's invisible imports, so does the increase in foreign business written

by Indian insurers augment the country's invisible exports. It is, therefore, of utmost importance for the Government to assist the Indian companies to achieve a position wherein they will be able to inspire implicit confidence amongst the insuring public, both in India and abroad, and thus be able to compete on equal terms with their Western contemporaries; one effective way of doing so is to allow tax remissions on the amounts that the companies set aside as additional reserves.

Policyholders and Shareholders must have heard that the Directors have made a move in the direction of making the Company a mutual one. This question requires very serious consideration and is being pursued by the Directors but it would be definitely inadvisable at this stage when many issues are still undecided to make any further statement.

Before concluding, I should like to convey our appreciation of the steady performance of our Active Agents which has enabled the Company to complete a New Business of over Rs. 23-1/3 crores.

Finally, I wish to convey our appreciation to our Officers and Staff at the Head Office and at our Branches of the helpful service rendered by them during the year.

Gentlemen, I have now pleasure in moving that the Directors' Report and Audited Accounts for the year 1953 be adopted.

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INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

		Wholesale Prices (General Purposes Index) † Year ended August 1939 = 100					Security Prices †† (1949-50 = 100)			
		Food Articles	Indus. Raw Matsls.	Semi-ma- nufactured Articles	Manufac- tured Articles	Miscel- laneous	General Index	Govt. and Semi- Govt.	Debt- ures	U. S. 1.
1947-48	..	306.1	377.5	281.6	266.4	356.2	308.2	..	..	..
1948-49	..	382.9	444.8	327.3	346.1	525.2	374.2	..	..	..
1949-50	..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..
1950-51	..	410.3	523.1	348.9	354.2	707.4	409.7	..	..	..
1951-52	..	398.6	591.9	374.4	401.6	721.6	434.6	..	..	..
1952-53	..	357.8	438.9	343.8	371.2	614.1	380.6	..	..	..
1953-54	..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4
October 1953	..	385.6	447.7	353.4	364.5	721.9	393.6	90.2	101.3	87.1
November	..	378.0	441.4	355.5	365.6	715.2	390.6	90.2	101.4	87.2
December	..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8
January 1954	..	381.6	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7
February	..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0
March	..	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.6	88.0
April	..	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3
May	..	366.2	461.6*	362.6	381.1	689.5	396.1	90.2	101.0	88.1
June	..	343.2	411.0	353.6	378.7	647.3	381.6	90.3	100.9	88.5
July	..	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0
Week Ending										
3-7-1954	..	349.7	430.5	354.8	377.5*	645.5	381.6*	90.7	100.4	88.7
10-7-1954	..	348.1*	423.9	354.8	377.6	645.9	380.0*	90.7	100.4	88.9
17-7-1954	..	358.6	419.2	355.0	376.5	636.8	382.3	90.9	100.4	89.1
24-7-1954	..	360.4	426.1	353.4	376.5	632.2	383.6	90.9	100.5	89.1
31-7-1954	..	360.6	416.3	352.8	375.2	620.3	381.3	90.9	100.6	89.3

* Average of weeks.

† Economist Adviser's Series.

†† Reserve Bank Series.

* Revised.

WORKING CLASS COST OF LIVING

(August 1939 = 100)

Period	Bombay		Delhi	Bengal	U. P.	Central Provinces		Madras	E. P.	Bihar	All India
	Bombay	Bombay June 1934 = 100	Ahmedabad July 1927 = 100	Delhi†	Calcutta	Kanpur	Nagpur	Jubbulpore†	Madras June 1936 = 100	Ludhiana†		Jamshedpur†
1938 (Aug.-Dec.)	103	—	—	—	—	105	104	—	106	—	—
1948	298	303	243	132	389	471	372	146	309	168	136
1949	292	307	248	132	348	478	377	151	323	164	138
1950	298	313	257	132	349	434	372	153	325	165	145
1951	314	330	261	142	370	451	391	168	334	167	160
1952	321	337	250	143	351	441	380	180	320	151	154
1953	346	363	275	140	349	453	387	151	351	147	156
1953 July	355	373	286	142	373	465	394	160	355	148	158
August	358	376	285	144	373	469	397	157	352	149	160
September	353	371	283	145	366	464	391	154	351	150	163
October	350	368	282	144	340	457	389	153	352	150	162
November	344	361	280	144	338	453	385	148	353	149	155
December	342	359	269	140	329	438	380	146	350	148	145
1954 January	346	363	269	139	325	442	377	144	353	150	148
February	331	348	257	139	316	432	373	144	352	150	141
March	332	349	257	138	319	416	374	143	345	150	139
April	338	355	255	141	323	426	—	—	341	151	—
May	328	355	251	142	339	415	—	—	341	—	—
June	—	367	240	135	—	396	—	—	342	—	—
July	—	—	—	134	—	—	—	—	—	—	—

† Base 1944 = 100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED											
	14-2-1954			6-8-1954			31-7-1954			24-7-1954		
	High	Low	Aver- age	High	Low	Aver- age	High	Low	Aver- age	High	Low	Aver- age
Gold (per fine tola)	90- 1	86- 15	88- 7	87-10	86- 0	86-14	87- 7	83- 3	86- 3	85- 9	84- 6	84-10
Silver (per 100 fine tolas)	155- 0	152- 0	153-13	153-10	152- 1	152-15	154- 7	151-15	153- 2	155-10	152- 2	153-13

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ONE RUPEE

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Next Round in Planning

INDIA'S second five-year plan is already more than a decade and still distant dream. With the end of the month, the time-limit which was originally prescribed by the Planning Commission for the assessment of domestic resources by the states will have expired. Though it cannot be pretended that the picture is or can be clear, plainly, the Planning Commission is faced once again over the main and fundamental question: Should the second five-year plan continue to aim at a doubling of the per capita national income in twenty-five years? Should it thus follow the path adopted in framing the current plan, the target being arrived at first and anyhow, in accordance with our needs, and the resources being mobilised as they may be thereafter? Or, in the alternative, should the second five-year plan try to mobilise voluntary and local resources, and, depending on the extent to which public enthusiasm can thus be worked up, adjust the objectives to the resources which are in fact available? This is the time when this question will have to be categorically answered.

One might have supposed that we have enough experience of planning to-date not to pitch our targets too low. But apparently, there are purists and conservatives who have still to be satisfied, although the Planning Commission itself is in no doubt regarding the need to expand the scale of planning. The alternatives proposed in the preceding paragraph will, therefore, have to be considered afresh.

The answer, of course, can only be in the terms of a choice in favour of the first alternative. The needs of this country are still great. On the other hand, unknown resources, mobilisable under Article 23(2) of the Constitution, are and will remain for a long time to come an uncertain quantity. (The Planning Commission is reported to have asked for a precise estimate from the Community Projects Administration of what may be expected by way of voluntary labour and contributions, but the task which has been set may well be beyond the powers of the Administration.)

The attempt to build up the plan from below seems to be somewhat relevant to this question. Obviously, if

local projects figure in the next plan, local contributions may also be expected on a bigger scale. But it is doubtful whether in the final analysis even this is really going to make any great difference. Although the plans for individual districts are now being sent up from below, there is obviously going to be a selection at some stage on the basis of priority. What can and ought to emerge as a result of all the present consultations will, therefore, be a national plan, which will suit local needs and arouse local and merely parochial enthusiasm only by accident, if at all. In other words, we are back where we are; and we have to proceed to lay down our targets for the next five-year plan, and we can only hope that our needs for investment, as shaped by these targets, can be met somehow.

This is the basic approach and it is not an accident that it should be so. It is common knowledge that what this second plan should provide are basic services like transport; the second steel plant, probably at Durg; power for South India, where industrialisation is held up for the lack of coal; roads in neglected areas like Gujarat; rural transmission lines for the electrification of villages; and development sites for the growth of industry, as in Canada and the United Kingdom. There is little that local patriotism will be able to do towards helping to finance these projects. Local resources, if they are forthcoming, will be helpful in the sense that any contribution will be helpful. But it will probably be unrealistic to expect them to play any major part in financing the plan.

Fortunately at the present time, there is not only no reason for any misgiving, but there is positive reason for hope. One must guard against excessive optimism. A miracle has not happened overnight to change the entire face of the Indian economy. But on the other hand, there is no reason why one should deny oneself the benefits of a better perspective, now that we are somewhat removed in point of time from the years of scarcity.

Seasonal good fortune has much to do with agricultural production. But already, with the aid of experience and, perhaps, of hindsight, one can see that not all of the increase claimed in cereal production, (putting it at no higher than the achievement which government advertisements now claim) has been dependent only on adequate rainfall. Modern methods have apparently been adopted by Indian agriculturists in the countryside, although this is even now virtually terra incognita. However much one may explain away all the recent change—arguing, for example, that the high wages of agricultural labour and the margin of profit of the war and post-war years have made the substitution of electrical power for human labour attractive—the fact remains that the production potential of the land has been proved in the event to be fairly adequate. What is more relevant, this production potential seems really to have been increased as a result of our efforts.

This, it may be remembered, was substantially the conclusion of the Grow More Food Enquiry Committee. Some years ago, this conclusion was too good, and against the background of repeated seasonal failures, of too remote interest to impress anyone. Now that it appears that the Grow More Food Enquiry Committee was not so much off the track after all, one will however, be entitled to build on the encouraging evidence of recent months. Indian agriculture is not stationary after all; and it is capable of yielding bumper harvests in good years and of providing adequate stocks to feed the country in the years when sea-seasonal and crop conditions are not nearly so good.

One's optimism, therefore, need not be short-lived; and incidentally the conclusion which emerges

is one which came up in Professor Lewis' investigation of the Gold Coast economy recently and has been repeated in different contexts by Jacob Viner, Colin Clark, and Sir George Schuster. There is no reason to neglect agriculture, and a good monsoon must be relied upon to supplement and encourage the departments of agriculture, and not used as an argument to diminish their work.

The recent course of industrial production must be interpreted likewise. In April this year, the official interim index reached a new peak of 145.1, and in the first four months it has stayed consistently high at 139.45. Some concern has been exhibited recently over the fall in the productivity of Indian industry. From the point of view of planning, the suggestion has even been made that development plans should take the demonstrated trends in productivity into account. Here again, as in the case of agriculture, one must wonder whether too close or too specialised a view of industrial trends is not sometimes apt to lead one astray.

Trends in the productivity of Indian industry are a legacy very largely of the war-time and post-war growth of industry and of the labour force. As the rate at which basic development promoted under government auspices increases, and as the Industrial Development and Investment Corporations get into their stride, existing conditions may very well change. So much that was taken for granted has in any case been proved to be wrong in India in recent months. So much responsibility that was unexpected—ranging all the way from the functions performed by the "plan room" of the Board of Trade in England in relation to the distribution of industry to those of the Canadian Development Corporation—has also been undertaken now by the Government of India. One need not be accused in these circumstances of being starry-eyed or unrealistic, if the industrial portion of the second five-year plan is expected to be expanded to several times its size in the current plan.

There is little doubt that if the expenditure proposals under the second five-year plan are examined on this basis, a number of medium-sized irrigation projects, multi-purpose dams which were too big to be investigated within the period of the first five-year plan, power transmission plans, projects for new railway links and the like can be passed for being taken up. In one sense, the new plan may even be easier to formulate, because in addition to the responsibility for basic and agricultural investment, the Government of India has recently assumed responsibility also for industrial development.

The three basic ingredients of the second five-year plan, namely, the inevitable expenditure of the public sector on the provision of basic services, a continued rate of agricultural investment, and a greatly-expanded programme for transport and industry, together with the carry-over from the current plan, will make the total outlay in the coming five years considerable by any standard. The precise size of the coming plan can be settled even provisionally only when replies from all the state governments have been received. But at this stage and sooner rather than later, it will be desirable to accept the fact that needs rather than the available resources should shape this plan, and this should be the bias in the preliminary discussions.

Needs are what we know. Our resources on the other hand are unknown; and we are likely to make repeatedly the mistake of underrating them. It is still sound advice that one must not fear the future too much; and in the light of the known responses of the Indian economy to the attempts at planning so far, one need not hesitate to repeat this old-fashioned Keynesian tag.

India and Goa

PUBLICITY abroad has never been India's forte, and it is not surprising, therefore, if the tone of the international press regarding Goa is what it is. But surprisingly, little attention, if any, seems to have been paid abroad to the deterioration of the economic situation within Goa itself. The reason is simple. The Portuguese Governor General has been in a position for some time to plead a convenient alibi. Indian repression can be and has been blamed. The crisis that has followed so swiftly in the wake of Portuguese attempts to restrict remittances to India, as a means of redressing the Portuguese balance of payments, indicates, however, that sooner or later, it will be necessary to consider the economic aspects of the merger of Goa in India—although in the anxiety to preserve the conquests of empire, these economic aspects tend so easily to be overlooked.

Economically, Portuguese India is a mediaeval and anachronistic island, surrounded by areas which, however undeveloped they are, are comparatively very much more modern. This is an enclave which knows no income tax. Here, the industrial and export taxes are nominal, while remittances from Goans abroad are the main prop for maintaining the balance of payments in equilibrium. Goa has not known so far any development plans worth mentioning. Its tourist centres, its water-falls like Dudsagar and Arvalem, even its reserves of iron ore and manganese (the former being estimated tentatively at sixty million tons) have not yet been properly utilised. Goa's pocket railway, namely, the West of India Portuguese Guaranteed Railway, is a subsidised concern. The estado da India, as has been said, alternates in fact between the siesta and the festa; and it is hardly surprising if the local population, which cannot help moving with the times, finds this old order very much less satisfactory than it may appear to foreigners looking at this problem from a distance.

The estado da India is a police state. Such prosperity as it enjoys is due to the fact that Indian enterprise was allowed in a fit of absent-mindedness long before the present tensions. Indian capital already accounts for an estimated three-fourths of the investment in mining enterprises in Goa. Indian mining labour is estimated at roughly one lakh out of a total labour force of a lakh and forty thousand. India accounts for about a fifth of Goa's imports and takes about forty per cent of her exports. It is not difficult to understand that if political, trade, and exchange barriers can be removed, and if the Portuguese empire were more intent on increasing the standard of living of its peoples than on maintaining its old glory, Goa as a whole would benefit immensely even at the present time from Indian enterprise, such as it is.

This penetration by Indian capital, or economic integration when it follows in due course, is not, of course, going to be universally welcome. On the other hand, vested interests will oppose it. It will not be convenient to Portuguese authority, for example, as long as that authority is able to maintain itself, to invite or to allow an influx of capital, which will carry along with it an indefinite liability for servicing the influx. It will not be convenient to owners of enterprises to pay income and sales taxes on the Indian scale; or to be faced with claims for the upgrading of wages, or to submit to elaborate labour laws. The official hierarchy will also lose its position on being merged—as was the case with several Indian states. Much is apparently being made of these points.

But vested interests of this kind cannot well be considered, when the prospect for the people of Goa generally is increased investment, the creation of money and real incomes on a bigger scale, free exodus to the Indian districts in search of employment and livelihood, and above all the abolition, once and for all, of restrictions on the movement of currency or goods from either side of what is today an artificial barrier which only smugglers can jump. On any dispassionate analysis, it is obvious that Portuguese India can only benefit from being merged with India.

India will also find the merger convenient. But contrary to first impressions, the economic importance of Goa to India is not nearly as great. Marmagao, for example is a fine sea-port. But Kandla is already being developed at great cost as a second sea-port on the west coast, and will serve all our needs for the present. The iron and manganese ores of Goa would be valuable. But India is already rich in these materials, and the prospective sites of the steel plants are far removed from Goa. Goanese agriculture can supplement some Indian crops, cashewnut, for example. But in terms of food, Goa may prove to be a burden rather than an asset. Goa's exports may supplement India's dollar and yen earnings; and tourist centres in this pocket may be a considerable asset after some time. But India does not need this help very badly. All this would amount really to saying that India can develop Goa. This is, of course, different from saying that India prizes Goa at present for the immediate benefit that can be derived.

The immediate economic advantage to India, as has been stated, will not be great. This is particularly the case because the separate identity of this pocket may well be maintained for some time. But in these matters, it would be definitely wrong to take the short-term view. Goanese will need to plan for the future as have the Indians themselves. Portuguese Goa will be in a strategically important position if its natural hinterland which is composed of the Konkan and the prospective state of united Karnataka, is not artificially cut off from this pocket. If the artificial arrangements whereby Indian administration stops short at Castle Rock are ended, this future may well be one in which Goa will be as important as Bombay is today.

A pocket state like Goa can survive as an independent entity in economic terms only so long as accident or goodwill on the part of its neighbours contributes to the maintenance of its social and economic structure. But goodwill and good neighbourliness cannot be assumed in existing conditions. Indeed, the case of Rhode Island, which was brought to terms by the United States as a result of a boycott, has already been quoted as an example for India to follow.

India is not likely to go as far as the United States did in the late seventeen eighties on being faced with an identical problem. But it will be a strain on Indian good nature, if the Government of India is now expected—by keeping up remittances to Goa, by submitting to all the measures and decrees unilaterally adopted in this pocket, and by refusing to consider Indian national sentiment—to keep status quo alive. There is no reason why either the Government of India or the people of Goa should accept this position, for the economic integration of Goa with India promises to solve all the problems all at once.

Authority and the Undergraduate

THE growing spirit of defiance and indiscipline among students in recent years has focused attention on the fundamental problem of maladjustment in the system of education and its failure to respond to the demand of a new emphasis on its purpose and real end in the changed context of the present-day life. The spirit of unrest has percolated into the system from the university stage down to the secondary level, but while this is so, it would be an error not to recognize where precisely it has started corroding the student mind. At the secondary stage, discontent has brought confusion in outlook, but largely because of the development of the student's mind at this stage confusion has created at the most an attitude of disrespect for authority. But manifestations of the prevailing mood of defiance have emerged from the undergraduate at the university.

The ugly turn which overt acts of revolt against authority culminating in lawlessness took last year among college students at Lucknow and recently at Indore is only a typical expression of this deep-seated mood. It is at the undergraduate level that the malady has spread on a scale that is bound to assume grave proportions, if there is a failure to treat it in time with all the care and consideration it needs.

While this mood of dissatisfaction and disobedience is in a sense part of the general post-war mood that has seized the student community in several parts of the world, in this country it has taken rapid root by reason of certain special factors. Discipline and steadfast devotion to the primary duty of acquisition of knowledge and learning are inspired by proper guidance from the teacher. In India the very basis of capacity for that guidance seems to be crumbling. The teacher has ceased to command voluntary respect from the student which the example of his personality ought to evoke and it would appear that this loss of the leadership of the teacher is heading towards a crisis. There can hardly be any room for divergence of informed opinion on this issue and certainly the consensus of view is clear that the present state of affairs is to be blamed not on the student community but on the role which the teacher plays.

This is not to insinuate that the situation in which the college teacher finds the basis of his authority to inspire respect and voluntary obedience to his leadership shaken is of his own making. In the post-war era, a general falling off of standards of performance is distinctly noticeable in many of the comparable professions. The root cause of this general malady is the disappearance of the old scale of social and moral values without the substitution of new. In most of the liberal professions—law, politics, medicine, education and journalism, to name the leading ones—there has been a positive decline in ethical standards which can, with full justification, be related to the impact of economic tensions since the war.

In India the vacuum created by the consummation of the ideal of dedication to the cause of political freedom has not been filled by a new spirit of dedication to national reconstruction and this again is due partly to economic pressures and partly also to the inevitable inertia following the fulfilment of a great cause. The lapse on the part of the university teacher is not an isolated phenomenon. It is part of the general temper prevailing at the present time.

The reflection of this prevailing temper in the profession of the teacher apart, a combination of powerful causes has contributed to the loss of his old status of authority undermining the base of his leadership. In the social scale, the loss of veneration for the teacher's

profession has been directly due to the low economic status to which he is condemned. At the existing rate of emoluments, the teacher at the university or in the college finds himself on a low rung of the economic ladder which also determines his position in society. Much of the talent which should serve the cause of education is diverted to lucrative jobs in the administrative services and in business and industrial employment. The compulsions of economic pressures have exerted a powerful influence on the average calibre of those who choose to enter the teaching profession. This is indisputably a major factor that has contributed to the rapid deterioration in the moral influence of the teacher over the pupil. Here, too, the teaching profession is not in a class apart and the drain of valuable talent to government or commercial and industrial avenues of employment has seriously undermined the vitality of several avocations.

The widening gulf between authority and the undergraduate cannot be viewed exclusively from the teacher's angle either; and no probe into the problem can do justice to the investigation, if it ignores the part which the student contributes. The void created by the absence of a worthwhile set of values and new ideals is aggravated by the nature of the educational system, which the student finds devoid of any substantial purpose. This problem goes much deeper and requires to be tackled at several points.

Mr. Humayun Kabir's lucidly argued and analytical brochure on the subject assigns a primary place, next after restoration of the teacher's leadership, to a complete reorientation of the system of education. The solution advocated by him, if not altogether novel, places correct emphasis on diversification of the purpose of education and adequate scope for extra-curricular activities to build up the personality of the student to its full stature.

Revival of the teacher's status of leadership is not only basic to the reform of the system of education, but in the immediate context of putting a stop to any further rot it merits priority. This, however, is a complex function of several factors. The virus of party politics and factious intrigues that penetrates from the top at the level of the Vice-Chancellor and the patronage that goes with it can be eliminated only as a part of a general clean-up of the prevailing order. But aside from this, improvement in the teacher's financial status adequate to keep him above normal worries is a task which must take time. Nevertheless, the precedent of British universities in offering starting scales of salaries for special positions above what is available in government, business, and industrial jobs to attract the best talents to the colleges can surely be followed with advantage. Those who feel called upon to serve will always gravitate towards the universities; and once the choice of career is made, it will not be changed normally.

In the last resort students' morale depends today as it has always depended so far only on tradition. Tradition is a vague and indefinable thing. But it is not dependent on any one condition being fulfilled and it cannot at any time be neglected. A feeling or knowledge that certain things are simply not done will grow up in due course, if the universities and colleges prove to be places where an occasional student can still draw inspiration and an occasional teacher can infect his students with enthusiasm for work. The shining example of even a few teachers of sterling merit has in practice always proved adequate to promote general morale and improve the tone of student attitude. Our entire aim should be to make it worth the while for these exemplary teachers and students.

THE WEEK'S NOTES

FAILURE ON THE E.D.C.

At Brussels, M. Mendes-France has had his first taste of failure. The highly controversial character of his several proposals for modifying the E.D.C. as it has been accepted by other European Powers, made dim the prospects for his success at Brussels. The mediatory role of the Belgian Prime Minister, Mr. Henri Spaak, seemed, for a time, to offer some hope until it was evident that the French case was irreconcilably at variance with the attitude of the other members of the E.D.C. Mr. Spaak has stated that the most vital difference of opinion arose on the supranational character of the E.D.C.—which France sought to modify by a provision to the effect that for eight years a member of the E.D.C. could appeal against a decision of its Executive body. It is this supranational character of the E.D.C. that has hitherto prevented British participation in the Treaty because of the argument that Britain's Commonwealth relationships preclude her subordinating her defence or other obligations to a strictly European arrangement.

It is not clear whether the French Premier's sudden visit to London was intended to make common cause with Britain and to secure a British offer to participate in the E.D.C. along with France, if the same condition now proposed by M. Mendes-France is accepted. A British offer to that effect may compel the other participants to agree to consult their Parliaments once again for fresh ratification of the E.D.C. in the modified form. But here the policy of the United States would also have to be taken into consideration. The State Department would naturally feel reluctant to throw open the whole subject for fresh discussion in the present European climate. It may seem expedient, for more reasons than one, that the E.D.C. should remain incomplete without French participation—if it cannot be secured on existing terms—rather than that the achievements so far should be jeopardised by being reversed. The reaction in Western Germany in particular would certainly be unfavourable to any step which carries the implication that the U.S.A. would be prepared to recognise the importance of M. Mendes-France rather than that of Dr. Adenauer. The French proposals, which are particularly discriminatory against the German army, would never prove acceptable to any German Government.

Neither the U.S.A. nor Britain can fail to be alive to the importance of giving M. Mendes-France the maximum political strength because on that would depend the continuance of France's first post-war government which has been in a position to speak with conviction and act with courage. France has genuine and well-founded fears about Germany and they are fully appreciated by the other Powers assembled at Brussels and by Britain. Some concessions have been offered, which would not involve such drastic revision of E.D.C. as would require fresh ratification. The French Premier may yet make a bold attempt to face the National Assembly and secure its approval since he can now prove convincingly that he had tried his best at Brussels to amend the E.D.C. and obtained the maximum concessions.

WAYS OF THE BRITISH PRESS

West Germans have reasons to feel annoyed by the virulent anti-German campaign in the British Press. The publication at this time in serial form of a book by Lord Russell of Liverpool on war-time concentration

camps is also regarded in Germany as being timed to be part of this campaign. The flight of Dr. Otto John to Eastern Germany and his accusations against the spirit of Nazism prevalent in Germany might also have provided some foundation for these attacks. But the violence of the campaign is certainly inconsistent with the support to the general Western policy towards Germany which these sections of the Press would not normally oppose. Even if its purpose was to serve a timely reminder on the Germans of how much has been forgiven them by their European neighbours, the language and tone of the criticism was curiously harsh.

It is unlikely that all this will come as a surprise to Indian readers, who have been familiar with these ways of the British Press. There have been many occasions in the past when gross distortions of facts about Indian policy have been made, accompanied by emphatic judgments on Indian actions. Even if some of them were due to the deficiencies in India's publicity, there was never much doubt about the many instances of deliberate misrepresentation. This is not a forgotten chapter in Indo-British relations. There has again been a revival of this prejudice in British newspapers on India's policy on Goa, which has been only moderate, even to a fault. This section of the British Press has never taken in a kindly way to the Indian criticisms of British colonialism and racial discrimination in the Commonwealth, or perhaps even to the assertion of equality of status by India with the Western Powers on world issues. Such people may regard attack as the best form of defence and may be quick to see Indian aggression in Goa while brutal reprisals in the colonies are treated as unquestionable. The permissible limits of successful journalism always vary with the times but today one must abandon the old tendency to take the integrity of any leading paper or groups of papers for granted, for all time. When the common man in Britain alone mattered in shaping the destinies of millions in the Empire, it might have been good policy to indoctrinate him to the utmost to secure his acceptance of what was expedient for the Empire. But in a world in which the common man everywhere else has found his voice, these sections of the British Press can at best only entertain their favourite readers but need hardly be taken seriously elsewhere.

RESENTMENT OVER GOAN POLICY

The Portuguese Government's latest note runs on the lines expected. Indian acceptance of Portugal's suggestion for third party observers was clearly a manoeuvre to find a subject on which to open talks on the future of Goa. This object was not concealed by the Indian Prime Minister who reiterated his desire for discussion. Portugal has now rejected "the Indian Union's persistent wish to enter into indefinite negotiations without any agenda or limitations." The answer is obvious: there can be only agenda—that is the future of Goa—and little else for discussion between these two countries. The Portuguese Government's object is to make India reject the neutral observation proposal by putting forward as many limitations or restrictions as possible on the scope of such observation. On other matters relating to Goa, Portugal demands the acceptance by India of the co-existence of the Portuguese State of India and the Indian Union, when the main object is to end this unpleasant and undesirable co-existence.

The situation at the moment is not favourable for a speedy peaceful settlement. The satyagraha movement is thus destined to increase its tempo. Whatever

its effects on the Portuguese Government, the consequences in India can be well imagined. Already there is growing criticism of the Indian Government's moderation in restraining Indian volunteers from entering Goa, to which all parties have subscribed. There is sufficient justification for this resentment because it may create a precedent which is not consistent with the Indian stand on foreign pockets. Apart from the natural desire of the peoples of these pockets to merge with the Indian Union, there is the second and no less important consideration that the Indian Union cannot tolerate these little foreign footholds. In asserting this latter aspect, the Indian Government has been restrained in its actions with a view to adhering to peaceful methods. This policy would preclude any police or military intervention to secure a solution. But it did not cast an obligation on the Government to prevent Indian volunteers from joining a non-violent satyagraha, in a cause which the Government fully approves. If Portugal continues to stall on the negotiations, the Indian Government will find itself unable to resist the demand of non-Goans. There is no reason why it should, unless it proposes to take firmer measures to compel Portugal to see reason.

AMERICAN LEGISLATION ON ATOMIC ENERGY

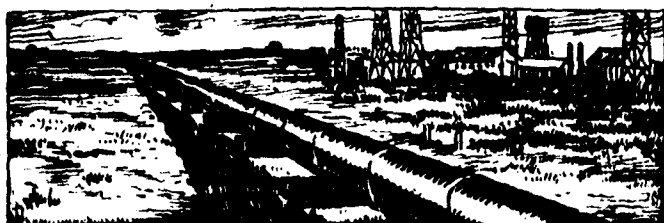
The purpose of the atomic energy legislation enacted last week by the U.S. Congress is two-fold—to develop the peaceful uses of atomic energy internationally, and to assist American industry in the development of constructive atomic power. A major objective of the legislation is to enable the U.S. to aid other countries to build their own nuclear reactors and atomic energy power plants for civilian use, and to develop other beneficial peacetime uses of atomic energy. The U.S. Atomic Energy Act of 1946 was essentially concerned with the military uses of the atom. It concentrated control of all atomic developments in the hands of the Government, imposed secrecy concerning atomic processes and established strict control of fissionable materials. The new legislation is designed to enable private industrial and scientific groups to develop peaceful atomic energy projects, to eliminate much of the secrecy hitherto imposed and to make fissionable materials more widely available for peaceful applications. In the field of international non-military atomic development, the revised Act will authorize the U.S. to make available to other countries certain atomic energy materials, together with technical information and assistance, which previously were restricted and could not be shared with other nations. It is expressly stipulated that assistance of this kind is to be used exclusively for peaceful purposes. A major objective of the new legislation is to provide methods by which atomic energy may be applied co-operatively to the peaceful service of mankind.

The revised Atomic Energy Act which has been sent to the President for his assent will authorize the President of the U.S. to enter into specific "agreements for co-operation" with individual friendly nations. The Act also says the U.S. may co-operate with a group of nations or with an international agency. Such co-operation is subject to certain conditions. If it takes the form of an international agreement, it must receive the approval of the U.S. Congress. If it is embodied in a treaty, it must be approved by the United States Senate. And both must have the President's approval. These "agreements for co-operation" are basically to ensure that atomic materials and information made available under the agreements will be used for peaceful purposes only.

Under such agreements, the new Act will authorize the U.S. to distribute to co-operating countries atomic "source materials," such as ores and uranium and

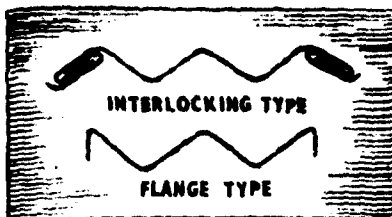
thorium in the natural state, and also "special nuclear materials," such as enriched uranium and plutonium. These materials would be for the construction of atomic furnaces—nuclear reactors—designed to generate electricity, and for research and development designed to increase the peaceful applications of atomic power. The U.S. will also make available to co-operating countries classified information, hitherto restricted, on the processing of atomic energy source materials and the development of nuclear reactors.

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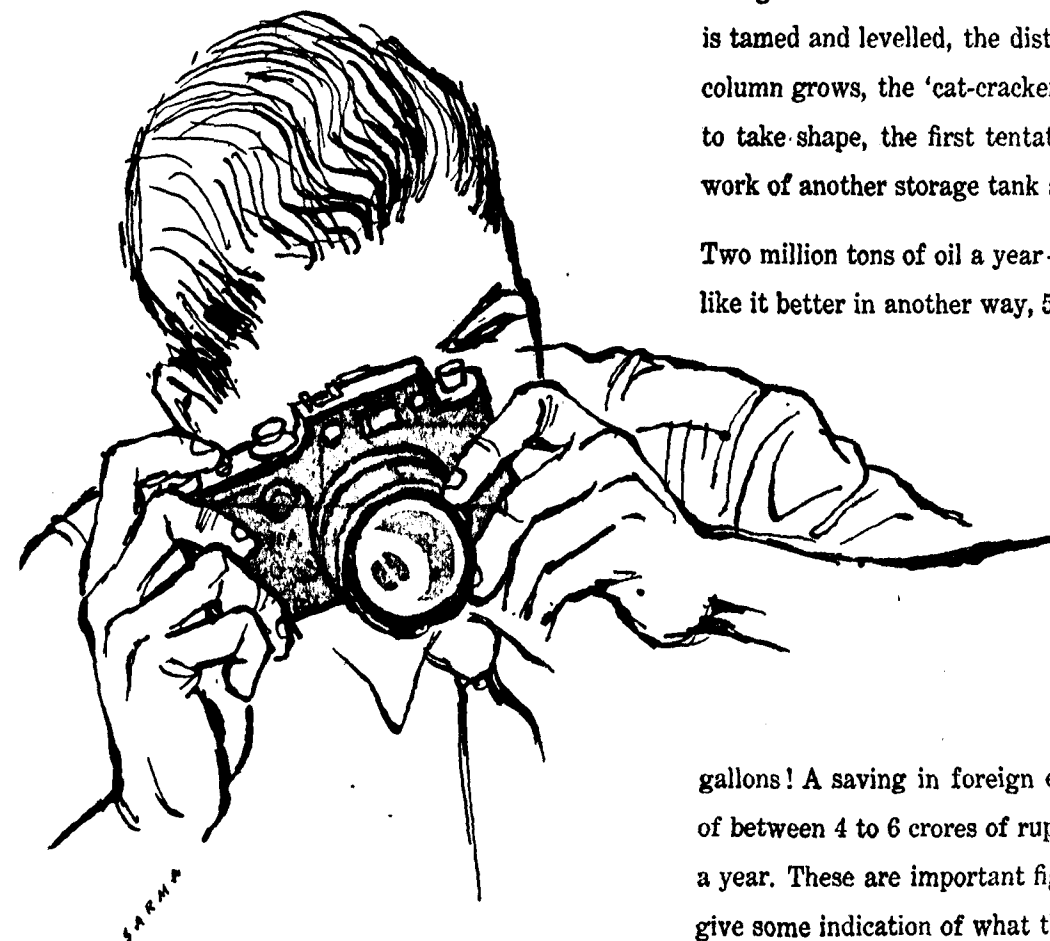
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BRITISH OVERSEAS AIRWAYS CORPORATION

WORLDGRAM

INDUSTRY

British Firm Invests £20,000,000 in U.S.A.: The Bowater Paper Corporation of London has poured 20,000,000 into building pulp and paper mills at alhoun, Tennessee. The mills have an initial annual capacity of 130,000 tons of newsprint and 55,000 tons of soft pulp. The entire newsprint output for the next five years is already sold. Forest areas, measuring 20,000 acres in Tennessee and neighbouring States have been acquired to supply the mills with timber.

Cotton and Rayon Cloth Expansion: Lancashire weavers turned out 1,437,620,000 yards of cotton and rayon cloth in the first six months of this year as against 279,820,000 yards in the opening half of 1953. Releasing these figures, the Cotton Board adds that mill employees on the manufacturing side of weaving totalled 141,890 when the latest returns were made. A year ago they numbered 137,370.

Census of Production in British Jute Industry: The recently published report on the 1951 census of production of the jute industry in Britain reveals gross production of the 73 jute establishments in the U.K., mainly in Dundee, was valued at £39,279,000 in that year. Sales of the principal products were: yarn 621,000 cwt; hessian 1,104,000 cwt; jute carpets and carpeting, floor rugs, mats and matting 64,000 cwt; yarn spun from rayon, nylon, etc., staple fibres 5,868,000 lbs.; 3,654,000 jute sacks and bags and 47,000 cwt. of cordage, cables, ropes and twine.

South Africa's Heavy Earnings From Wool: South Africa's wool industry is now earning (what the country's income from this source was in the last eight seasons) £372,000,000. The South African Wool Board's magazine says this product has earned £744,000,000 since 1910. Yet the past five years alone have fetched £303,000,000. The 1953-54 season, which has just ended, resulted in a clip of £268,000,000, the heaviest for 20 years.

F.I.C.C.I. on Production Trends in Industries: The Federation of Indian Chambers of Commerce and Industry reports that production trends during the current year indicate that industrial production is running at a rate that may result in an increase of about 2 to 3 per cent over the 1950 level. The F.I.C.C.I. adds that cotton and cement production at the present rate are likely to exceed the 1955-56 targets. In spite of the rise in production, however, it is observed that the rate of increase has been steadily diminishing.

Australian Steel Production Continues to Hold Level: Though exact production figures of Australia's iron and steel industry for the first quarter of 1954 are not yet available, it is estimated that during the first quarter of this year roughly 286,000 tons of pig-iron have been produced, compared with 351,249 tons in the last quarter of the last year. This reduction was due to the fact that one of the furnaces had to undergo repair work. The steel works turned out an estimated 360,000 tons in the first quarter of this year, about the same amount as during the fourth quarter of 1953, amounting to 362,180 tons. Rolling mills all worked at full capacity and turned out roughly 210,000 tons during the first quarter, compared with 214,295 tons in the last quarter of 1953.

FINANCE

Australian Trading Deficit: Australia's trading deficit with the dollar area in the year ended June 30,

1954 was £(A)20,985,000 compared with £(A)38,080,000 in 1952-53. The trade deficit with the sterling area was £(A)14,534,000 compared with the favourable balance of £(A)184,264,000 in 1952-53, as a result of the gradual relaxation of import restrictions. Sterling imports rose in value from £(A)306.3 million to £(A)444.8 million, while exports fell from £(A)490.6 million to £(A)430.3 million. Trade with non-sterling, non-dollar areas showed a favourable balance of £(A)185.0 million compared with £210.9 million the previous year. The overall trade surplus was £(A)149.5 million compared with £(A)357.2 million in the previous year.

U.S. Real Income Rise: The average real income of U.S. families in 1953 was \$4,863 against \$3,636 in 1929 in terms of the purchasing power of 1953 dollars. This represents a rise of 33 per cent or an average annual rise of 1.4 per cent. The number of families increased 43 per cent—from 35,500,000 in 1929 to 51,000,000 in 1953—and their total real income increased 92 per cent, from \$129,100 million in 1929 to \$248,000 million in 1953. Production workers (excluding supervisory employees) in U.S. manufacturing industries earned an average of \$1,301 in 1929, while in 1953 they earned an average of \$3,721 or 186 per cent more. Making allowance for higher prices, the purchasing power in 1953 was 55 per cent higher than in 1929.

One Per Cent of Sweden's National Debt Placed Outside Country: Sweden is one of the few countries in the world whose National Debt is placed in its entirety on the domestic market. In fact, only about one per cent of the total Debt, which amounted to Kr. 14,055 million (£969,300,000) on April 30, was in foreign hands. A recently published investigation into the distribution of the National Debt at the end of 1952, discloses that 21 per cent of the total Debt was placed with the Riksbank, 14 per cent with private persons, 13 per cent with commercial banks and 11 per cent each with the Post Office and the insurance companies.

Multi-Million Dollar Scheme to Harness Yukon River: An investment involving millions of dollars is being planned in order to harness the waters of the Yukon River, in North-West Canada, and supply hydro-electricity to new industries in an undeveloped part of British Columbia. The first stage alone, to be completed by 1962, will cost \$270,000,000. About 80 per cent of this sum will go on hydro-electricity projects developing 800,000 horse-power. The balance is for building smelters and refineries. Later schemes will bring the output of generators up to 4,300,000 h.p. By 1962, it is estimated plants powered by this plan will have an annual output of 3,700,000 pounds of cobalt, 80,500,000 pounds of nickel, 210,000 tons of iron and steel and 160,000 tons of manganese alloys.

U.S. Airline Purchases British Aircraft: The purchase by Capital Airlines, U.S.A. of a further 37 Vickers Viscount airliners, in addition to the three already ordered brings the total of Viscounts now ordered to 146. The purchase by Capital Airlines brings the British aircraft industry's order-book for gas-turbine airliners—Viscounts, Comets, and Britannias—to a figure of 183 planes, valued at £71,495,000 for the aircraft alone, excluding the continuous supplies of spares which each sale brings. The big overseas orders for service aircraft of the new outstanding type is Hawker Hunter for which overseas orders totalling £120,000,000 have been booked.

AGRICULTURE

Record Southern Rhodesian Tobacco Crop: The latest estimate of the South Rhodesia tobacco crop puts it at 112,500,000 pounds net weight. This would beat last year's record total by over 7,000,000 pounds. The first 20 weeks of the current auction season have seen sales of flu-cured tobacco totalling 85,944,882 pounds valued at £14,238,798. United Kingdom buyers accounted for 59 per cent of all transactions up to the end of July. Over the same period, more than 7,000,000 pounds were bought for Australia.

China Rushes Farm Collectivisation: It is estimated that in less than 10 years from now, the 100,000,000 families farming on a peasant scale in China will have been pressed into collective agricultural units. So far, only 2 per cent of such small holdings have been collectivised, but just over a third of them will receive this treatment by 1957. Between October 1953, and April this year, the number of families involved in collectivisation rose from 273,000 to 1,660,000. Over the same period, collective farms increased from 14,000 to nearly 100,000.

Canadian Wheat Crop: The first official estimate of this year's Canadian wheat crop puts it at 513,000,000 bushels or 101,000,000 bushels less than last year and 175,000,000 bushels less than the record achieved in 1952. Various other grain harvests are expected to show drops. The forecast for oats is 381,000,000 bushels against 407,000,000 bushels last year, and barley is expected to yield 222,000,000 bushels as against 262,000,000 bushels.

TRADE

Pakistan Tea Exports: Pakistan's tea crop for this season, up to the end of June, was 12,890,000 lbs. as against 13,309,000 lbs. for the same period last year. Exports were: United Kingdom, 2,372,439 lbs. for 1953-54 and 1,711,637 lbs. for 1954-55. All other places: nil in 1953-54, and 5,000 lbs. in 1954-55. Total exports were: 2,372,439 in 1953-54, and 1,716,637 in 1954-55.

Britain's Record Half-Year Oil Exports: Britain's petroleum industry has achieved a record export figure for the first half of 1954. In the six months, sales of refined products amounted to 4,000,000 tons, worth £43,500,000. This figure is well above the £36,700,000 for the same period of 1953. Fuel oil accounted for nearly one-third of the earnings for the first half of this year, at £14,690,000. Next came motor spirit (£10,300,000), while other leading products included lubricating oil and gas oil, each of which earned more than £4,500,000.

Five International Trade Fairs in Two Months: Five international trade fairs will be held during August and September. These include the Toronto Fair (August 27 to September 11); the 23rd International Fair at Izmir, Turkey (August 20 to September 20); St. Erik's Fair, at Stockholm, Sweden (August 29 to September 12); the International Trade Fair at Zagreb, Yugoslavia (September 3 to 14); and the 19th International Trade Fair at Salonika, Greece (September 5 to 25).

The 35th Swiss National Fair, Lausanne: The 35th Lausanne Fair will be taking place from September 11 to 26, 1954. In addition to its traditional exhibition of Swiss products, and while remaining fundamentally national in character, it will be presenting a pavilion of modern India. As a gesture of international good will, and to strengthen the ties already linking India with Switzerland, India is to be the guest country this year. Under the auspices of the Indian Trade Department in New Delhi and the Indian Ambassador at Berne, India will be displaying its economic resources

in a pavilion specially set aside for the purpose at the main entrance of Fair.

MISCELLANEOUS

F.B.I. Register of British Manufacturers, 1955: The 1955 F.B.I. Register of British Manufacturers (Price 30s.) published by the Federation of British Industries is available from Messrs. Iliffe and Sons Ltd., Dorset House, Stamford Street, London S.E. 1. The Register contains information regarding its 6,800 member-firms, listed under 5,000 alphabetical headings, packed in over 1000 pages, relating to British goods and their supply sources. It lists brands, trade names and trade marks of products. The Register incorporates a comprehensive glossary of French, German and Spanish equivalents for all product headings. After October 30, 1954, the price of this publication will be 42s.

Progress of Air-France, 1953: During 1953 Air-France carried 1,299,494 passengers, showing a 23 per cent increase over the previous year, and 255 million kilometre-tons compared to 208 million in 1952. The operations, however, showed a deficit of 1,685 million francs as a result of receipts of new equipment and loss due to the general strike last August.

Circulation of Yugoslav Papers: According to data from the Yugoslav Federal Statistical Office, during 1953 the two biggest Yugoslav dailies, 'Borba' and 'Politika', had a bigger circulation last year than all the other dailies put together. The 'Borba' printed on an average 230,000 copies a day last year, while 'Politika' printed 200,000. Total daily circulation of the other sixteen dailies put together was under 400,000. There were 440 other periodical newspapers, with a total average circulation of 3,520,000, and 548 magazines with a total average circulation of 2,272,000 copies. Last year, Yugoslav publishing houses printed 4,465 books and brochures with a total sale of 21,450,000 copies.

I.L.O. Committee on Metal Trades: The fifth session of the Metal Trades Committee of the I.L.O. to be held at Geneva from October 25 to November 6, 1954, will discuss (1) general report, dealing particularly with (a) action taken in the various countries in the light of the conclusions adopted at previous sessions of the Committee; (b) steps taken by the International Labour Office to follow up the studies and enquiries proposed by the Committee; and (c) recent events and developments in the metal trades, (2) regularisation of production and employment at a high level in the metal trades, and (3) practical methods of labour management co-operation in metal working plants. India is expected to send a delegation to the meeting.

New A.I.O.C. Refinery in Operation: The Anglo-Iranian Oil Company's newest refinery, on the Little Aden peninsula is in production just 15 months after the foundation was laid. On an average 13 ships call at Aden daily, all wanting oil bunkers. The refinery receives crude oil from the oilfields of the Gulf of Aden and, from this month, will pipe more than 2,000,000 tons a year of marine fuel and Diesel oils some 19 miles to the bunkers at Aden port. The estimated cost of the project is about £45,000,000 and it is planned for an annual production capacity of 5 million tons.

T.W.A. Boosts Quarterly Earnings Over 1953: Trans World Airlines earned \$5,910,000 in the second quarter this year compared to \$3,750,000 in the same period of 1953. Both figures were after provision for income taxes. Six months' earnings were \$1,945,000 in 1954 compared to \$2,984,000 at the end of June 1953. T.W.A.'s strong second quarter position was attributed to a 6.5 per cent increase in gross revenues while expenses, notwithstanding the traffic increase, were held to a rise of only 4.8 per cent compared to last year.

NEWS IN BRIEF

INDIAN

It is reported that the High Commissioner for Australia presented a cheque for £(A)5,000 (Rs. 53,334) on behalf of his Government, towards the Prime Minister's National Relief Fund for relief of distress caused by floods in India. Nearly Rs. 2.25 lakhs are estimated to have been collected for this Fund.

For the development of handloom and cottage industries, Andhra has been sanctioned Rs. 11,30,000 as loan and Rs. 29,370 as grant; Mysore gets a grant of Rs. 1,96,890 and a loan of Rs. 23,500; Saurashtra a grant of Rs. 37,600; Bombay a grant of Rs. 11,604 and Orissa a loan of Rs. 10,000.

The German firm of Bentz and Leitz has started the construction of a bridge for the Government of India on the River Ganges, about 50 miles from Patna. The firm was selected out of 30 other overseas competitors.

It is reported that 642 locomotives remain to be delivered to the Indian Railways on orders placed abroad so far. Of these, 280 will be obtained from West Germany; 150 from Japan; 80 from Belgium; 60 from Austria; 47 from U.K. and 25 from Italy.

A Government of India official will negotiate with Rolls Royce in Britain regarding the establishment of a factory in India for the production of aero-engines. The factory is to be located at Bangalore to ensure the necessary co-ordination with Hindustan Aircraft Factory.

The Central Government has sanctioned Rs. 37.5 lakhs during the remaining period of the Five-Year Plan for research in Ayurvedic, Unani, Homoeopathic and Nature Cure systems. Of this Rs. 17.5 lakhs will be spent on the Jamnagar Institute where such research is already in progress.

A sum of Rs. 3,10,800 was sanctioned by the Government of India during the month of July for the construction of 186 tenements under the Subsidised Industrial Housing Scheme.

According to a Press release, the 10-year National Plan Certificates, the issue of which was notified on May 1, 1954, will continue to be on sale until further notice at all Post Offices conducting Savings Bank business.

The Government of India have approved 241 National Extension Blocks covering 24,100 villages and a population of about 16.87 millions during the current year, bringing the coverage to a total of 712 blocks comprising 72,850 villages and a population of 55.87 millions.

It is estimated that there are at present about 12,000 to 13,000 nurses and 14,000 to 15,000 mid-wives in India. There are at present about 1,26,000 hospital beds for which, according to the Bhoré Committee recommendations, about 25,200 nurses and mid-wives would be needed.

FOREIGN

Arrangements were recently completed in Britain for the issue, by the British Electricity Authority, of a £100 million loan at 3½ per cent, repayable in 1976-79.

The U.S. Public Health Service has granted \$14,685,671 for 1,442 medical research projects on major diseases. These awards are spread over 335 institutions and will cover cancer, mental and heart diseases, arthritis, cerebral palsy, epilepsy, tooth diseases and the common cold.

It is officially reported that the total number of Muslims who made pilgrimage this year to the holy places of Islam has been estimated to be 1,64,672. This figure is about 15,000 more than that of the estimates last year.

Pan American World Airways have been awarded the 1953 Aviation Safety Award for having flown 2,889,332,000 passenger miles during the year without passenger or crew fatality. The Award is made annually by the National Safety Council to the scheduled airlines that have had no fatal accidents.

Life expectancy in Sweden has increased by two years in ten years, according to the life tables of the Swedish Bureau of Statistics. For the 1946-50 period life expectancy for men was 60.04 years, that for women 71.68 years.

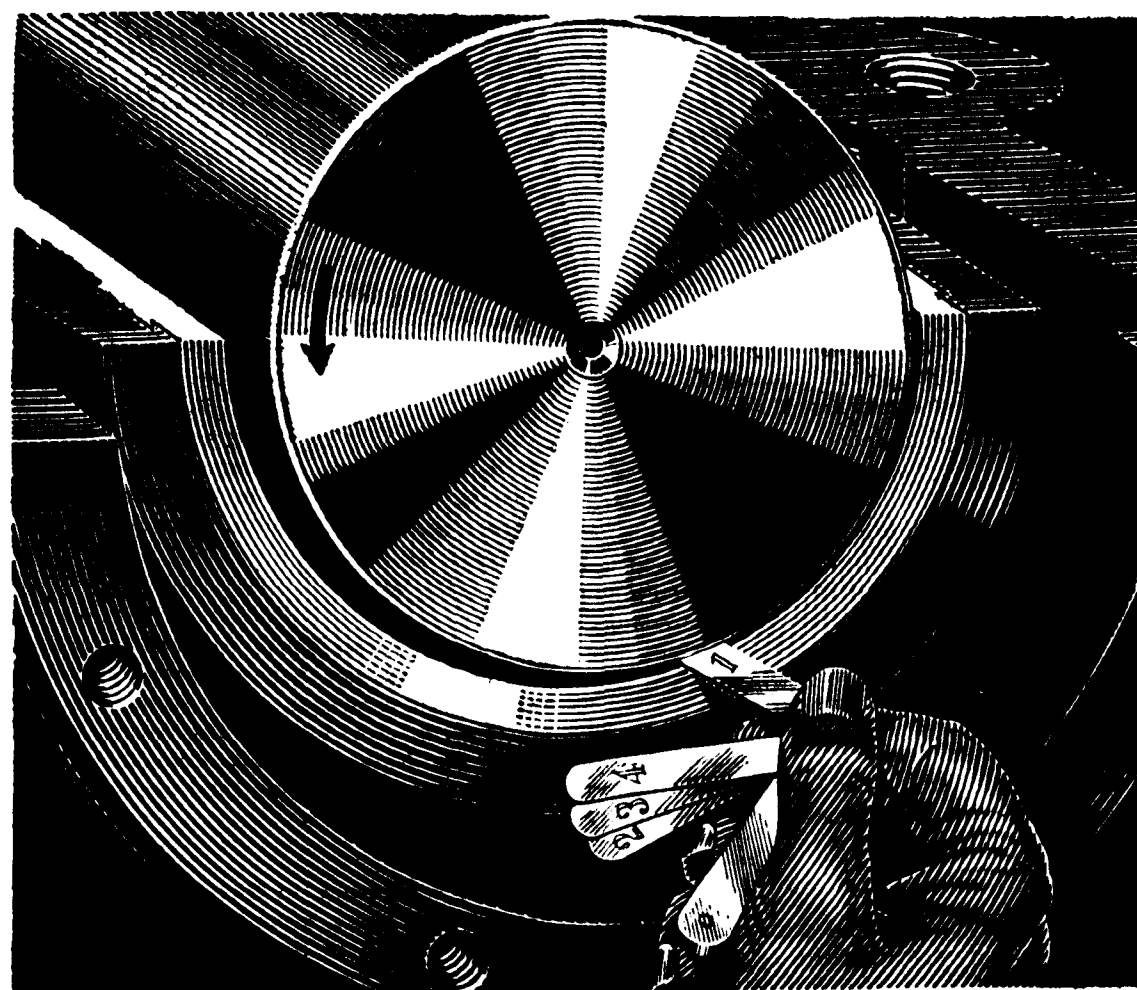
East and Central Africa, South Africa, Malaya and Spain are to receive 47 Diesel-hydraulic locomotives ranging in power from 200 h.p. to 625 h.p. valued at between £15,000 to £34,000 each. The value of the overseas orders, on which work is in progress, is well over £1,000,000.

An eight-nation conference on the formation of a South-East Asia defence system to be held at Baguio in the Philippines begins on September 6. Australia, Thailand, the Philippines, Pakistan, New Zealand, France, Britain and the U.S.A. will be represented at the conference.

During the first half of 1952, there were 89,960 marriages and 6,830 divorces in Yugoslavia while in the same period in 1953 there were 75,480 marriages and 8,890 divorces. Yugoslavia with 10.4 marriages per 1,000 inhabitants stands much better than the majority of European countries.

During the first seven months of this year, West Germany exported goods worth 12,059,000,000 marks, showing an increase of 20 per cent over the corresponding period of 1953. Imports at 10,273,000,000 marks were up 15 per cent over the same period in 1953.

The Council of the Society of British Aircraft Constructors has accepted the recommendation of the Society's Sales and Export Committee that a Flying Display and Exhibition be held sometime during 1955.



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A Window On The World

WHO POISONS THE NEWS WELLS?

By
ODYSSEUS

FEW REPORTS sponsored by the Government of India have ever been so important to you in your capacity as a citizen as the report of the Press Commission, and few have been so fair in their appreciation of the strengths, and in their diagnosis of the weaknesses, of the subject of their investigation. "On the whole", the Commission gives our press a good chit; we have, they say, "maintained a high standard of journalism... India possesses many papers of which any country may be proud." At the same time, they have reasonably pointed to certain risks and weaknesses. Starting from the unimpeachable maxim (which would be printed in gold at the head of this column every week if you could afford to pay for it) that "the proper functioning of a democracy requires that every individual should have equal opportunity, in so far as this can be achieved, to put forward his opinions," the Commission takes up the general position that everything should be done to enable new journals to be launched, to promote widespread and healthy competition in the service of the reading public, to discourage chains of newspapers which are suspect as monopolist in tendency, and to provide increased supplies of newsprint. The Commission is suspicious of the individual newspaper proprietor who, they fear, may yield to the temptation to control the editorial policy of his newspaper, or papers, in favour of his own sectional or commercial interests. They urge editors and reporters to avoid bias. In a moderate and judicious spirit they put their finger on many weak points of which every reflective newspaper reader, and every responsible journalist in all democratic countries has long been aware.

THE IDEAL AND THE REAL

Everybody will agree with the Commission that the basic problem of democracy is that it cannot function unless the public is kept supplied with a truthful, comprehensive, unbiassed account of all that it is important for us to know if we are to vote intelligently and, in general, to fulfil our roles as responsible citizens. And the press should provide a forum for the exchange of comment and criticism, in which any honest opinion, however unorthodox, may be submitted for public debate.

As against this ideal, it has often been pointed out that "all that is important for a citizen to know" is not currently a journalist's definition of "news". To the average journalist, "news" is what will strike a headline, what will sell the paper. It is something red hot, preferably of national rather than international, of local rather than national, appeal, and full of "human interest", unexpectedness, novelty. To attract the biggest number of readers, the press tends to emphasise the exceptional rather than the representative, the sensational rather than the significant. For example, the successful negotiation of a wage-increase between workers and employers might secure a paragraph, but a break-down would be sure of a column.

It has also been pointed out time and again that newspaper proprietors are, after all, human and may be tempted to use their columns to emphasise news favourable to their interests, and to suppress news of developments that they do not like.

The Commission and I are in cordial agreement on this diagnosis of the perils and weaknesses in the newspaper industry as it exists today. It is when we come to recommendations for cure that we part company.

Frankly, the Press Commission's recommendations make my remaining democratic hairs stand on end. For, in general, whenever they see an evil, their remedy is to establish some sort of public control, either by a government department or some official body. They wish to bring the newspaper industry within the iron strait-jacket of the Industries (Development and Regulation) Act of 1951, which, it should not be forgotten, allows the government to take complete control, if it sees fit, of the direction, and even of the day-to-day administration, of any scheduled industry—powers that not even the bureaucratic pre-1947 Indian Government dreamt of assuming even at the height of the 1942 conflict. They want newspapers to be owned by public trusts rather than by private individuals or companies.

I would like to ask the Commission why they think that a government department or a public corporation has no special interests to protect or to promote? Can the members of the Commission assert that they have never heard of a government department putting pressure on the newspapers to emphasise one point of view or to suppress another?

SOME PERSONAL EXPERIENCES

As a working newspaper man, with some twenty-five years' experience of reporting in three continents, I can tell the Commission that not one of the several proprietors and editors for whom I have worked has ever tried to exercise the smallest influence on what I have written (even when I have on occasion reported facts, or taken a view, that I knew could not have been palatable to them). On the other hand, I have had the greatest pressure brought to bear on me in one way or another by government departments in every country in which I have worked.

From personal experience, I can say that governments are capable of making life miserable to a conscientious correspondent who reports the truth as he sees it. At first, they reason with you in mild reproach. If you persist, they get tough; they call press conferences to refute your reports. They denounce you in the Legislature. They bring pressure to bear on the professional association to which you belong. They get senior officials, or even cabinet ministers, to approach your editor or proprietor; they are subtle and insinuating: "Your man X is a good fellow," they say. "We haven't a thing against him personally. We like him. But—he is under the influence of the wrong people. He is getting his news from biased sources. He does not come to us enough. He is giving your readers a totally false impression of government policy." One government objected so strongly to my reports that it got its ambassador in the capital where my paper was published, and where my wife was then living, to see that she was invited out to lunch by a high official, who proceeded to try in a friendly way "for the sake of his own good" to make my wife see that I was ruining my future by discrediting myself in the eyes of every right-thinking person. Thoroughly alarmed, my innocent wife wrote me a desperate warning. I cannot say that this incident helped to remove whatever bias I may have had towards the government that was so irritated by my reports. But it convinced my editor more than anything else could have that I was getting the real news, for I have always had the good fortune to work for proprietors and editors who reacted strong

ly to pressure tactics; they either ignored them, or told the government concerned to look to the mote in its own eye before it bothered about the beam in mine.

I submit to the Press Commission that the vested interests of a minister, a government department, or a public corporation, are far more difficult to expose, or to resist, than those of an individual newspaper proprietor or board of company directors. A minister or a department can mobilise the whole force of officialdom, the whole government machine, the whole authority of the cabinet, or, if need be, the prestige of the Prime Minister himself, to isolate, stifle, or discredit, a correspondent or a commentator who persists in reporting awkward facts or in taking a critical editorial line.

THE HIDDEN HAND OF GOVERNMENT

It is equally my submission to the Press Commission that while every individual newspaper proprietor, or editor, has his full quota of human weaknesses, prejudices, and special interests, his power to promote them will not, for one moment, stand comparison with that of a government department. Moreover, there is an important difference in the relation of a government department and of a newspaper proprietor, or editor, to news. A newspaper's policy cannot be concealed. It is not meant to be. It is there for all the world to read. Anyone who does not like it can criticise it openly. The cause of the truth can be promoted in the cut and thrust of public debate. Whereas the pressure of a minister or of a civil servant can be indirect, unseen, and unknown. It is not impossible for a government to suppress news. I could instance half a dozen cases from my own experience. But it is impossible for a newspaper to do so. Competition for news is too keen, and divergent interests are too many.

The cure put forward by the Press Commission for the evils that they, and I, deplore seems to me not only no cure but the substitution of a greater for a lesser

evil. Official opinion in India seems so convinced of the almost papal infallibility of government control as the way of universal salvation, and public opinion seems so uninformed or apathetic on the subject, that it is vitally important for all true democrats (such as I take the members of the Press Commission to be) to join hands to fight strenuously against government control in the one sphere in which government control automatically leads to the extinction of democracy—the sphere of news gathering, reporting, editorial writing, the sphere of the expression of those conflicting views and opinions without which there can be no democracy—the sphere, precisely, of the newspaper.

Every political party has its policies and interests to promote; its role is to persuade the electors that its policies are in the national interest. This, of course, does not mean that they are not also in the interests of the party that advocates them! (Why not?). From this, it follows that a democratic government's ability to remain in power depends partly on its success in persuading the electors that it is doing a good job for them, and partly on the ability of the opposition to persuade the electors of the exact opposite. A democratic government therefore has every inducement to try to prolong its period of office by controlling news and views if it can. Democrats do not cease to be human beings. A wise electorate will, therefore, see to it that its government is preserved from such temptations by insisting that it should never be given power to control the press, however well-meaning the intentions of such powers.

As I have criticised the Press Commission's recommendations, it is only fair that I should offer alternative solutions. These I propose to submit for your discussion next week. I might say that included among the Press Commission's recommendations is one which I think offers the basis of as good a practical achievement of the Commission's aims as can ever be attained in this imperfect world.

THE WORLD ABROAD

PEACEFUL CO-EXISTENCE — A BRITISH ANALYSIS

The maiden speech in the House of Lords on July 28 of Lord Strang—who was created a peer on his retirement last year from the post (which he held as Sir William Strang) of Permanent Under-Secretary of State for Foreign Affairs—has attracted great interest in political quarters. Lord Pakenham (Labour), who followed Lord Strang in the debate, voiced the appreciation of the House saying that when a great public servant distilled the fruit of wisdom accumulated during so many years of helping to save his country and the world, they all felt he had placed them deeply in his debt.

Speaking in the foreign affairs debate, Lord Strang gave a penetrating analysis of Russian-Communist policy, of American policy and the outlook governing it, and of the possibilities and limitations of peaceful co-existence. He concluded that the situation called for vigilance, steadfastness, and the unremitting maintenance of collective strength on the part of the free world.

On Soviet policy Lord Strang said: "The Soviet Union is something more than a world Power of traditional pattern. This great force, directed by a consistent body of doctrine and operating through a carefully designed system of political strategy and tactics, implacable in purpose but flexible in method, has taken as its objective the establishment of its own particular organization of society throughout the world."

COMMUNISTS' "FIXED PURPOSE"

"The framers of Communist doctrine and the directors of Soviet policy make no secret of their objectives. It is written for all to read in authorized expositions of the Communist faith. The inevitable collapse of the capitalist world, they say, is to be promoted and hastened by all feasible and expedient means, not excluding armed force. Tactics will vary, from time to time, between ruthlessness on the one hand and seeming magnanimity on the other—and we ought not to allow ourselves to be either intimidated or disarmed by them—but the fixed purpose will remain."

Turning to United States policy, Lord Strang said: "On the other side is a corresponding dominating factor. The revolutionary change in the distribution of world power had been accompanied by a revolution in United States policy."

In contrast to the traditional American policy of isolationism, "not only has the United States of America undertaken the obligations of the United Nations Charter, but she has apprehended the peril which threatened us all, and has recognized her prime responsibility for meeting that peril."

"She has rebuilt her own armed forces in a measure unprecedented except in time of war. She has sustained the economy and nourished the military strength of her allies. She has joined—and, indeed, helped to promote—the creation of a grand defensive coalition carrying with it wide military commitments as well as engagements for intimate international consultation."

THE BALKAN DEFENSIVE ALLIANCE

The "treaty of alliance, political co-operation, and mutual assistance" signed at Bled, Yugoslavia, on August 9 by the Foreign Ministers of Greece, Turkey, and Yugoslavia formalises a situation which has, in fact, existed for 18 months. It is, none the less, important.

It was during 1952 that the menacing attitude of their "Communist" neighbours convinced the three Governments that some form of defensive co-operation between them was essential. The outcome was the

"ROOTED IN LAW"

"It is traditional in American thought to hold strongly that the policy of the United States should be based on moral principles and rooted in law and morality. Whatever they may say or do, and however imperfectly they may sometimes follow it, the ideal pervades their minds; and in the solemn issue of peace and war we can be confident that it would be decisive."

Lord Strang went on: "What is the remedy (to this world situation)? It is in calmness and confidence to meet strength with strength, will with will, and faith with faith. In these circumstances, is what is called peaceful co-existence possible? I think it is."

"But the term must be rightly understood; otherwise, it may raise delusive hopes. If peace means simply the absence of major war, then peaceful co-existence in our time is, I think, not only possible but even probable—provided the non-Communist Powers maintain their collective strength."

"The hazards of war, if the contestants are evenly matched, are now more than ever terrible and incalculable. Like any other State, the Soviet Union must be preoccupied first of all with her own survival. She would be unlikely to commit her forces prematurely, or to risk a world war for Communist purposes unless she could expect easy victory. We must see to it that no such easy victory would be achieved."

"If, however, peace is something more than the mere absence of total war; if it is understood to mean a positive spirit of harmony and concord—then I think that peaceful co-existence is not to be hoped for. Lenin said (and his words are still, I think, decisive): 'So long as capitalism and socialism exist, we cannot live together'."

NEITHER PEACE NOR WAR

"We are left, therefore, with the prospect of a peaceful co-existence which means an absence of both peace and war, in the full sense of both words, and which may last for years—perhaps even for generations—to come. A better name for this state of affairs would be 'co-existence with conflict'. This is, in fact, how Stalin himself looked upon it."

He added: "We must, therefore, expect that the Communist Powers will continue to use every means short of world war to penetrate, to disrupt, and to dominate the other half of the world, probing weak spots, internal and external, and calling off the offensive in any particular place only if strong and effective resistance is offered."

"That is a grievous prospect, but not so grievous as total war and not so grievous as surrender. It is one which calls for vigilance, steadfastness, and the unremitting maintenance of collective military strength."

Lord Strang concluded: "The crucial fact of our time is that the struggle for Communist mastery of the world is now joined."

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is no common command, no "integration" of the three armies, as in the case of the North Atlantic Treaty Organization (NATO) forces in Western Europe. But, for example, the Greek "order of battle" and mobilization plans are now based on the assumption of co-operation with the Yugoslavs in the defence of Macedonia and the Vardar valley and with the Turks in the defence of Thrace.

NOW MADE FORMAL

There has thus been for some time what one may call a 'de facto' defensive alliance. But none of the three partners had given any formal pledge to come to the assistance of another in the event of its being attacked. They have now done so. The alliance is formal as well as factual.

In its drafting, an obvious difficulty presented itself. It was easy to deal with the contingency of direct aggression. The formula is based on the pattern of the Atlantic Treaty. Aggression against one will be considered as aggression against all. The three pledge themselves that they will, "individually or collectively, render assistance to the party or parties attacked.... including the use of armed forces which they shall deem necessary for efficacious defence".

But there is another possibility. Greece and Turkey, but not Yugoslavia, are members of NATO. Therefore a case might arise in which Greece and Turkey might find themselves involved in war, as a result of their obligation to come to the assistance of some other NATO member which had been attacked. But Yugoslavia would be under no such obligation.

The solution is a familiar one. Yugoslavia agrees that in such a contingency the three would "consult each other on measures to be taken.... to meet the situation which would have thus been created in their area." More could not have been expected. The Greeks and the Turks are very satisfied. So are the NATO countries.

TRIESTE SETTLEMENT NEEDED

But even so, the overall position is still complicated and not satisfactory. There are now, in free Europe, two defensive systems, two defensive alliances. One is NATO, the other this new Balkan system. Greece and Turkey form the link between them.

But there is still no machinery of consultation, no provision of any sort for any kind of eventual military co-operation between two systems. Any planning for such co-operation would, for obvious geographical reasons, primarily concern Yugoslavia and Italy. Because of the Trieste dispute, their relations forbid it. And that involves a dangerous weakness in what is again, for geographical reasons, a particularly vulnerable area—the area of the historic "Ljubljana gap".

Fortunately, the prospects for Italo-Yugoslav agreement on Trieste are better than they have ever been. There are still some stubborn points on which a compromise has to be found, and is not easy to find. But the need for agreement is an imperative one. And without being over-optimistic, one may hope that the next few weeks will see a settlement at last.

If it comes, new possibilities present themselves. How are they to be used?

When I was in Athens last month, the hope there was that the next step might be Italy's adhesion to the Balkan treaty. The door has been carefully and deliberately left open. And some Italian comments on the signature are by no means unfavourable. One is, for example, that for the new alliance to have full value a "link must be forged between it and the existing defensive organization", and that this is "something which can only be achieved through Italy".

"CO-EXISTENCE" AND COLLABORATION POSSIBLE

The simplest and most logical solution would clearly be that Yugoslavia should herself become a member of NATO. But that is a question discussion of which is still premature. The immediate problem, as soon as the necessary relations between Italy and Yugoslavia exist, is the forging of the "link" between the Balkan alliance and NATO.

It should not be overlooked that the two treaties—of Ankara and Bled—do more than create a military alliance. They also provide for co-operation in other fields, political, economic, and cultural, between the three Governments—one of which is Communist, the others emphatically not Communist. This should provide a practical demonstration that not merely "peaceful co-existence" but fruitful collaboration is perfectly possible between countries which have radically different social and economic systems—provided that they can rely on each other's peaceful intent, tolerance, and mutual respect.

It is not the fact of Russia's Communist economy, but that of her imperial expansion and of the Soviet Government's menacing attitude to its neighbours, that has caused world tension and has made it necessary for the three Balkan States to unite in this defensive alliance against the menace to their north.

(W.N. Ewer in the B.I.S.)



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A DELHI DIARY

THE weather in Delhi continues to be exacting, but even this unimpressive piece of information comes to me only by hearsay. For I must confess I am safely ensconced on an eminence of 5,500 feet where (happily!) the Delhi climate, meteorological or political, is far away. From the pleasant heights of Coonoor, with which is allied the Queen of Hill Stations which is Ootacamund, everything looks different. Everything except taxation!

Arriving by various instruments of travel, I arrived in the midst of an inaugural address by Mr. Sri Prakasa, the Governor of Madras, to the sixty-first annual meeting of the United Planters Association of South India, better known as UPASI. When I came in, the talk was all about taxation of plantations. For brief moments Mr. Sri Prakasa's address wandered to other things such as the pleasure it gave him to find so many well-dressed women present, and the greater pleasure it gave him to converse with them since they at least had no grievances. But soon we were back at figures. A good estate of 1,000 acres, it seems, earned gross revenue (I forget whether it was tea, coffee or rubber!) of Rs. 16 lakhs; costs were arbitrarily fixed at Rs. 11 lakhs. There was, therefore, Rs. 5 lakhs profit of which existing taxation took only Rs. 1,20,000. There was, however, a new tax on Agricultural Incomes proposed (for the special benefit of Madras planters) which was cheerfully to double this amount when it came on the Statute Book as, I gathered, it had every intention of doing.

This seemed to the Governor to be rather a heavy addition to existing imposts. But instead of advising the Finance Minister, who was conveniently on his right hand, to recognise that the doubling of taxation in this manner was something which needed immediate consideration, the Governor promptly proceeded to advise the planters not to seek legal opinion in support of their contention that special taxation was discriminatory and could be opposed on some protective measures which the Constitution was good enough to contain. There, said the Governor, was the Finance Minister. There were the planters. He thought that some considerable good would result from this meeting. The Governor seemed quite unaware that his remedy had been previously tried and found wanting. And when the meeting terminated after the Governor's address, I gathered that all plantation problems had been left where they were with only the feeling that some little insult in the form of patronising advice had been added to a feeling of coming injury.

I have been asking myself why inaugural addresses at commercial functions look so unsatisfactory to persons like myself who have no stake in the proceedings. I can understand that they look even less satisfactory to those toads beneath the harrow who expect the pressure of each toothpoint to be diminished merely because they feel that their cases have been well presented. Year after year, commercial associations invite rebuke on themselves by asking representatives of the Government to heed their grievances. Year after year they suffer the sermons of politicians in silence. Why, I ask myself, do practical business men repeat every year this process of self-infliction from which they derive nothing except token praise with an occasional recognition that their work has been good for the country whilst being incidentally profitable to themselves?

PUBLIC RELATIONS

I have come to the conclusion that at the present time business men have these ostentatious annual meet-

ings largely to make a token offering to the god of Public Relations. There is a vague feeling in the air that Public Relations are good in themselves; and the business community has a bad conscience because its public relations in the matter of explaining its way of life have been bad in the past. And thus there is a dual reason for the showy annual meeting. It gives the business man a platform which he still uses, in my opinion, ineffectively, because quite often he displays his grievances rather than the service he has done to the country. As there is generally a distinguished Minister or a Governor present, the Press is avid in reporting the proceedings. And thus the business men are displayed as men with grievances which in fact in many cases they are not.

This was I fear one of the weaknesses of Mr. A. V. Thomas's speech at the UPASI meeting. Mr. Thomas himself was absent being unhappily on a bed of illness, and his speech was read by the Vice-President in what the Governor thought was a "hesitant" tone. Perhaps, the Vice-President did feel the grievances were too many, though private sources of information do not confirm the Governor's optimism on the split personality of UPASI. In any case, Mr. Thomas made a mistake in my opinion to refer to the Land Revenue Surcharge in almost equal terms with the new Agricultural Income Tax proposals. The surcharge should have been graciously accepted although the Finance Minister has gone back on a (printed!) promise to exclude plantations from this impost. And the grievance should have been presented here not in terms of the inroads it will make into present profits but in terms of the injury which it will do to future development. As far as I can gather, new planting is at a standstill for want of large finance.

This tax proposed, as I mentioned, for the special edification of Madras was part of the taxation proposals intended to cover a deficit in the State Budget of Rs. 58 lakhs. The receipts from the agricultural income-tax were estimated at Rs. 11 lakhs, but it is likely that the rates as now proposed will yield over Rs. 50 lakhs and may be considerably more. The revenue from this source on the basis of the profits of companies which are listed in the Madras Stock Exchange alone would be Rs. 29 lakhs. It would seem that a tax at one-fourth the rate proposed will satisfy the Budget requirement of Rs. 11 lakhs. But, of course, nobody expects the appetite of a Finance Minister to stay put. It will grow—as all appetites do—by what it feeds upon.

COONOOR

This is happily only one feature of the Coonoor view. From where I am now writing, the hills in front can be seen with the rising sun lighting up their prominences and shading their valleys, giving a total effect, which is beautiful to behold. I wonder why more people do not come up to Coonoor. I have been told that, contrary to the usual belief, the exodus to the hill stations has been steadily declining. I do not find the explanation in Prohibition because this is to be found equally in the plains. Can it be that people find a vacation more difficult than before, because business men have so much routine work with the Government now to perform?

I should mention one last event. There was one glorious hour of temporary relaxation of Prohibition. I will not say when or where!

ARGUS.

SPECIAL ARTICLES:

WORLD'S FOOD AND AGRICULTURE IN 1954

IN a world in which the question has insistently been asked whether our food production is already tending to overtake the increase in our population, it is refreshing to see the issues framed in the right perspective in the annual review of the F.A.O. for 1954. The world has so far experienced only two successive years of agricultural prosperity in 1952-53 and 1953-54 and the indications are that this state of food sufficiency will be maintained in the current year (1954-55) also. The most striking thing about this improved situation is that in spite of a decade of war-time and post-war food shortages, the surpluses of a year or two could suddenly prove so burdensome as to cause the feeling that a level of adequate food supplies has, perhaps, been reached even now. Until 1951, the Governments in many areas of the world were grappling with the problem of distress caused by food shortage; in two years of agricultural prosperity since, large-scale hunger has been just banished. There is no immediate prospect of the recurrence of such distress, in view of the large stocks of food available with the leading producing countries. But even then, as the F.A.O. report emphasises, the fact is that even if the world position is one of oversupply in relation to effective purchasing power, it is certainly not of oversupply in relation to human nutritional needs. The lack of balance in food production in the various areas—against the background of the total world supply having caught up with the increase in world population—is brought out in these following figures:

Indices of Per Capita Food Production
(1934-38 = 100)

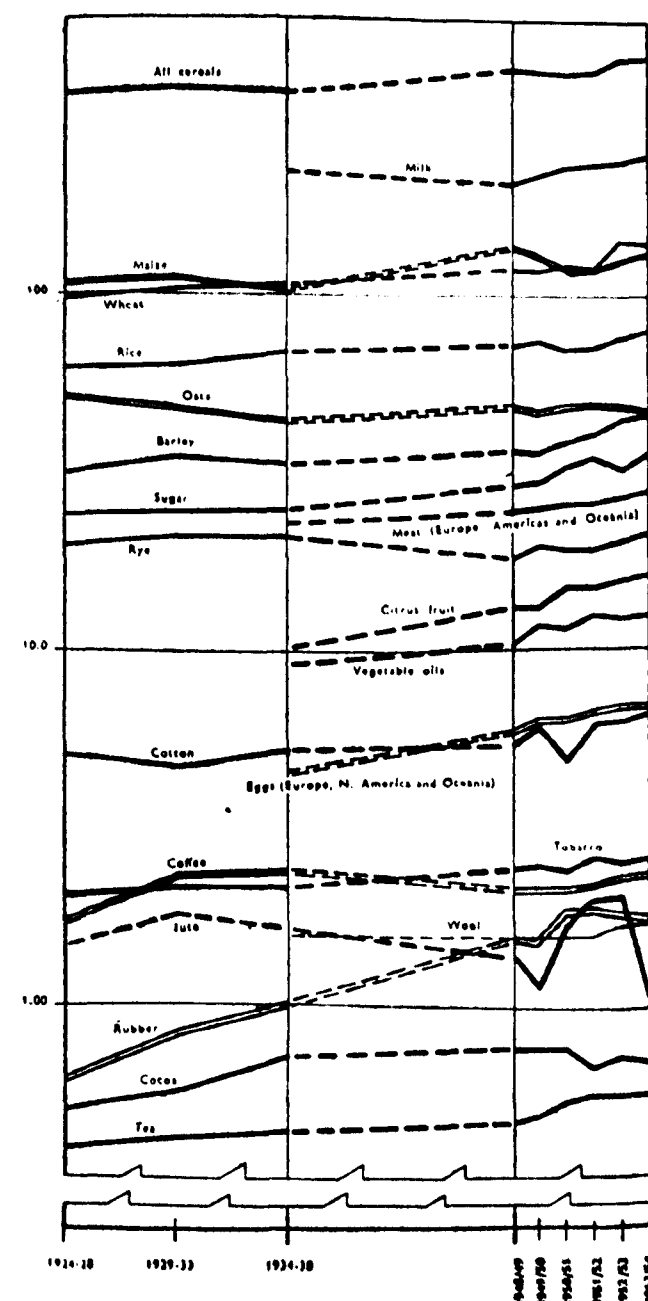
	1948-49—1950-51 Average	1952-53	1953-54 (Preliminary)
Western Europe	90	102	107
North America	118	123	119
Latin America	98	97	96
Africa	102	106	105
Near East	95	104	108
Far East (Excluding China)	84	85	87
Oceania	96	93	93
All above regions	98	102	103
World	97	101	102

The long-term trends in individual articles of food and in particular agricultural commodities has varied greatly, but with only a few exceptions, they have been steadily upward. Part of this steady increase was due to the technical methods employed in some areas to increase productivity but even in North America where these methods have been employed, the recent bumper harvests have been due largely to favourable weather. Considering the vast scope that exists in other areas, outside North America and Western Europe, to introduce technical improvements to raise productivity, the Malthusian spectre is not likely to be anywhere round the corner. But in particular areas, the disparities in world production (that are indicated above) contain the danger of hunger becoming a real problem without sufficient warning. The F.A.O. has rightly drawn the moral that there can be no slackening in these areas of the rate of investment in agriculture that has taken place, even though it has already contributed to the accumulation of surpluses in the areas from which supplies have been hitherto drawn by the deficit countries. The excess

stocks in the United States, on the disposal of which other holders of surplus stocks depend, are unlikely to be so used as to depress prices elsewhere and lead to such a fall in production as would restore the shortages that existed prior to 1952-53. Outside North America, the problem of surplus is not a serious one.

It is clear that food consumption in most areas has not kept pace with increasing production, even though there is immense scope left for such increase. The lack of effective purchasing power in many areas is partly the result of income levels of individuals and partly the currency difficulties of the Governments in buying from the surplus areas. But it is also true that continuing high retail prices of food have prevented the natural increase of food consumption that could offset the regional increases in food production, (except the very large North American surpluses). Even in India there has been a wide gap between the wholesale prices and retail prices. While there has been general concern

ESTIMATED WORLD PRODUCTION OF MAJOR AGRICULTURAL PRODUCTS
Million Metric Tons (Semi-logarithmic scale)



over the recent fall in wheat and rice prices in wholesale markets, the consumer has been paying about Rs. 14 per maund for wheat and Rs. 20 to Rs. 45 per maund for rice. These prices do not indicate the existence of plenty on a scale as would be an improvement over the levels prevailing until 1949-50, though the consumer has certainly felt the perceptible change in the conditions since 1950. It is now seen from the F.A.O. report that this feature, of retail prices not keeping step with the prices received by cultivators, is in fact a world-wide one. In some countries, the abolition of food subsidies as a result of lower wholesale prices has failed to make any difference to retail prices. But the major cause of the inadequate response of retail prices seems to be due to the cost of food processing and distribution. In eight countries for which estimates have been made, the marketing charges represented 30 to 50 per cent (and sometimes even 70 per cent) of the final cost to the consumer. Many of these costs are rigid and are unresponsive to a sudden decline in wholesale prices; but it may also be true, judging by Indian experience, that the immediate beneficiary of a fall in food prices is the distribution trade. It takes some time for the competitive factors to make themselves felt—for example, by more entrants coming into the distribution trade or by existing traders seeking a larger turnover on lower margins—to reduce the retail prices. The adjustments take time, though politicians and farm interests begin to press prematurely for support schemes, by exaggerating the prospects of falling prices.

In fact, the most normal feature of the price-support schemes is the readiness with which Governments seek to reduce the burden of price-support schemes in situations in which the surpluses and the fall in prices are so great as to make them more needed than ever. A revised price support scheme has now been found inevitable even in the U.S.A. This is only a leading example of the tendency to lower price support levels at a time of falling price levels; the U.K., Sweden and

France have also announced such reductions in recent months. This is clearly a warning against any loose talk of enforcing price supports in areas where there are none now and where the problem may prove far more complex than what these countries have faced. A more fruitful line of activity for these countries would be the attempt to reduce the gap between price at the farm and the retail prices in the towns by the creation of new facilities, so as to encourage larger consumption.

The lack of capital has been a major factor retarding agricultural development over large areas where it remains backward, especially when domestic sources have to be mobilised to provide the bulk of the funds. The disparities among the several countries are great. The inadequacy of institutional agricultural credit in the backward countries is well brought out by the following comparative data:

Amount of Institutional Agricultural Credit in Some Countries Advanced in 1952
(In million U.S. dollars)

France	1240	Australia	698
W. Germany	179	New Zealand	100
Yugoslavia	80	India	62
U.S.A.	2851	Indonesia	96
Brazil	470	Japan	1150
Mexico	315	Philippines	97
Turkey	395		

These figures are self-explanatory. The backwardness of India in this respect—which has one-tenth of the world's population dependent on agriculture and nearly one-seventh of the world's total sown area under cultivation—is evident. Even now, in spite of a vast agricultural development plan—which has borne striking results only because of good seasons—the current proposals for expansion of agricultural credit are too grudging and inadequate for the technical improvements in irrigation, fertiliser, seeds and power needed in Indian agriculture.

FREER WORLD TRADE

INTERNATIONAL trade moved with greater freedom and achieved higher levels in 1953 than in the three preceding years. The most conspicuous change in the pattern of world trade in the last calendar year was a rectification of the structure of prices from its abnormal alteration since the commencement of the Korean war to the relatively more stable levels existing before the middle of 1950. This significant factor brought a better balance in world trade. While this development is to be interpreted as salutary in the global perspective, the primary producing countries have been faced with a dislocation of their foreign trade and they have been constrained to correct the adverse trends in their external trade by resort to restrictions on imports. But by and large, a distinct improvement has taken place in world trade and the greater availability of manufactured goods from the non-dollar countries has helped to relieve the pressure on dollar exports. This regional shift has tended to restore stability in international trade. The index number of the volume of international trade (first half of 1950=100) including U.S. special categories rose from 117.6 in 1951 to 119.9 in the first half of 1953 and to 122.8 in the second half. The downward movements in the value of this trade reflect the impact of the disinflationary trends.

A review of the course of restrictive practices in world trade during the last year assumes significance in the light of the projected discussions for revision of the provisions of the GATT at the forthcoming session of the contracting parties scheduled to be held in October-November next. To the extent that scope for variation in customs duties exists, in the case of the

thirty-four contracting parties to the GATT, outside the tariffs which have been bound by their negotiated agreements, the general trend in 1953 was that on the whole the level of the incidence of tariffs was not changed in any marked manner. In relation to the previous year, there was a lesser display of eagerness to raise the level of uncommitted duties, but in the earlier part of 1954 the tendency towards putting up the rates of protective duties was visible in several countries. Over the last year as a whole, no multilateral negotiations for the reduction of tariffs took place and the bilateral agreements too did not necessitate any marked changes in tariffs. Unilateral reductions that were introduced last year were motivated by two causes. In the first place, they related to duties on imports of capital goods or industrial raw materials and reductions or suspensions of duties were intended to assist development of industries. Canada, India, Austria, New Zealand, Egypt, Pakistan and Philippines represent this policy. Many other reductions were meant to give relief to the cost of living. Increases in import duties, however, were introduced for the protection of home industries and Australia, Norway, South Africa and India were among the countries which had recourse to this remedy. In some instances higher duties on imports for fiscal or protective purposes were compensated by the liberal relaxation of quantitative restrictions. There is much to be argued in favour of this technique, if promotion of international trade can be secured while measures are adopted to safeguard domestic industries or revenues.

In the sphere of export trade the higher levels of production surplus to home requirements and the consequent emergence of the forces of competition were

responsible for a marked shift in trade policies. Export duties which had now lost their anti-inflationary justification were either totally removed or drastically reduced as in the case of duties on textiles, oilseeds, oils and iron products in India. But export incentives in various forms took an aggressive turn. The GATT Secretariat's annual survey of international trade during 1953 makes the frank observation that information tendered by the member-governments on the extent of export subsidies granted by them forms too inadequate basis to judge the real magnitude of purposeful export incentives. The principal incentives take the form of relief in taxation or transport charges or multiple rates of exchange for conversion of export proceeds. The increasing popularity of export credit has pushed this new technique to the point of creating conditions of a "credit cold war" in most European countries.

Looking broadly at the attitude of most countries, the re-emergence of Western Germany and Japan, the emphasis of backward countries on priority for development, and the claims of home industry constitute factors which argue in favour of a policy of caution in extending measures of trade liberalisation. The decisions of the U.S. Government on the recommendations of the Randall Commission are informed by the same spirit.

India's attitude towards the framework of the policy embodied in the GATT bears closer examination. As an original contracting party to the GATT India has lent support to the final objective of its policy to liberalise trade on a multilateral basis. But six years of operation of the agreement have demonstrated quite clearly that periodical adjustments in tariffs and trade regulations will not only be inevitable but they will conduce to wider liberalisation. The total of the items which India has consented to incorporate as her commitment in the GATT represent a fair share and these items as a general rule will be bound by the agreed rates of tariffs till June, 1955. Since the date of the agreement six years back and particularly in view of the Five-Year Development Plan the basis of the Indian customs policy has been changing in the interest of enlargement of trade, but modification of the tariffs of some of the items bound by the agreement is inescapable. Even within the GATT fraternity the trend of recent thinking is to move moderately away from excessive concentration on the level of import tariff rates and to pay greater attention to liberalisation of trade from quantitative restrictions and to explore the possibilities of tariff reduction sector-wise as between advanced countries.

The essence of the recent Indian policy consists in a shift in emphasis without prejudice to the objective of progressive liberalisation of trade. The emphasis now is on relaxation of restrictions on the volume of trade by allowing larger quantities of imports in the light of the greater availability on better terms. The next objective is to obtain release from the binding commitments under the GATT in respect of non-essential commodities with the purpose of putting up the tariffs levied on them. In so far as there is to be no deflection from liberalisation of quantitative trade, this modification in policy must be regarded as a tactical change rather than as a move to injure the scheme of the GATT as it may appear on a superficial observation. India's projected attitude of a gradual shift away from Imperial preference from the next financial year is of a similar nature which is intended to pave the way for uniformity on a multilateral basis. The releases which India has considered necessary to obtain in respect of certain items under the GATT do not represent a fresh departure and it is hardly necessary to quote the precedent of the U.K. which has secured freedom to levy higher import tariffs on agricultural products. India's

policy has been influenced by a combination of weighty factors. As an underdeveloped country anxious to accelerate the tempo of development, India has been faced with the need to obtain larger revenue from indirect taxation through higher customs tariffs and this need has become more pressing in the light of offsetting the probable impact of deficit financing for the current Development Plan. But the very technique of deficit financing makes it imperative to adopt a policy of an import surplus both as a safeguard against its likely consequences as well as to meet the requirements of the development projects. This is no abstract definition of policy since the position of the exchange reserves now fully justifies a policy of higher imports. In the final result, the aim of India's policy is to enlarge the basis of trade. It is in this context that the recent releases which India has obtained from the contracting parties in respect of a limited range of secondary items are to be interpreted. The changes in rates of duty can take place only next year.

India's import policy during 1953 was liberalised on a substantial scale in both the half-yearly periods and this liberalisation has been carried forward in the current year on a larger scale. India's imports in 1953 amounted to Rs. 566.4 crores and exports to Rs. 530.8 crores, leaving a trade deficit of Rs. 35.6 crores. If the value of the import surplus in 1953 is smaller than that in 1952, it is because of the reduction in the imports of food and fibres which had assumed an abnormal proportion in the latter year. The principal feature of the import policy adopted by the Government of India in 1953 was liberalisation over a very wide range of items including the three categories of machinery, industrial raw materials and consumer goods, by substantial increases in the permissible quotas as well as by enlargement of the lists of free imports and elimination of the remaining complexities of the licensing procedure. The essential purpose of the import policy, namely, to achieve a greater volume of trade by progressive removal of restrictions is now being realised and with improvement in the payments position in relation to the dollar area (the net surplus in 1953 being of the order of Rs. 30.5 crores) hard currency trade also holds a prospect of liberalisation.

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THE BUSINESS WORLD ESCAPE FOR WATCHES?

The escape clause of the Reciprocal Trade Agreements Act, 1951, has been regarded so far as being not nearly so harmful as the letter of the law may suggest. Between April 1948 and June 1951, 23 applications for reducing or withdrawing concessions were filed; and between June 1951 and October 1953, were made. The disposal of the 32 applications was as follows:

Withdrawn	..	..	..	1
Pending	..	..	..	8
Rejected	..	..	..	16
Increases recommended	..	..	..	7
TOTAL	..	..	..	32

The action taken by the President on the seven cases (hatters' fur, watches and parts, figs, garlic, briar pipes, silk screen and printed scarves and handblown glassware) was as follows:

Pending	..	..	..	1
Rejected	..	..	..	4
Accepted (dried figs and hatters' fur)	..	..	..	2
TOTAL	..	..	..	7

These statistics have provided some room hitherto for the belief that the escape clause mechanism may not be as bad as it looks—that it was a harmless provision put in in order to please Congress. It is with a sense of alarm that the non-dollar world has discovered now that this complacent view may well be mistaken.

The President's action restoring the tariff on watches to the Hawley-Smoot levels is the occasion for this misgiving. The average rate is now 55 per cent; the duty increases vary from 90 cents to \$1.15 on the most popular watches. The President has explained that this watch case is exceptional; the increases have been made in order to preserve ancient skills which will be of use in the event of a war. But Swiss industry does not and cannot take the same complacent view. Neither can British cycle manufacturers, whose case the Tariff Commission is now reported to be investigating.

Presidential action in the watch case is partly at least a political move, intended to appease the delegations from Massachusetts, Pennsylvania, and Illinois. So regarded, the compulsions of the situation from the Administration's point of view are not entirely understandable—particularly as the case was once rejected by a Democratic President, so that Republican action

endorsing the Tariff Commission's finding will bring the Administration much-needed popularity. The mere fact that these reasons—and the lobbying of the American companies concerned, like Elgin, Hamilton, Waltham, and Bulova—might, together, explain the recent tariff increases, does not, however, excuse the action taken; and the official explanation, already referred to, will be regarded as a mere irrelevance. The fact remains that the protests of the Swiss interests concerned and liberal and fair trade principles have been so easily and completely ignored.

At a rough estimate, the increases in American tariff rates will affect in some form or the other 60,000 workers engaged in the Swiss watch industry; dollar earnings of Switzerland, which were worth 400 million francs or 90 million dollars in 1953 are bound to be affected appreciably. However one may explain matters, the manner in which duty increases which may have these effects has been authorised is bound to shake the rest of the world's faith in American professions of adherence to free trade principles. The interpretation which used to be placed on the statistics of how escape clause cases have been dealt with so far cannot any longer stand.

The list of American industries affected by the Reciprocal Trade Agreements Act is necessarily large. Many of them would like to see the Hawley-Smoot rates restored; and not all of them can think of growing markets which home industry and its competitors abroad may be able to share; this is accidentally the case of the fish fillets industry, but if the market is not growing and if the Administration's stock-pile as an alternative does not offer a solution, the case of the watch industry will undoubtedly be a suitable precedent to quote in the United States. Arguments may differ; lobbying may be from different sources—from the lead and zinc mining interests, for example. But the dollar-earning power of the rest of the world can and will be affected—for no good reason in the opinion of the rest of the world.

The escape clause of the Reciprocal Trade Agreements Act can be interpreted in any one of two ways. It may be regarded as exceptional procedure, not to be invoked except in an emergency, and it may be tolerated on the statute book as a concession to Congressional opinion and as a price which has to be paid for the renewal of the Trade Agreements Act. Or, it may be used to defeat the purposes of trade liberalisation, defeating the entire Hull programme in due course. This is the time when the Republican Administration must decide which one of these two alternatives is the one that they prefer.

ORIENTAL'S CAREER OF OPTIMISM

By

CROESUS

Although several chairmen of insurance companies, including Sir Cowasji Jehangir, (Bart.), who presided over the 79th Ordinary General Meeting of the Oriental Government Security Life Insurance Co., Ltd. (in the unavoidable absence of the Chairman Sir Purshotamdas Thakurdas) have regretted the drastic reduction in insurance premiums effected early in 1953, it is gratifying to note that the results of working of many Indian life insurance companies have shown notable improve-

ments. If not to the same extent, the placing of the Estate Duty Act on the Statute Book on October 15, 1953, also has served as a stimulus to life insurance. According to Sir Cowasji, the "Oriental" has also written a satisfactory volume of business on this account, and it is his view that the demand for such policies will go on progressively increasing. The "Oriental", the leading Indian Company, could not possibly be an exception of these general trends; nor was it, as a matter

of fact. Indeed, the results of working of the Company for the year ended December 31, 1953, were the best for the past three years. It is necessary to state here that the results for the year 1952 were slightly below those for the previous year as such will serve to present the latest year's achievements of the Company in their proper perspective.

New business of the "Oriental" effected in 1953 amounted to 78,275 policies assuring a total sum of Rs. 23.40 crores, as against 71,359 policies assuring a sum of Rs. 21.22 crores in 1952 and 73,459 policies assuring a sum of Rs. 22.22 crores in 1951.

The annual premium income figure for 1953 was also the highest for the past three years; at Rs. 1.31 crores, the figure compared with Rs. 1.19 crores in 1952 and Rs. 1.26 crores in 1951. The sum re-assured too reflected the highest total annual premium income, in that it amounted to Rs. 22.59 lakhs as against Rs. 17.95 lakhs and Rs. 19.36 lakhs in 1952 and 1951, respectively. The total business in force at the end of December 1953 aggregated 8,82,165 policies assuring nearly Rs. 207 crores, as against 8,54,929 policies and 8,30,375 policies, assuring just over Rs. 200 crores and Rs. 189 crores, respectively, in the immediately two preceding years, namely 1952 and 1951.

Once again, the claims experience of the "Oriental" made a satisfactory showing in 1953. Thus the total claims for the year, inclusive of bonus additions, amounted to Rs. 4.36 crores, of which Rs. 1.20 crores represented claims by death and Rs. 3.16 crores claims by maturity.

The Company's mortality experience (the ratio of actual to expected deaths) based on the 1925-35 period experience of the Company, was only 41.7 per cent, as compared to 42.9 per cent for the year 1952 and 46.6 per cent for 1951. There was a slight increase in the total income of the Company from Rs. 11.32 crores in 1952 to Rs. 11.76 crores during the year under review. The total outgo, however, did not continue to maintain the decline registered in respect of the year 1952, when it fell from Rs. 9.71 crores (in 1951) to Rs. 8.61 crores, but stood at nearly Rs. 7.5 crores.

A noteworthy feature of the income and outgo accounts of the "Oriental" during the year 1953 was that, although the average rate of interest realised during the year (after deduction of income-tax at the source) fell from 4.05 per cent to 3.57 per cent, the total income of the Company was higher than in the previous year, when it was suggested that the increased income was partly at least due to the higher average rate of interest earned. Presumably because of the keen competition that prevailed during the year, the ratio of expenses, including commission, to premium income, was 23.4 per cent as compared to 23.2 per cent in 1952. But the "Oriental" expense ratio for 1953 was only 14.40 per cent as against 14.76 per cent for the previous year, thereby showing a decrease of 0.36 per cent.

As a result of the year's operations, "Oriental's" total funds reached the impressive figure of nearly Rs. 72½ crores, as against Rs. 67.90 crores at the end of 1952.

By reason of the excellent results recorded during the year under review, the shareholders have been assured that the dividend would be maintained at Rs. 175 per share free of income-tax, the level to which it was raised last year (i.e., in respect of the year 1952). But the policyholders may look forward to a higher bonus following the statutory valuation of the assets and liabilities of the Company which falls due to be made at the end of the current year. Sir Cowasji, however, gave an indication of this in the course of his address to the shareholders at the annual general meeting and said: "Our experience during the current triennium to date with respect to the main sources of profit is increasingly satisfactory. . . . Provided, therefore, no major adverse factor arises, such as a reduction

in the Bank Rate, of which there appears to be little likelihood in the immediate future, there is every ground for anticipating that the results of our next Valuation will be even more satisfactory enabling declaration of rates of bonus higher than those of the last Valuation".

Both policyholders and shareholders of the "Oriental" expected that the Chairman would dwell on the question of making the Company a mutual one, and they must have been disappointed when Sir Cowasji merely said: "This question requires very serious consideration and is being pursued by the Directors, but it would be definitely inadvisable at this stage, when many issues are still undecided, to make any further statement".

A few words may also be added here about the working of the "Oriental's" Subsidiary, the Oriental Fire and General Insurance Co., Ltd. The year 1953 is only the third completed year of this subsidiary company, but already the investment has begun to yield dividend. The first dividend to be received may not find a place in the accounts for the year 1953, although it actually relates to that period of working. As Sir Cowasji disclosed, this will find a place in Company's account for the year 1954.

In the general insurance field also, competition has become very keen and at times it is carried to unhealthy extremes as Sir Cowasji complained. With a further contraction in the available business, he said, there was "an even more hectic scramble for direct business by companies anxious to check any increase in their apparent expense ratios," observed the "Oriental" chief. However, thanks largely to the Company's reputation and integrity, added Sir Cowasji, "our Subsidiary continued to make steady progress. The Company's gross direct premium income showed an increase of 16.23 per cent, while the expenses of management and commission costs were again well within the statutory limit. Incurred loss ratios in the Fire, Accident, and Marine departments were 35.2 per cent, 39.2 per cent and 65.8 per cent, respectively, but to quote Sir Cowasji, "these are no worse than can be expected under the very difficult conditions which beset this section of the market."

In the course of his speech Sir Cowasji also made a few forceful observations on the urgent need for reform of the system of taxation of general insurance business as it obtains today. He said: "The strength of a General Insurance Company entirely depends on the free reserves it is able to establish in addition to the normal reserves for unexpired risks. Notwithstanding this, he complained most of the Indian companies generally discourage from doing so because taxation has been at a very high level almost throughout the period since their incorporation". "It is in the national interest," he said, "that insurance companies should write a progressively increasing volume of business, both in India and abroad, for, just as any increase in the business in India reduces the country's invisible imports, so does the increase in foreign business written by Indian insurers augment the country's invisible exports. It is, therefore, of utmost importance for the Government to assist the Indian companies to achieve a position wherein they will be able to inspire implicit confidence amongst the insuring public, both in India and abroad, and thus be able to compete on equal terms with their Western contemporaries; one effective way of doing so is to allow tax remissions on the amounts that the companies set aside as additional reserves". It is needless to say that this is one more reason why the country's taxation policy should be such as actually to encourage the ploughing back of profits. It is to be hoped that the Taxation Enquiry Commission will bear in mind the considered opinion of veterans like Sir Cowasji in formulating their report, which, it is understood, is now being drafted and will be ready sometime next month.

CERTIFICATION MARKING

(By A Special Correspondent)

The Government of India, in the Ministry of Commerce and Industry had, some time ago, published for general information the draft rules proposed to be made in exercise of the powers conferred on the Institution by Section 20 of the Indian Standards Institution (Certification Marks) Act, 1952. With the finalization and coming into force of these rules, the certification marks scheme will come into operation. The Act, which provides for the standardization and marking of goods, was enacted in March 1952. It confers on the ISI, among other things, the authority to formulate and publish Indian Standards in relation to any articles, processes, etc. The Institution is empowered to specify standard marks in relation to the standards formulated under it and published by it. It can grant, renew, suspend, or cancel licences for the use of such marks. Arising out of the responsibility of the Institution to prevent any possible misuse of such licences and marks, other ancillary provisions have been added, such as inspection of any material, to see whether or not the article on which a standard mark has been affixed conforms to the Indian Standard laid down for the article.

The rules now framed provide for such measures as the procedure for obtaining licences to use the standard marks, and other allied subjects. The circumstances in which a licence can be suspended or cancelled, the powers of the Institution to impose penalties in case of any contravention of the rules, and provision of appeal against decisions of the Institution or other competent authority have also been laid down.

This is not, however, a complete picture of the scheme in action. The detailed procedures to be followed will have to be worked out by competent authorities of the Institution, which will be the Certification Marks Division which is to be set up.

What is a certification mark? A certification mark as defined in the British Trade Marks Act, 1938, is "a mark adopted in relation to any goods to distinguish, in the course of trade, goods certified by any person in respect of origin, material, mode of manufacture, quality, accuracy, or other characteristics, from goods not so certified." There is a significant difference between a certification mark and an ordinary trade mark, which can be adopted by any producer in respect of his goods for the purpose of indicating his reputation behind them. A certification mark thus carries an assurance for the purchaser that goods so certified, having been inspected and tested by a competent agency, other than that of the producer, can be purchased with additional guarantee. It naturally follows that a certification mark should bear a clear distinction from an ordinary trade mark. Moreover, although it would not be practicable to keep to only one design for all products, it would, perhaps, be desirable to keep the number of designs to the minimum with a view that the buying public may acquire familiarity with them.

It is obvious that certification marks can be fixed only for such commodities for which national standards have been developed and adopted and an intending licensee can apply for the use of the mark in respect of that article which is covered by the standard. It is evident that a licence should be issued only where the Institution is satisfied that necessary facilities exist to assure the quality of the product, and the use of the mark is justified. Also, the manufacture of such goods should be not only in accordance with the prescribed standard for the time being, but it should also be in accordance with any revisions that may be made from time to time to that standard. Maintenance of the necessary machinery for a proper control of the quality of the product would also be

imperative. The producing unit should keep at the disposal of the licence issuing authority all facilities for inspection and sampling. However, it would be necessary that in the interests of keeping down costs and avoiding unnecessary interference the process of inspection, etc., is so evolved as to call for the minimum expenditure on the part of the producers and also minimum vigilance of the inspecting authority.

The success of such a scheme, it will be found, will depend largely on the integrity and untiring efforts on the part of the quality control inspectorate. One of the quality control methods used extensively in some industrially advanced countries is the statistical method of control. Such a method properly adopted to suit the indigenous methods of production, could be introduced, perhaps, with profit. The details will have, however, to be worked out in full consultation with and collaboration of the industry. The production process will need to be checked at different stages, but that will be the responsibility mainly of the manufacturer. It was possible that apprehensions may be entertained regarding misuse by the inspecting authority of any information obtained during inspection. These fears have, however, been dispelled by the Act which stipulates that such information as may be collected by the inspectors in the course of inspection shall be kept strictly confidential.

The scheme is a fairly ambitious one and its success or otherwise depends mainly on the extent to which standardizing of products goes. Judging from the progress that standardization has made during the brief span of seven years since the Indian Standards Institution was set up, it has been amply demonstrated that there exists a general desire in the industry to make the best use of standardization as a means of improving the quality of the indigenous product. It can, therefore, be expected that the scheme will meet with success. Such schemes, it is to be remembered, are already in existence in many industrially advanced countries of the world. In Britain, for instance, the Kite device of the British Standards Institution has been in existence since as early as 1922. This mark has inspired many other countries to launch such schemes. The Imperial Economic Conference of 1930 recommended that each standardizing body should adopt standardizing marks or brands. In the Commonwealth Standards Conferences held in 1946 and 1951 also similar recommendations were made.

The use of such a scheme can hardly be over-emphasized. Both for the small-scale home consumer and the foreign buyer of our exports, such a mark will carry an assurance that certain standards of quality have been met, and this will naturally develop and stabilise trade. In this connection, it will be remembered that the Agmark has been in operation in this country since 1937. It is common knowledge that since it first came into being, increasing use of the Agmark has been made and these marks have been adopted for many of our agricultural products. This has undoubtedly given a fillip to the trade and commerce and has smoothed transactions.

With the first Five-Year Plan projects bearing fruit, and the increase in the tempo of industrialization in the country envisaged in the second Five-Year Plan, it is imperative that the country's trade, both internal and external, should be regularised and simplified and it should be possible to negotiate and execute huge transactions without much loss of time and energy. This can be facilitated to a large extent by the certification marks scheme.

BUSINESS NOTES

ABOLITION OF MANGANESE EXPORT DUTY

It is not in the least surprising that the manganese ore producing and exporting interests should feel relieved by the Government's decision announced last week to abolish the export duty of 15 per cent ad valorem on the exports of this commodity. This relief is coming very late and it is not easy to understand why so much time should have been taken in making this decision in view of the declared policy of the Government to abolish export duties wherever they hamper the export trade in the competitive markets that have now come to stay. The steep decline in manganese ore exports which actually started towards the end of 1953 took a sudden downturn culminating in the crisis of slump in the major producing State of Madhya Pradesh. The fall of over 45 per cent in the prices of high grade ores and almost total absence of demand for medium and low grades in the overseas markets forced the closure of over one-third of the mines in this State. The most effective remedy to apply as a quick corrective to the situation and for revival of trade and employment was the abolition of the export duty. It has now been applied and renewed export activity can be reasonably expected to be stimulated as a direct result of it. The global prospect for manganese ore demand hardly leaves any doubt that reimposition of the export duty will not be warranted in the near future.

Too much hope need not be reposed in the possibility of considerable benefit accruing to the industry from the abolition of the export duty. This is, in essence, a short-term relief, although its value for alleviating the prevailing distress cannot be underrated. There is another tangible relief in the short-term context which ought to be considered in earnest. It relates to the reduction in railway freight charges which are an important element of costs due to the interior location of the principal mines in Madhya Pradesh. A genuine case exists for the modification of the freight rates which have been revised upwards. But it is up to the industry, and the Government also, to take measures for the revitalisation of the industry. On the European Continent, Russian competition has become a weighty factor. But India's main market in the United States has to meet the challenge of the alternative supplies from Brazil. Both in respect of quality production by processing, with the aid of U.S. steel manufacturing interests, and price advantage resulting from economies over transport cost, Brazilian supplies are well set to capture a good part of the American requirements. The plight which has overtaken low and medium grades of Indian manganese ore is a warning for modernisation. The high and rich manganese content in the Indian ore will always remain a factor of strength, if carefully manipulated.

THE TOBACCO TRADE DELEGATION

Since the return of the tobacco trade delegation, sponsored by the Government of India, from its tour of the countries of South-East Asia, not sufficient light has been thrown on the results achieved by its negotiations abroad. It is not clear, at least so far, to what extent the delegation has explored ground for the expansion of India's tobacco trade on a long-term basis. This objective, though important for the stabilisation of the trade, was probably considered subordinate—and reasonably so—to the objective of finding out immediate outlets to relieve the burdensome congestion of outstanding stocks and to avert the likely possibility of the deterioration of part of them. It is, however, premature to draw conclusions about the value of the delegation's tour, for the problem of intensified export promotion does not admit of half-baked schemes.

But in one important respect the delegation has succeeded in achieving tangible results calculated to bring immediate relief to holders of flue-cured virginia tobacco. In China, where a large unsatisfied demand exists for this variety, the delegation has entered into certain agreements for two shipments, one by the end of August and the other in the next month, of flue-cured tobacco of a total quantity of 4.5 million pounds. The basis for these commitments, namely, the elaborate lists of stocks and holders prepared on official information, has now proved somewhat out of date which makes it incumbent to prepare a revised and up-to-date inventory for the purpose of an equitable distribution of export quotas. This is the task to which the delegation is addressing itself in consultation and collaboration with the growers, packers and traders. The basis of allotting 50 per cent quota to growers and 50 per cent to packers, authorised as well as unauthorised, and the quantities remaining unfulfilled, in the event of default by these two categories, to traders has been accepted as proper. The problem now is to rush through the job of quota allotment in specific cases and fulfilling the agreements entered into by the delegation as accredited representatives. Additional existing demand for flue-cured virginia tobacco in China can absorb another 5.5 million pounds, but the major condition in respect of it is exchange on a pure barter basis. This issue needs detailed examination of possible imports from China and it must take time. Partially at least the problem of tobacco glut in Andhra has been solved. But solution of the overall problem is urgently called for in the interest of the stability of tobacco production.

STANDARDS FOR QUALITY

The progress of standardisation in this country has caught a tempo that will make conformity with the specified standards an obligatory test for every principal branch of industry in the near future. Seven years of good work done by the Indian Standards Institution in this field has earned adequate esteem of its value and role in industrial development to give assured permanence to its activities. The Institution's own building in the capital city, whose foundation-stone was laid by the Prime Minister on August 21 last, is a recognition of its worth and utility by industry as well as Government.

The standards prescribed by the Institution on the advice of technical experts and voluntarily accepted as binding by industry and trade constitute a guarantee of the quality of the products and ensure the protection of the interests of the consumer no less than those of the producer. Indian industry has undoubtedly registered encouraging progress towards achievement of higher quality production and, even if appreciation of this fact by unbiased authorities at home is not taken into consideration, no tribute can be more convincing than the patronage which the industrial products are gaining in the markets abroad. Prejudice dies hard and it is the consumer prejudice at home which Indian industry has to fight. Probably the most forceful answer to this prejudice is the certificate of quality granted by the ISI standards and in the light of the vast potential domestic market the guarantee which these standards offer is of great value for the promotion of Indian industry. Acceptance of ISI standards rests now on a voluntary basis and seven years' experience has demonstrated that the voluntary basis, if slow to expand, is the most enduring. This does not, however, totally preclude the possibility of compulsory compliance under the law in certain vital cases, but the general principle of volition is calculated to safeguard the ends of conformity with standard quality specifications. ISI's standards are bound to prove highly

helpful in the programmes of export promotion that are being launched on an organized scale for individual industries. The eight-fold increase in the membership of the ISI in the last seven years to 800 and the formation of 425 committees, panels and sub-committees constitute the first indication of the increasing part which the Institution promises to play in this country's industrial progress.

PROGRESS OF TELCO

Trends in the output of the Tata Locomotive and Engineering Company during the year ended March 31, 1954, disclose that the unit has now entered firmly on a phase of progress. As compared to the preceding year, production of boilers and output directly relating to locomotive manufacture has registered marked improvement. Achievement of the target of a monthly rate of production of eight locomotive boilers towards the beginning of February last brings the development stage of locomotive boiler manufacture to a successful culmination and the stage has been reached when the company can negotiate with the Government under the terms of its agreement the arrangement about the phase of profit earning on this category of manufacture. The rate of production of locomotives reached the level of four units per month since January last, but the achievement of this rate was still below the level stipulated for profit earning. In the current year, it has been raised to the requisite limit for this purpose. The price of the 300 metre gauge underframes under the last lot of orders is being settled with the Government and the terms of the new contract for production of 390 broad gauge underframes are under negotiation.

The highlight of the expansion programme last year was the release of an amount of Rs. 2 crores out of the development fund of the company to make a positive start in the foundry installation project. Construction work which is now under way will be completed in less than three years to enable the foundry to go into production in 1957. One of its major objectives will be the manufacture of heavy steel castings of a complicated nature for the company's own requirements as well as for supply to Chittaranjan Locomotive Works. The project of heavy diesel truck manufacture in collaboration with Daimler-Benz is making satisfactory headway so that the first assembled truck will be turned out in October next. Out of the total capital outlay of Rs. 3 crores, after deducting the German firm's share of Rs. 80 lakhs worth of shares, the balance of Rs. 2.20 crores will be raised partly by issue of new shares and partly by drawing upon the company's resources. The initial programme of manufacture of 3,000 trucks per annum is to be followed by expansion of truck production as well as production of other products manufactured by Daimler-Benz. The period of 15 years fixed for the contract is of medium duration for a trial in this strategic line of production.

RAILWAY STOCK AND EQUIPMENT

The overriding urgency of clearing the backlog of rehabilitation arrears of railway rolling stock and equipment gives added importance to the completion of the import programme according to schedule. It is now fully recognized that this legacy of rehabilitation must be terminated as expeditiously as possible, if at least half of the period of the second Five-Year Plan is to be utilised for schemes of genuine railway development. Mr. Badhwar's personal contacts and mission in Europe leave the impression that deliveries of locomotives may not keep to the schedule, unless the initial delays which he noticed in some of the contracting factories are compensated by accelerated production in the immediate future. His observations about available capacity in locomotive factories in Western Germany and Britain indicate that in so far as the time factor is

concerned future orders could be placed with advantage with manufacturers in these two countries. But other vital considerations, for instance, like the difficulty of obtaining firm price quotations from British manufacturers recently may influence the final choice of source of supply. Nearer at home, the suitability of Japanese imports and the comparative benefit from this source can be judged only after the first batch of locomotives is put to actual test on the track.

This mission has proved to be useful in some other respects also. Mr. Badhwar's discussions on the lines which India should adopt for the manufacture of equipment and stock for electrified railways are of practical importance not only in relation to the projected electrification of the Calcutta suburban railway but in the larger context they are significant for the expansion of railway electrification in this country. Supply of cheap and plentiful electric power from the river projects that are under way is one basic indication that this country must from now on think in terms of planned production of equipment for electrified railways. Railways in the Western European countries have in most cases very nearly reached the limits of expansion in terms of route mileage and the problems of their development in the future are very largely problems of rationalisation and improved techniques of operation in the light of competition from road transport services. Although it is evident that the next Five-Year Plan must allocate a proper place to new construction and extension of route mileage, the maximum benefits of modernisation must be incorporated in the Indian railway system. The discussions at the International Railway Congress Association held in London made a valuable contribution to some outstanding technical issues relating to improved operating methods.

KANPUR ELECTRICITY SUPPLY

The total capital invested in the Kanpur Electricity Supply undertaking on March 31, 1954, was Rs. 495.47 lakhs. For the financial year ending on this day, the revenue, according to the annual report of the Administration, was Rs. 146.31 lakhs. Expenditure, appropriations and reasonable return between them took a slice of Rs. 145.95 lakhs, leaving a net balance of Rs. 36,000. The expansion schemes in progress have gone to inflate the capital of the enterprise, but the rapid execution of the 15,000 k.w. project has now made it possible to place larger supplies of electricity at the disposal of the consumer. The phase of reduced works cost since the Government took over the undertaking proved short-lived and in the last two years the uptrend in costs is conspicuous. From 0.793 anna per unit in 1951-52 the works cost shot up to 0.808 anna per unit in 1953-54. The higher costs are attributed to factors like increased freight for coal, contribution to employees' State insurance scheme, additional dear food allowance and flood protection. Many of these elements of inflated costs are common to electricity undertakings all over the country. The argument regarding higher charge for supply repeatedly advanced by consumers in Kanpur, therefore, remains substantially unanswered.

Between 1947 and 1954, the connected load of the system rose from 99,400 k.w. to 105,850 k.w. The number of registered consumers went up from 14,000 in September 1947 to 27,200 in March 1953 and in the last year over 8,272 new applications as well as applications for more power from existing consumers were met in full. Last year's expansion in actual supply, however, was more apparent than real. The number of the new connections granted was quite inadequate to cancel out the decline in the supply for industrial consumption. This trend, it is claimed, is a passing phase and industrial consumption is expected to recover

as indicated by the rising industrial production in the first four months of 1954-55.

BANK AWARD MODIFIED

The Government of India announced its decision on August 24, to modify certain provisions of the decision of the Labour Appellate Tribunal on the appeals against the Award of the All-India Industrial Tribunal (Bank Disputes), popularly known as the Sastry Tribunal. Government has considered it inexpedient on public grounds to give effect to certain provisions of the Labour Appellate Tribunal's decision. The important modifications made by the Government in the decision of the Labour Appellate Tribunal are as follows:

(1) Instead of the classification of the country into three Areas as adopted in the Sastry Award, it will be divided into four Areas. Class I and Class II Areas will be the same as in the Sastry Award. Class III Area will comprise all towns and cities not included in Classes I and II Areas and which contain a population of more than 30,000 each. Class IV Area will comprise all places not included in Classes I, II and III Areas with the exception that in the case of Part B States and in the Part C States other than Delhi, Ajmer and Coorg nothing contained in the decision of the Appellate Tribunal or in any other award or decision made or given under the Industrial Disputes (Appellate Tribunal) Act, 1950, before April 28, 1954 (the date of the Appellate Tribunal's decision) will apply to any bank in Class IV Area in such States.

(2) In respect of banking offices in towns with a population of 30,000 or less in Part A States and some of the Part C States (Delhi, Ajmer and Coorg) where the Sen Award as frozen is enforced, the scales of pay and allowances laid down in the Sastry Award for Class III Area will be prescribed.

(3) Banking offices in rural centres (i.e. those having a population 30,000 or less) in Part B States and the remaining Part C States where the frozen Sen Award is not in force will be altogether excluded from the operation of the Award.

(4) While the higher scales of pay awarded by the Labour Appellate Tribunal over those of the scales awarded by the Sastry Tribunal are being retained, the dearness allowance in all Areas will be regulated in accordance with the Sastry Award instead of the scales given in the Appellate Tribunal's decision.

(5) The adjustments of the new scales of pay in all Areas in respect of the staff existing on January 31, 1950 will be according to the formula contained in the Sastry Award with a ceiling of four increments.

(6) Where the total emoluments drawn by an employee for March, 1954 are larger than the emoluments to which he would become entitled under the provisions of the modified Award, the difference between the two will be adjusted over a period of three years from the date of enforcement of the award by a reduction of one-third of such excess on the completion of each 12 months from that date (both the Sastry Award and the Appellate Tribunal's decision contain a provision that the total emoluments drawn by an employee as on January 31, 1950 should not be reduced in any case).

(7) Having regards to its special problems, the United Bank of India, which was set up after amalgamation of four smaller units four years ago, is exempted from the Award altogether.

SUGARCANE CULTIVATION COST

The Indian Central Sugarcane Committee is instituting an objective enquiry into the cultivation cost of sugarcane in different areas.

The total cost of production of sugar includes about 60 per cent of the cost of cane, and hence it would be desirable to have dependable data on the actual cost of one maund of cane cultivated. With this aim in view, the Indian Central Sugarcane Committee has initiated an objective inquiry into the actual cost of cultivation of sugarcane in the important cane-producing States of India, viz., U.P., Bihar, the Punjab and P.E.P.S.U., Bombay, Andhra and Madras. Relevant data will be collected by field workers during this inquiry, which will extend over a period of three years. A set of standardised proformas have been issued to the State authorities concerned for recording the necessary data. The inquiry will be restricted to a random but representative sample of 180 villages, distributed in the main sugarcane belts of these six States, more or less on the pro-rata basis of their sugarcane acreages. Thus, it is expected that at the end of three years it will be possible to know, in specific terms, the cost of cultivation of sugarcane in the factory zones of these States. The scheme, is expected to cost more than Rs. 3 lakhs to the Sugarcane Committee.

U.S. ECONOMY IN SECOND QUARTER OF 1954

The Office of Business Economics of the U.S. Department of Commerce, reporting on national income and product for the second quarter of 1954, states that the sum of all goods and services produced was at an annual rate of \$356,000 million. The gain of \$200 million over the first quarter reflects an upturn in the national product index. The Gross National Product (G.N.P.) was at the record level of \$369,900 million during the second quarter of 1953, and slipped to \$367,200 million in the third quarter, and \$366,600 million in the fourth. The G.N.P. was \$355,800 million in the first quarter of 1954.

Disposable personal income, i.e., after payment of taxes was at the annual rate of \$253,000 million during the second quarter of 1954. The gain is due to the maintenance of corporate dividend payments in spite of declining profits, increased unemployment insurance benefits and a reduction in Federal income-tax. A rise in private construction, increased demand for consumer services and increased State expenditures also contributed towards this. Personal consumption expenditures were at the annual rate of \$233,000 million, due to increased purchases of both durable and non-durable goods and increased expenditure in the field of services. Personal consumption expenditures in the second quarter of 1954 topped those of the third quarter of 1953 by \$1,000 million and reached an annual rate of \$233,100 million. Gross private investment in the second quarter of 1954 was at the annual rate of \$45,500 million—\$1,000 million up from the preceding quarter—following higher residential construction expenditures. Aggregate fixed investment, however, did not change appreciably over the previous year.

The business inventories depressing business activity were being worked off at the end of June, 1954, at the annual rate of \$4,000 million, during 1953 inventories were being accumulated in the hands of producers and others at the annual rate of \$5,000 million. Personal income—before taxes—was running at the annual rate of \$285,000 million, representing a slight increase over the previous quarter and \$1,000 million below that of the second quarter of 1953. Moderate payroll increases in some industries were offsetting factors, and together with the slowed decreases in payrolls for durable goods manufacturing, mining and transport industries, where earlier quarterly reductions were concentrated, held the wage and salary payments at an annual rate of \$195,000 million, compared with \$200,000 million in the third quarter of 1953, when payrolls had reached their peak.

JARDINE HENDERSON, LIMITED

NOTICE is hereby given that the Eighth Ordinary General Meeting of the Shareholders will be held at the Registered Office of the Company, No. 4, Clive Row, Calcutta 1, on Thursday, the 30th September, 1954, at 11 A.M., for the following purposes:

- (1) To receive and adopt the Directors' Report and Audited Accounts for the year ended 31st March, 1954, and the Balance Sheet as at that date.
- (2) To confirm the Dividends already paid on the Preference Shares and to declare a Dividend on the Ordinary Shares of the Company.
- (3) To elect Directors.
- (4) To appoint Auditors and to fix their remuneration.

The Transfer Books of the Ordinary Shares of the Company will be closed from the 13th to the 30th September, 1954, both days inclusive.

By order of the Board,

D. FORDWOOD,

Secretary.

4, CLIVE ROW,
CALCUTTA 1, 18th August, 1954.

NOTE: Payment of any Dividend declared will be made only to those Members whose names are registered in the Books of the Company on the 30th September, 1954, or to their Mandatees.

No application for Warrants will be necessary. Claims on behalf of holders of shares on blank transfer will not be entertained.

INDUSTRIAL FINANCE CORPORATION OF INDIA

Applications are invited for the post of a Law Officer in the Law Department of the Industrial Finance Corporation of India:

- (1) Scale of pay: Rs. 1000-50-1200-EB-75-1500. (Higher starting salary will be considered in deserving cases).
- (2) Dearness Allowance: According to the scale prescribed by the Corporation.
- (3) House Allowance: 7½ per cent of pay (subject to the condition that the sum actually spent by him on house rent is not less than 10 per cent of his pay plus the amount of allowance paid to him).

Candidates should be qualified Solicitors thoroughly conversant with the Transfer of Property Act, Indian Companies Act and have good experience of conveyancing. Candidates should be below 45 years of age.

The appointment will be subject to the candidate producing a certificate of fitness from a medical practitioner approved by the Corporation.

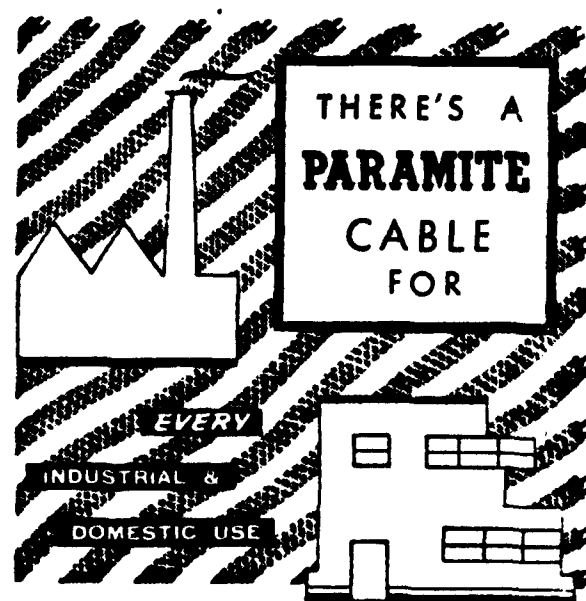
Applications accompanied by copies of testimonials should be addressed to the Managing Director, Industrial Finance Corporation of India, Keeling Road, New Delhi, by registered post, so as to reach him not later than the 7th September 1954. Applicants should mention the name of two persons of standing for purposes of reference.

The Corporation does not undertake to acknowledge receipt of applications and will not enter into any correspondence relating thereto.

No travelling allowance will be paid by the Corporation to candidates called for interview in New Delhi.

Canvassing will be considered a disqualification.

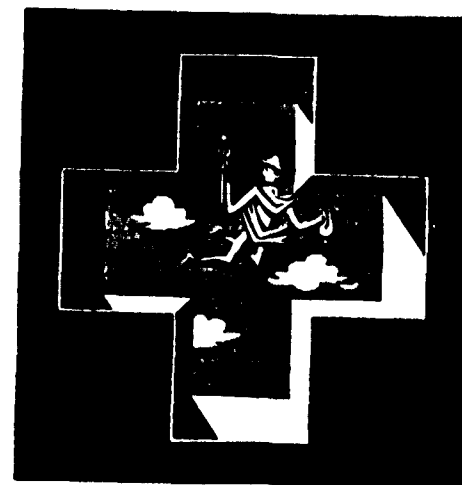




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BOOK REVIEWS

STERLING RESCUE

Towards the Rescue of Sterling: By R. G. Hawtrey,
Longmans, Green & Co.: 12 sh. 6d. net.

The state of recent literature on the problems of the sterling area has been astonishing in volume, but it has not always been instructive, and where the writers are themselves not perplexed, some at least of their prescriptions cancel out. It is interesting, however, that individual economists should have tried to trim their interpretations to their particular theories. Balogh, who regards the latest improvement in the United States and the United Kingdom as a mere confidence trick, being an example.

Hawtrey, as may be expected, pays as much attention as at any time to an explanation of credit policy in terms of the current level of stocks. But it is not just dear money that is being advocated. Indeed, dear money cannot be pursued beyond a point, for stocks cannot be reduced beyond a minimum. Hawtrey argues in favour of a stable pound of unvarying wealth value—the flow of money to pay for the output corresponding to full employment, with a minimum of unemployment for purposes of adjustment.

With this as the basic policy to be followed, Hawtrey, however, has much to say which is stimulating and even out of the way. For example, he thinks that the contingency of a relative loss of British productivity as against the productivity of American industry is pretty remote. American wages are rising fast, and devaluation left the pound plenty of room for a relative loss of productivity in Britain although, contrary to some impressions, this is not materialising. Against this background, as also against the background of the fact that what an over-extended British economy needed in 1949, was really credit restriction as an alternative to devaluation, Hawtrey now convicts the British authorities of having failed to see further into the real causes of their trouble.

As to the future, Hawtrey does not endorse the facile thesis that there has been too much export of capital to the overseas sterling area; it would depend on the circumstances of the British economy and the needs of these overseas areas, for an American loan, which has to be serviced with great difficulty, could easily be worse British inflation he recognises, has reduced the value of the sterling holdings, so that there is at least something to be said on the other side. As regards the implications of credit policy for purposes of government borrowing, Hawtrey regards the current state of the competitive demand for physical stocks as more important than the initial inflationary or deflationary effect; and Treasury action has to be adjusted accordingly. Other requisites are that British industry should not be kept short of the capital resources needed for technological progress. Austerity must be imposed through taxation when needed (the resulting of conflict between the pursuit of welfare and consumption on the one hand and the needs of the economy on the other being solved somehow). And the need for taxing consumption but leaving savings free (even if this means a compromise regarding the taxation of profits or thoroughgoing remedies as an alternative) must be squarely faced.

Hawtrey does not imply that convertibility is round the corner. He offers no sure remedies in order to attain and maintain it. But he undoubtedly does suggest that there was too much gloom and panic in 1949, and that if credit policy is reasonably stable, the night-

mare of a constantly improving American productivity, which would as constantly impose on the pound the burdens of adjusting itself to these conditions, may turn out to be imaginary. In other words, in the light of all that has happened one can be an optimist.

A THEORY OF RANK?

The Economic Theory of Rank: By R. H. Tuck, Department of Agricultural Economics, University of Reading, Basil Blackwell: 7 sh. 6 d. net.

Claiming to make good the neglect of this important subject by economists in the past, Mr. Tuck advances an argued and consistent economic theory of rank. His findings are that in a system of private enterprise the individual is in a position to set up for himself as the alternative to the acceptance of a subordinate position which does not satisfy him. The cycle is as follows. In a rapidly advancing community, or in one in which the population is declining, the propensity to save is great. This will feed the boom for some time, and during this boom, the rate of personal advancement will increase, and so will the available supply of capital; but after some time, firms cannot expand because expansion beyond a certain size cannot be controlled; these firms, if they predominate, will not soon be able to use all the available capital. The familiar consequences will then follow and there will be a depression. When this depression has lasted for some time, savings will fall, individuals will have set themselves up on their own (because companies will not be providing them with opportunities for a career) confidence will soon be reviving, there will be plenty of small firms and individual entrepreneurs who will be needing capital, and it will be time for the boom to start again. Men and women will fit themselves into this pattern as best as they can, and although accidents are not barred, each will get the rank that more or less he deserves.

This is a good theory even if it is a facile one. The only snag is that a barely economic theory of rank is not adequate. Property, social norms, the acquisitive instinct, economic and social mobility, state enterprise, and even the growing difficulties of modern economic life, which may defeat the entrepreneur's attempt to set up on his own, are all relevant. Mr. Tuck considers and is more or less stumped by only one of these difficulties, namely, nationalisation. The result is a feeling of disappointment that this promising essay has not even touched the fringe of the subject.

THE INDIAN LAND PROBLEM AND LEGISLATION

The Indian Land Problem and Legislation: By Dr. G. D. Patel: Price Rs. 15: Pp. 584.

Since Independence, the problem of agrarian reforms has assumed particular importance and is, like prohibition, proving quite difficult to handle even for the popular Governments in the States. While prohibition is primarily a moral reform, land reforms have a special economic significance. Further, in the campaign to counter communism, this economic reform constitutes the most effective and appealing weapon. All the same, politicians, faced with the problems of reality involved in any large-scale reform like this, are admittedly surprised as much about the slow pace at which progress could be made as about the complexity of the related issues it has given rise to.

How complicated the problem is and why a uniform all-India policy could not be followed by all the States in regard to this are vividly brought out in the publication under review. Even within a State, not to speak of as between two States, the prevailing systems differ so much that no uniform pattern could possibly be devised. If anything, there is uniformity in diversity, as the philosophers put it.

"The Indian Land Problem and Legislation", prepared by Dr. G. D. Patel, contains a useful survey and analysis of the land reform laws of the several States in the Indian Union. Considerable labour must undoubtedly have gone into the collection of all the data and particulars that the book abounds in. Incidentally, this book is a sequel to the author's earlier publication "Agrarian Reforms in Bombay".

In the first part of his latest publication, Dr. Patel surveys the measures enforced in the Bombay State from 1950-53 in an exhaustive manner. His work as Alienation Enquiry Officer certainly provided him with ample opportunities to add to his intimate knowledge, even otherwise, of the problem. In the second part of the book, besides covering the developments in each of the other States, he also discusses the current problems, such as the 'Bhoodan Yagna'. The impressions of the author about 'Bhoodan' are well summed up in the concluding chapter "Whither Land Reforms?". This is a book which is bound to interest anyone who is seriously concerned with the land problem of India. It is well documented and the narrative, on the whole, is clear.

LETTER TO THE EDITOR

POPULATION AND FOOD

Sir,

I have read with interest Dr. B. S. Agarwal's article on "The Relation Between Population and Food" published in your issue of June 11, 1954. Whereas I am in general agreement with the author's views on "the huge maladjustments of population to the scarce resources at present available in various parts of the world", I would like to make some comments about the main points made in the article.

Firstly, regarding the Planning Commission estimate of 13.67 ounces per capita per diem about which Dr. Agarwal has some doubts. A reference to page 68 of the Draft Outline shows that the Planning Commission took the estimated population of India in 1950 to be 357.4 millions. The adult population at 86 per cent (80 per cent is a misprint in the Draft Outline) of the total population worked out to 307.4 millions. The quantity available for consumption including imports, being given as 427.9 lakh tons in 1950, the consumption per adult per diem comes to 13.67 ozs. The revised figure of per capita consumption per diem in the First Five-Year Plan (page 157), with the adult population at 86 per cent of the estimated population of 353.05 millions and with total quantity available for consumption (including imports and off-take from carry-over stocks) at 42.40 million tons, comes to 13.71 ounces. The Gopalaswami Report gives the average per capita consumption to be 4.5 maunds per annum i.e., 16.23 ozs. per capita per diem. Apart from the National Sample Survey estimates being subject to severe criticism, it can be seen that the Planning Commission estimates are not over-estimates. For, even after allowing for an error of 10 to 15 per cent in the consumption esti-

In the publication under review, the author comes to the conclusion that land reform legislation has been beneficial both to the State and to the society. As far as the State is concerned, he says, the administrative work has been "simplified and streamlined" and, besides, "the land reform laws have proved to be an aid to taxation". In so far as the society is concerned, it has endeavoured to bring about social justice, opines the author.

Dr. Patel next goes on to observe that "the net result (of tenancy legislation) is that land has practically ceased to be a form of commercial investment by non-agriculturists. But it is yet to be ascertained whether the existing level of agricultural production has been stepped up and whether the relations between landlords and tenants have become more harmonious, resulting in the solidarity and development of the village economy". It is proverbial that Indian agriculture is a subsistence economy, and the effect of all the latest pieces of legislation should be positively to salvage agriculture from this state of affairs. Indeed, it will be a very good day for Indian agriculture when land values are fixed, say, in the same way as Government securities, that is on the basis of its yield, and when land can pass from one hand to another with the same degree of ease. Until then, perforce, the land problem will continue to be with us. Co-operative farming for the uneconomic farmers and the co-operative village management may not be just palliatives, nay may even be possible solutions, but then these assume too much of human good nature for granted. As for the 'Bhoodan' movement, it is too early yet to predict the changes that it will bring about.

mates (as suggested by the Gopalaswami Report) the per capita per diem consumption figures come to 14.4 ozs. and 13.6 ozs. respectively.

Secondly, as regards the mathematical accuracy of the formula $100F = PQ$ (or $Q = 100F$). In this I sup-

pose it is understood that the formula, if it is to have any practical value and not be just a rule-of-the-thumb, slap-dash gadget, would be used over a period of years like a proper regression equation (say $Y = A + bX$), so as to enable projection and prediction to be made regarding F . This is where the rub lies. For the terms in Dr. Agarwal's equation ($100F = PQ$) are non-homogeneous—a rather objectionable procedure from the mathematical point of view (vide G. Tintner "Homogeneous Systems in Mathematical Economics", Econometrica, Vol. 16, 1948, pp. 273 ff.). To make the equation homogeneous and, ipso facto, of any real use, some deflator would have to be used. In common parlance, the same kind of objection applies to Dr. Agarwal's formula as was applicable to Fisher's famous Quantity Theory Equation $MV = PT$.

It seems to me, therefore, that Mr. Agarwal's formula is too naive to be capable of any wide and useful application. One almost wishes that it were—probably showing thereby that the laborious calculations and complicated mathematical techniques used by Tobin, Stone, Haavelmo and Girshick are not only pointless but unnecessary.

Yours faithfully,
I. M. SAHNI.

NEW DELHI,
August 7, 1954.

COMPANY AFFAIRS

THE RELIANCE JUTE MILLS CO., LTD.

The working results of the Reliance Jute Mills Co., Ltd. (Managing Agents: Jardine Henderson Ltd.) for the half-year ended 31st March, 1954, are very discouraging. Even though sales at Rs. 102.07 lakhs are a shade higher than the previous half-year, the net profit (after providing for taxation but not for depreciation) of Rs. 4.18 lakhs has changed into a loss of Rs. 0.87 lakh in the accounting period under reference. The directors have provided Rs. 6,000 for taxation, Rs. 40,000 for contingencies and Rs. 50,000 for depreciation. No dividend has been proposed.

The Directors report that any advance in finished goods value was met during the half-year with a disproportionate rise in the cost of raw materials with the result that business was found to be un-remunerative.

The table below highlights the salient features of the profit and loss account during the last three half-years:

Half-year ended	31-3-53	30-9-53	31-3-54
Sales (Rs. in lakhs)	81.57	101.24	102.07
Net profit* (Rs.)	7,63,144	4,17,641	—87,094
Provision for Depreciation (Rs.)	1,50,000	1,00,000	50,000
Provision for Taxation (Rs.)	Nil	Nil	6,000
Ordinary Dividend rate per cent per annum	5	5	Nil

* After providing for taxation but not for depreciation.

THE INDIAN GALVANISING CO., LTD.

The audited accounts of the Indian Galvanising Co., Ltd. (Managing Agents: Balmer Lawrie and Co., Ltd.) for the year ended 31st December, 1953, show a net profit of Rs. 1,42,336 after deducting items relating to previous years and providing for depreciation. The favourable balance, after adding the balance brought forward from the preceding accounting period, comes to Rs. 1,45,924.

The directors have proposed the usual dividend of 6 per cent per annum for the preference shares absorbing Rs. 16,947 while the ordinary dividend has been scaled down by 50 per cent to 3 per cent per annum absorbing Rs. 1,10,838. The balance of Rs. 18,139 is recommended to be carried forward.

The profit for the year under report was seriously affected by the strike in the Calcutta works. The Bombay Plant also did not establish proper production until July 1953.

BISRA STONE AND LIME COMPANY

The working results of the above company (Managing Agents: Bird and Co., Ltd.) for the half year ended 30th September 1953 show a considerable drop in the raisings of limestone, dolomite and lime. The main reason for the drop in the output of dolomite and limestone was the lockout in the Indian Iron and Steel Co., Ltd., which culminated in a strike. Moreover, the wagon supplies also continued to be short and irregular.

Raisings of limestone at 4,41,681 tons show a decrease of nearly 24,000 tons from the previous half year. Raisings of dolomite decreased from 16,648 tons to 12,717 tons.

The profit and loss account shows a credit balance of Rs. 55,801 after providing Rs. 53,911 for depreciation, Rs. 20,000 for quarry over-hang reserve, Rs. 15,038 for workmen's compensation reserve, Rs. 19,000 for tax

contingency reserve and writing off Rs. 272 for bad debts and including Rs. 4,985 brought forward from the previous half year.

The directors have recommended a dividend of As. 8 per share against a dividend of As. 14 per share in the previous half year.

The company was comparatively free from labour trouble and an effort was made by the management to reduce non-production labour.

THE ELPHINSTONE SPINNING AND WEAVING MILLS CO., LTD.

The directors' report of the above company for the year ended 31st December, 1953, makes a little discouraging reading. The figure for sales has dropped from Rs. 182.09 lakhs to Rs. 155.45 lakhs. The net profit has also declined from Rs. 7.33 lakhs to Rs. 0.51 lakh. The directors report that the depression in the cloth market during August-October, 1953, affected the sales of the company adversely and for some items, sales had to be below cost.

No provisions have been made either for depreciation or for taxation this year while the bill for salaries and wages has increased from Rs. 42.83 lakhs to Rs. 46.39 lakhs. As against a dividend of 6 per cent per annum in 1952 no dividend has been proposed for the year under review. The directors had to draw on the reserves and a sum of Rs. 1,00,000 has been transferred from the General Reserve to the credit available for distribution. Rs. 1.75 lakhs have been utilised for payment of a dividend on cumulative preference shares.

The working results of the company during the last three years are summarised in the table below:

Year ended 31st Dec.	1951	1952	1953
	(In lakhs of Rs.)		
Sales	190.90	182.09	155.45
Net Profit*	11.32	7.33	0.51
Provision for Depreciation	4.00	4.00	Nil
Provision for Taxation	3.25	0.30	Nil
Salaries and Wages	42.31	42.83	46.39
Ordinary Dividend rate per cent per annum	Nil	6	Nil

* After providing for taxation but not for depreciation.

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COMMODITY NEWS AND NOTES

SECOND ESTIMATE OF POTATO

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India second estimate of potato for 1953-54 puts the current year's acreage and production at 645,000 acres and 1,657,000 tons, as against the corresponding adjusted estimates of 633,000 acres and 1,698,000 tons for 1952-53. This shows an increase of 12,000 acres or 1.9 per cent in area and a decrease of 41,000 tons or 2.4 per cent in production during the current year compared to last year. The increase in area has been shared mostly by Uttar Pradesh, Madras and Madhya Pradesh. This Pradesh due to favourable weather conditions at the sowing time. The increase in acreage has been recorded in Bihar. Despite an increase in acreage, there has been a decline in production during the current year. Decrease in production has been shared by Bihar, West Bengal and the Punjab due to unfavourable weather conditions at the growing period. This decrease in production in these States has been offset to some extent by increases in production in Assam, Bombay, Uttar Pradesh, Madras and Madhya Pradesh. This estimate relates to the period up to the end of May 1954. Past experience has shown that the area at the final estimate stage is slightly higher than the second estimate.

JUTE GOODS EXPORTS AND PRODUCTION

Except for increased shipments to Argentina, jute goods exports were poor during July 1954. While sacking shipments fell sharply from 45.5 million bags in June, 1954, to 35.9 million bags last month, hessian exports at 116.7 million yards were only 2.4 million yards more than exports for June 1954. This slight increase in hessian exports was due to the larger off-take by Argentina and Monte Video, which was more than double at 47.3 million yards last month as against 19.5 million yards in June. Hessian shipments to all other countries were substantially lower. Exports to the U.S.A. declined from 47.7 million yards to 33 million yards and those to the U.K. from 16.6 million yards to 10.8 million yards. Canada took only 7.6 million yards as against 10.9 million yards in June this year.

Production of jute goods was higher due to increase in working hours of jute mills, from 42½ to 45 hours a week since July 12. It increased from 74,000 tons in June, 1954, to 80,700 tons, which incidentally was equal to stocks held by the mills at the end of July, 1954. The increase was shared by all sections. While the hessian output was up by 2,500 tons in June to 32,300 tons last month, that of sacking rose from 42,100 tons to 45,500 tons. Other goods production at 2,900 tons was also higher by 200 tons.

SLUMP IN PASHMINA INDUSTRY

The famous 'Pashmina' industry in Punjab which was earning much foreign exchange is passing through a crisis. Spinners in Hoshiarpur and Kangra districts are in distress as there are very few skilled weavers who can produce fine shawls. Most of the weavers were Muslims and they migrated to Pakistan at the time of partition, and the local spinners have not been able to acquire the skill and craftsmanship of their Muslim predecessors. Till recently spinners were exporting their products to which Government has put a stop, as export of raw material was liable to affect adversely foreign demand for finished "Pashmina" goods from other parts of the country. The Central Board of Handicrafts has been requested to help in a scheme to institute a five-year training course for weavers and

the Kashmir Government is understood to have been asked to send Kashmiri craftsmen to train local weavers.

U.S. COTTON ESTIMATES

The first United States Government estimate of the cotton crop for the 1954-55 season of 12,680 thousand bales was nearly half a million bales more than expected by traders. The production per acre which is very important was given as 313.5 lbs. against 324.2 lbs. for the previous crop. The condition figure was 78 per cent, against 79 per cent a year ago and the ginnings up to August 1 were 3.8 million bales against 3.46 million bales a year ago. The carry-over of American cotton at the end of July was estimated at 9.7 million bales but of this total it was estimated that 7 million bales were in Government hands and taken off the market. Exports in the season ended July 31 were 3.91 million bales against 3.05 in 1952-53. The home consumption last season was 8.55 million bales against 9.46 million bales in 1952-53. According to the Department of Agriculture it is estimated that consumption and exports in the new season will appreciably increase.

WHEAT EXPORTS

In the cereal year which ended on August 1, the main wheat exporting countries had shipped 82.4 million quarters of wheat, according to commodity trade news. This is 27 million quarters less than what was shipped in the previous season. The U.S., Canada and Australia show big declines, Argentina a sharp rise, and Russia with the Danube countries a slight increase.

U.S. LEAD PRODUCTION

U.S. mine production of lead in the first half of 1954 was 159,884 tons, compared with 179,853 tons in the first-half of 1953, according to the U.S. Bureau of Mines.

U.K. SULPHURIC ACID PRODUCTION

U.K. production of sulphuric acid in the second quarter of this year was 512,206 tons, compared with 526,932 tons in the first quarter and 459,859 tons in the second quarter of 1953. Consumption was 504,790 tons compared with 534,264 tons in the previous quarter and 461,295 tons in the second quarter of 1953. Use in drugs and fine chemicals showed a particularly sharp rise in the second quarter of 1954 to 7,029 tons, compared with 4,231 tons in the previous quarter and 3,234 tons a year before.

CANADA'S RECORD WHEAT STOCKS

Canada has the biggest peace-time glut of wheat in her history. Official figures show that at the end of the 1953-54 crop year, the carry-over in transit and in store in North America was 379.3 million bushels. This amount does not include wheat on farms. An unofficial estimate puts this at 190 million bushels. The 379.3 million bushels based on preliminary returns up to the end of July is over 100 million bushels higher than the figure for 12 months previously.

RECORD U.S. PLASTICS OUTPUT

Last year saw a record output of synthetic resins and plastics—other than cellulose—in the United States, it is revealed in Government figures published. It came to 2,777 million pounds as against 2,333 million pounds in 1952. The biggest single group consisted of polyvinyl chloride and allied products at 516 pounds. Styrene resins, 508 million pounds came next. Phenolic and other tar-acid resins accounted for 485 million pounds followed by the alkyd resins at 467 million pounds.



"A NEW KIND OF MAGIC"

Amin Sheikh, who worked on the Stanvac Bombay Refinery is an amateur magician. When he took his family to see the Refinery this is what he told them:

"I have shown you many tricks. You know how easily I can make a coin disappear and reappear. But this was no magic trick. This was something big, something I could not quite understand at first.

"But now, as I stand here, watching this huge mass of machinery alive and working, I know something wonderful has happened. Along with others who have worked with me, I feel that for once I have helped achieve something which we all can call our own. I know now that from our Refinery will come many useful petroleum

products, for instance, more than 40 million gallons of Kerosene which will help light our homes.

"I suppose it is interesting to know that miles of pipes have been laid or roads built or tons of cement have been used. What is more important is the feeling that my friends and I now have equal opportunities to work, to give the best which is in us, and create something for ourselves and our children... a feeling which we never had before.

"You will understand its meaning when you grow up. I hope you will work on other projects like this which will help our country prosper.

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CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

		Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
		Food Articles	Indus. Raw Matris.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48	..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49	..	382.9	444.8	327.3	346.1	525.2	378.2	..	..	..	..
1949-50	..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51	..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52	..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53	..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54	..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
October 1953	..	385.6	447.7	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November	..	378.0	441.4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December	..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954	..	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February	..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March	..	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
April	..	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May	..	366.2	464.6*	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0
June	..	343.2	441.0	355.6	378.7	647.3	381.6	90.3	100.9	88.5	106.9
July	..	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	100.6
Week Ending											
10-7-1954	..	348.1*	423.9	354.8	377.6	645.9	380.0*	90.7	100.4	88.9	109.8
17-7-1954	..	358.6	419.2	355.0	370.5	636.8	382.3	90.9	100.4	89.1	109.6
24-7-1954	..	360.4	426.1	353.4	376.5	632.2	383.6	90.9	100.5	89.1	110.6
31-7-1954	..	360.6	416.3	352.8	375.2	620.3	381.3	90.9	100.6	89.3	112.7
7-8-1954	..	363.8	416.5	352.0	376.1	611.0	382.2	90.8	100.6	89.4	114.5

* Average of weeks.

* Revised.

† Economic Adviser's Series.

†† Reserve Bank Series.

WORKING CLASS COST OF LIVING (August 1939=100)

Period	Bombay		Delhi	Bengal	U. P.	Central Provinces		Madras	E.P.	Bihar	All India†
	Bombay	Bombay June 1934=100	Ahmedabad July 1927=100	Delhi†	Calcutta	Kanpur	Nagpur	Jubbulpore†	Madras June 1936=100	Ludhiana†	Jamshedpur†
1949 (Aug.-Dec.)	103	—	—	—	—	105	104	—	106	—	—
1948	288	303	243	132	339	471	372	146	309	168	136
1949	292	307	248	132	348	478	377	151	323	164	138
1950	298	313	257	132	349	484	372	153	325	165	139
1951	314	330	261	142	370	451	391	168	334	167	140
1952	321	337	250	143	351	441	380	150	330	151	142
1953	346	363	275	149	349	453	387	151	351	147	146
1953 July	355	373	288	142	375	465	394	160	355	148	158
August	358	376	285	144	373	469	397	157	352	149	153
September	353	371	283	145	366	464	391	154	351	150	152
October	350	368	282	144	349	457	389	153	352	150	149
November	344	361	280	144	339	453	385	148	353	149	146
December	342	359	268	140	329	438	380	146	350	149	145
1954 January	346	363	269	139	325	442	377	144	353	151	142
February	331	348	257	139	316	432	375	144	352	151	141
March	332	349	257	138	319	416	374	143	345	150	139
April	338	355	255	141	323	426	—	—	341	151	—
May	338	355	251	142	339	415	—	—	341	—	—
June	340	357	240	135	332	396	—	—	342	—	—
July	—	—	—	134	—	—	—	—	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED											
	21-8-1954			14-8-1954			6-8-1954			31-7-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola)	90-14	87-12	88-14	90-1	88-15	88-7	87-10	86-0	86-11	87-7	85-3	86-3
Silver (per 100 fine tolas)	137-6	134-2	135-3	135-6	132-6	133-18	136-10	132-1	132-15	134-7	131-15	132-2

RESERVE BANK OF INDIA
ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupee Coin	Rupee Securities	Total Assets
1938-39*	182.36	28.28	210.64	44.42	36.95	111.37	52.91	67.11	32.16	210.64
1947-48*	1,227.82	47.12	1,274.95	44.42	1,135.32	1,179.74	92.53	32.36	62.84	1,274.95
1948-49*	1,231.84	22.02	1,253.86	42.49	907.47	949.96	75.43	42.98	265.62	1,253.86
	(5.58)	(—)	(5.58)					(90)		(5.58)
1949-50*	1,128.94	24.00	1,152.94	40.02	647.04	687.06	59.59	50.53	415.36	1,152.94
1950-51*	1,163.21	17.19	1,180.40	40.02	624.70	664.72	56.31	57.21	458.47	1,180.40
1951-52*	1,189.84	27.78	1,217.62	40.02	625.27	665.29	54.64	63.08	488.36	1,217.62
1952-53*	1,114.84	27.87	1,142.72	40.02	584.40	604.02	52.89	80.22	458.08	1,142.72
1953-54*	1,133.95	23.03	1,156.97	40.02	594.02	634.04	54.80	92.83	430.11	1,156.97
Average of Fridays										
December 1953	1,121.06	12.26	1,133.35	40.02	575.65	615.67	54.32	96.30	421.38	1,133.35
January 1954	1,151.24	15.34	1,166.58	40.02	610.15	650.17	55.73	95.03	421.38	1,166.58
February	1,174.88	16.14	1,190.82	40.02	635.65	675.67	56.74	93.80	421.35	1,190.83
March	1,190.15	12.48	1,202.63	40.02	648.15	688.17	57.22	93.12	421.34	1,202.63
April	1,220.24	13.08	1,233.32	40.02	674.15	714.17	57.91	97.81	421.34	1,233.32
May	1,220.26	25.62	1,245.88	40.02	688.15	728.17	58.45	96.49	421.29	1,245.88
June	1,196.24	36.20	1,232.44	40.02	679.40	719.42	57.96	96.80	421.22	1,232.44
July	1,163.71	35.99	1,199.50	40.02	638.15	678.17	56.62	100.31	421.22	1,199.50
Week Ending										
9-7-1954	1,178.89	34.31	1,213.20	40.02	653.15	693.17	57.14	98.81	421.22	1,213.20
16-7-1954	1,166.79	32.46	1,199.22	40.02	638.15	678.17	56.55	99.83	421.22	1,199.22
23-7-1954	1,153.48	32.54	1,186.02	40.02	623.15	663.17	55.92	101.62	421.22	1,186.02
30-7-1954	1,142.74	44.40	1,187.13	40.02	623.15	663.17	55.86	102.24	421.22	1,187.13
6-8-1954	1,157.62	28.83	1,186.46	40.02	623.15	663.17	55.89	102.07	421.22	1,186.46
13-8-1954	1,158.31	28.73	1,187.04	40.02	623.15	663.17	55.87	102.65	421.22	1,187.04

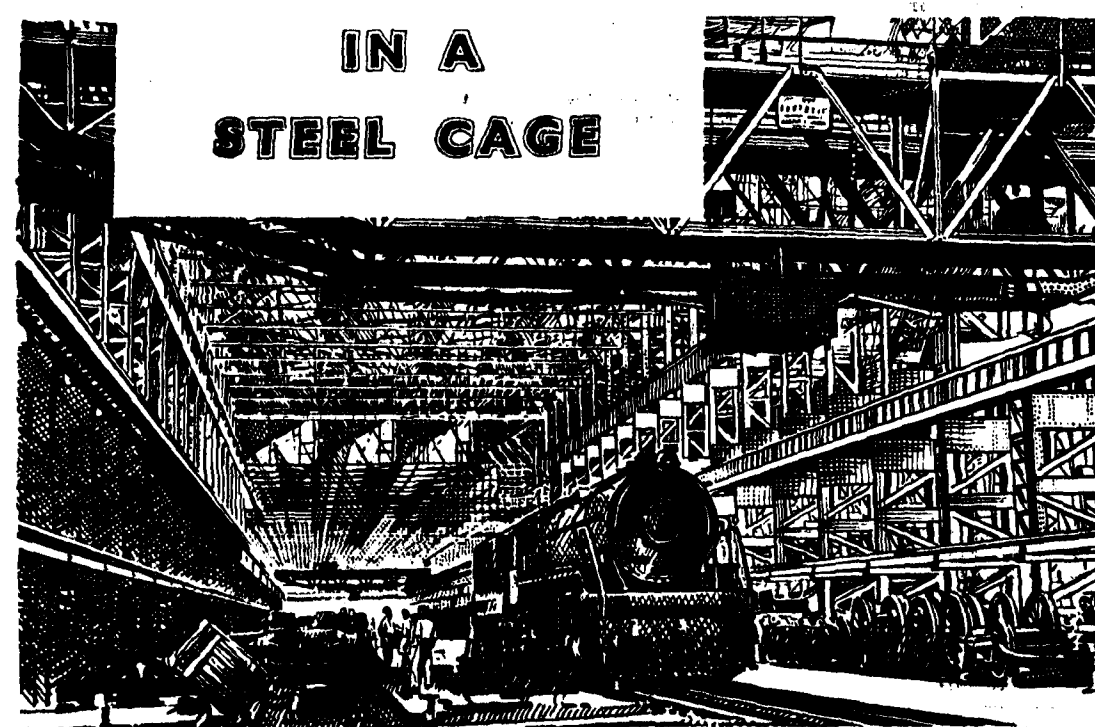
BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS**	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14.90	..	16.19	75	31.84	1.28	43.12	28.38	1.53	4.21	1.72	2	6.36	90
1947-48*	366.79	16.92	102.47	34.21	520.40	14.55	544.96	47.24	2.62	406.95	1.57	21	81.53	4.85
1948-49*	222.17	6.82	80.53	56.52	365.02	15.33	419.05	22.12	4.28	307.78	1.71	3.34	75.05	4.14
	(14.33)	(3.04)									(1)			
1949-50*	141.19	23.12	67.00	64.39	295.69	15.76	321.45	24.12	4.30	280.91	3.36	8.30	980.54	4.34
1950-51*	148.60	17.71	62.22	62.29	290.82	18.14	318.97	17.31	3.04	107.70	2.37	6.77	76.72	5.06
1951-52*	181.30	15.95	58.68	69.22	325.15	18.62	353.77	27.92	6.31	187.14	5.90	19.42	95.19	11.91
1952-53*	136.40	7.79	52.89	61.93	259.02	23.69	292.71	28.03	6.64	133.56	2.85	19.03	89.77	12.83
1953-54*	105.44	20.40	46.52	57.45	229.80	23.91	266.72	23.22	9.46	128.31	1.78	19.84	81.58	7.51
Average of Fridays														
December 1953	99.75	10.83	32.81	57.44	220.82	20.19	260.01	12.46	8.83	141.91	1.81	11.61	76.07	7.39
January 1954	103.82	20.24	41.98	58.30	224.33	22.08	266.41	15.57	16.49	121.22	1.02	20.14	74.15	7.82
February	89.53	21.74	40.14	61.95	213.36	22.49	245.85	16.36	12.78	105.09	76	31.19	71.29	8.40
March	80.90	42.08	40.44	42.99	206.41	24.91	241.32	13.72	10.46	96.86	1.12	30.83	65.70	8.64
April	64.51	30.32	42.16	45.21	182.41	27.95	220.36	13.35	12.98	78.55	1.21	40.01	65.17	9.09
May	92.14	20.61	43.30	46.10	203.15	28.47	241.62	25.90	10.11	65.23	1.12	57.83	71.91	9.51
June	110.59	18.52	43.21	43.78	216.04	28.28	244.32	26.44	9.07	171.44	1.20	39.09	85.31	9.84
July	121.13	20.39	46.82	36.55	224.91	26.96	261.88	26.21	1.76	103.01	7	19.84	93.06	1.73
Week Ending														
9-7-1954	114.50	10.52	44.12	37.01	216.14	28.03	253.17	34.45	1.52	92.77†	20	24.88	91.25	7.77
16-7-1954	120.18	19.78	47.42	36.76	224.14	26.94	261.09	32.68	1.89	105.03†	..	20.42	93.19	7.87
23-7-1954	124.55	17.99	50.22	36.54	229.30	26.40	265.70	32.78	1.39	114.44†	..	14.48	94.72	7.99
30-7-1954	120.89	20.86	49.70	36.56	227.02	26.67	273.69	44.60	1.43	109.07†	..	15.60	94.83	8.07
6-8-1954	122.33	15.46	50.40	35.85	224.04	27.22	261.26	28.99	2.01	109.82†	46	18.38	94.55	7.04
13-7-1954	124.32	12.28	50.96	36.27	223.82	28.58	262.40	28.97	3.52	108.87†	1.89	18.08	93.93	7.14

Note: Figures in brackets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid-up and Reserve Fund. *Average of Fridays. † Includes cash and short term securities.

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INDIA'S TRADE WITH THE U. K.

I. PRINCIPAL EXPORTS

(Thousand £)

	Year 1952	Year 1953	June 1954	6 Months Jan-June	
				1953	1954
Total All Exports	114,717	113,443	7,385	51,067	65,182
Of which :-					
Tea ..	48,743	51,928	1,662	18,768	27,940
Leather, leather manufactures & dressed furs ..	9,284	14,009	936	7,237	7,258
Tobacco & tobacco manufactures ..	6,956	5,790	1,087	2,765	3,459
Hides, skins & fur skins, undressed ..	540	958	68	484	494
Wool & other animal hair ..	3,496	4,008	589	2,513	2,813
Cotton ..	2,297	2,993	197	1,765	1,553
Miscellaneous textile fibres & waste ..	1,395	629	113	323	561
Metalliferous ores & metal scrap ..	3,960	4,388	91	2,387	1,793
Miscellaneous animal & vegetable crude materials, inedible ..	4,364	3,258	252	1,695	2,112
Animal & vegetable oils, fats, greases & derivatives ..	3,573	2,442	236	1,819	488
Miscellaneous textile manufactures ..	16,578	12,736	974	5,702	9,116

II. PRINCIPAL IMPORTS

(Thousand £)

	Year 1952	Year 1953	May 1954	4 Months Jan-Apr.	
				1953	1954
Total All Imports	112,635	114,491	11,386	46,568	50,394
Of which :-					
Machinery other than electric ..	29,595	27,791	2,597	12,366	12,419
Electric machinery, apparatus & appliances ..	17,138	17,944	1,308	5,564	6,595
Wool & other animal hair ..	3,293	4,828	536	1,934	2,361
Petroleum & petroleum products ..	2,509	3,953	448	1,988	2,128
Chemicals ..	13,426	13,058	1,358	4,468	6,290
Paper, paperboard & manufactures thereof ..	1,923	1,229	66	647	503
Iron and steel ..	4,785	4,689	476	1,838	2,473
Non-ferrous base metals ..	1,631	2,137	134	958	630
Manufactures of metals ..	6,329	7,309	466	2,658	2,321
Railway vehicles ..	5,655	3,758	450	1,881	1,751
Road vehicles & aircraft ..	9,564	8,758	969	3,209	4,556
Scientific instruments; photographic & optical goods; watches & clocks ..	1,896	2,208	221	914	913

III. INDIA'S IMPORTS OF MACHINERY FROM THE U. K.

(Thousand £)

	Year 1952	Year 1953	May 1954	6 Months Jan-June	
				1953	1954
Total Machinery	46,733	45,735	3,170	24,629	22,200
Of which :-					
Boiler & boiler-house plant ..	1,458	1,653	113	899	863
Internal combustion engines ..	4,511	1,356	110	729	903
Agricultural machinery ..	495	151	11	83	84
Machine tools (excluding portable power tools) ..	1,396	1,934	101	1,012	963
Pumps ..	940	856	75	452	376
Industrial & works trucks & tractors & mechanical handling equipment ..	1,024	1,471	163	727	869
Excavating & earth-moving machinery & road rollers ..	867	528	33	251	236
Mining & well drilling machinery ..	546	519	22	285	247
Printing & bookbinding machinery & printing type ..	628	791	58	341	290
Textile machinery ..	8,688	6,990	495	3,818	3,576
Air-conditioning & refrigerating machinery ..	253	290	11	143	133
Generating sets, generators & motors ..	2,184	2,689	196	1,623	1,194
Converting machinery, transformers, switch gear & switchboards ..	3,321	4,606	339	2,248	2,063
Electronic valves, & radio, television, radar & sound reproducing apparatus ..	2,203	1,485	78	843	668
Electric cables, wires, strips & strands, insulated ..	5,026	5,034	158	3,476	1,486

Source :—Trade and Navigation Accounts of the U.K. (H.M.S.O.)

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THE Eastern Economist

DL. XXIII. NO. 11

NEW DELHI: SEPTEMBER 10, 1954

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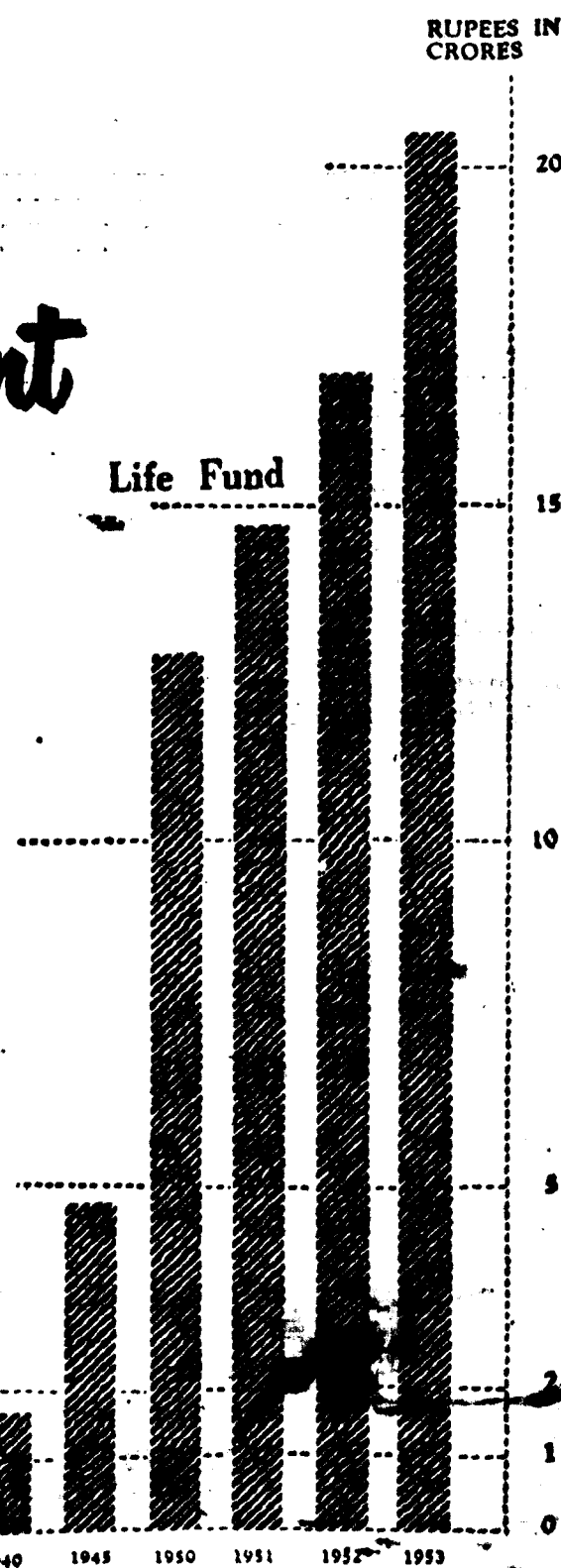
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The Challenge of Travancore-Cochin

TRAVANCORE-COCHIN has been headline news this week. On September 5, the State Transport strike called off after a brief ten days of conflict. This is a purely political strike, and the interest lies in the serious defeat which Communist prestige suffered in the State. Ironically, at a time when Praja-Socialist administration in Travancore-Cochin had been receiving bouquets for its strong and successful retort to Communist pressure, the National Executive of the Praja-Socialist Party in New Delhi, sitting in judgment on a previous firing incident, the resolution which was passed displayed a poor appreciation of the difficulties which the Travancore-Cochin Government has recently faced. The events of the week thus underline both the strength and weakness of the present situation of Travancore-Cochin. With its back to the wall, the small Praja-Socialist Party, which has dared to form the government with opposition far greater in numbers than its own strength, is still denied the unstinted support of the National Executive. It has endured well enough in the face of these hindrances, but it is clear that only the

grossest failure in understanding the challenge in Travancore-Cochin can explain the continued refusal of the National Executive to stand unswervingly by the Government in this difficult State.

The challenge of Travancore-Cochin today is addressed not only to the Praja-Socialist Party; it is addressed to all India. Two elections within the last three years have vindicated the claims of the Communist Party in this State. There is no one who has seen it at first-hand who will attempt to understate the extent of Communist influence, built as we now see, on the hard core of a well-disciplined Communist trade union movement. If there is almost any prediction in politics which is valid, it is that that hard core will hold at least until the vast problem of employment in Travancore-Cochin begins to be solved. At the present time the employment situation is deteriorating and therefore as a consequence the strength of the Communist Party will tend, other things being equal, to increase. It is a matter of good fortune only at the present time that other things are not equal.

In the first place, there is no doubt that the sudden improvement in the food situation has dealt a severe blow to Communist prestige. The Communists have been accustomed too often in the past to dwell on the insufficiency of rice, its poor quality and its high price. The election of 1951 and early 1952 was predominantly a rice election. Conditions were better in the election this year, but food was still the centre of politics. Now at long last with the drop of retail prices of rice of about 50 per cent in the last twelve months, and with availability better than at any time in the last fifteen years, the Communist Party has lost one of its major instruments of attack. Again, the hopes raised by the Plan are beginning slowly to generate some little optimism in what was an area of intense unemployment frustration. It is true the first Five-Year Plan made only token grants to Travancore-Cochin, but the State has become planning conscious nevertheless, and success in its two Community Projects, particularly the Neyyattinkara Vilavancode Community Project, has awakened hopes that democratic methods might yet solve the major economic problems which, all too easily in the past, the Communists have claimed could only be solved by totalitarian mobilisation.

In addition to the great improvement in the food situation and the change in psychology which has been brought about partly through food prices and partly through successful Community Projects work, there must be set the firm and enlightened administration of the present Travancore-Cochin Government. In a few months Mr. K. Thanu Pillai, the Chief Minister, and his colleagues have produced an atmosphere of confidence which has been absent from Travancore-Cochin for many years. The stature of the Chief Minister has been recognised by many persons in the past; that of some of his colleagues such as Mr. Nataraja Pillai, the Finance Minister, is now earning recognition. The conduct of the State Transport strike, which is a notable instance of strong government, would alone mark out Travancore-Cochin's Government as one of the most capable administrations of our time.

The history of the State Transport strike needs to be briefly told. When employees of the State Transport Union demanded both pension and bonus, the Government undertook a poll of every member of the Union enquiring whether they would accept one or other, since there was no case in which both had been conceded. Seventy-two per cent of members of the Union opted for pension and the Government accordingly issued an order in these terms. Thereafter, the Communist leaders of the Union led by Mr. T. V. Thomas precipitated a strike for bonus in addition to the pension which had already been granted. The Government accepted the challenge and organising its police force, arranged for buses to be run under police convoys. Within a matter of three days this determined refusal to submit to Communist dictation had shown itself effective. On the fourth day of the strike about half of the buses were on the roads, and within ten days the strike had been totally defeated. There can be few records in recent strike history of a collapse as quick and as complete as in this last deplorable case.

It is interesting to enquire why the Communist Party should have attempted so futile an operation when its sources of information must have told it, as did the Government sources, that the great majority of employees were not interested in the strike after the pension demand had been conceded. There has been a tendency to explain what was essentially a political decision in terms of a rift in the Communist Party. That there are serious differences amongst leaders of

the Communist Party in Travancore-Cochin is clear but it is even more clear that the calling off a strill far from producing the desired element of cohesion has merely exposed the half-hearted character of the artificial unity which Mr. T. V. Thomas sought to produce. In effect the prestige of the Praja-Social Party has not only been raised; that of the Communist Party has been significantly reduced.

While the Communists have experienced a serious setback, the situation in Travancore-Cochin admits of no complacency. With the population rising at a rate more than double that of the average for the Indian Union, and with educated unemployment four times as serious in terms of numbers than elsewhere, it is obvious that Travancore-Cochin must receive special attention in any major security operations envisaged in the second Five-Year Plan. On purely security grounds, the rate of investment should be double that of the average of the Indian Union. In other words since the population of Travancore-Cochin is about one fortieth of that of the Indian Union, it should at least receive one-twentieth of the investment of the Plan. This would merely accord with the population increase in the State and would leave no room for making up the heavy leeway which negligence in the last five years has laid heavily upon the State administration. In order to deal justly with Travancore-Cochin, investment in the second Five-Year Plan should be considerably above the figure of one-twentieth of national investment.

The only major solution of the problems of Travancore-Cochin which can now be envisaged must be in terms of this massive investment. Unhappily both the State Government and the Central Government's apparatus available for work in the State is ill equipped to prepare projects to utilise something like Rs. 300 to Rs. 350 crores which should be the level of investment in Travancore-Cochin in order to provide employment opportunities equal to that at which its working population is coming of age. It is not finance which is a major obstacle. If the second Five-Year Plan is of the order of Rs. 4,000 crores, it should not be beyond the bounds of possibility to provide Rs. 300 crores for Travancore-Cochin which is a most seriously threatened area in the Indian Union in a strategic sense. The real difficulty is in finding the blueprint which can match this expenditure and provide the employment opportunities which are required.

There does not exist in the Indian Union at the present time the capacity for expenditure in productive terms which was assumed all-too-readily in the first Five-Year Plan. For the second Five-Year Plan the situation can only be far more exacting and therefore it behoves that the Government of India and the Government of Travancore-Cochin should lose no time in seeking collaboration with any technical apparatus which can fill the need for projects in the short period. The danger is that, instead of facing the need for large-scale collaboration, both the Central and State Governments will whittle down their demands and thus evade the problem of unemployment the solution of which alone can restore peace and tranquillity to this problem State. It is sincerely to be hoped that, with the new prestige that the Travancore-Cochin Government has won, its planning will be spacious and imaginative, and the Government of India will recognise the special responsibility which rests on it to see that the Travancore-Cochin Government is not hindered in its operation by lack of enthusiasm and finance. The challenge of Travancore-Cochin has been fairly accepted. It is now the responsibility of the whole country to see that the battle there is driven at all speed to a victorious conclusion.

Two Bold Targets

THE announcement by the Minister of Commerce and Industry of the targets for cement and steel in the second Five-Year Plan has not unnaturally been the subject of some agitated comment. Mr. Krishnamachari has suggested that the target for cement should be ten million tons, and that for steel six million tons. Seeing that present production in cement is not yet four million tons and that of steel considerably less than two million, superficial observers have attempted to decry these targets as impracticable. In point of fact, however, they cannot be any more impracticable than the total investment of the second Five-Year Plan. It is not generally recognised that if investment of Rs. 4,000 crores is to take place in the second Five-Year Plan and half of this is to be in industry, the logical consistent targets in cement and steel are just those which the Minister for Commerce and Industry has indicated. If there is boldness in these targets, there is boldness in the overall targets of the second Five-Year Plan, which were indicated when the final outline of the First Five-Year Plan originally appeared.

More specifically, the second Five-Year Plan with an investment of Rs. 2,000 crores in industry is a proposal to double existing Indian industrial investment. Computations of the capital at charge in Indian industry vary very considerably. But if a correction is made for prices of assets now reckoned at book value, the figure for industrial capital exclusive of transport would be about Rs. 2,000 crores. In other words, the second Five-Year Plan implicitly is a Plan for doubling Indian industrial investment in five years.

The application of the principle of doubling in cement will lead precisely to this target of ten million tons. Indian cement production and consumption will almost certainly be five million tons by the beginning of 1957, and it is notable that the rate at which consumption is increasing at the present time, if projected, would in fact lead to ten million tons by 1961. In the case of cement at least, the target of ten million, therefore, does no more than extend the rate of growth of the last two years. A private study which has just been undertaken by the Economic Intelligence Unit of the Indian Institute of Public Opinion has shown also that this is a natural rate of growth which would probably not require much forced effort to bring it about. Indeed, the average long-term consumption growth in cement in the Indian Union over the years from 1915 to 1954 is reckoned as high as 8.3 per cent per year. In other words, cement consumption has over this period been doubling itself on an average every nine years. In the last two years the rate of growth has risen from about 8.3 per cent to something like 15 per cent per year and it is this rate of growth projected up to 1961 which gives a target of ten million tons.

So much for the economic assessment of cement consumption in the Indian Union. Few persons conversant with the progress of cement over the long period are pessimistic about cement consumption, when the massive investment of the second Five-Year Plan is reckoned in. Some doubt has, however, been expressed by certain producers who feel that, while the consumption of ten million tons is certainly tenable, there are not yet enough proved deposits of limestone to sustain this figure indefinitely. India's premier cement producer, the Associated Cement Companies, has, it is known, trebled its geological staff to search for limestone deposits of proved quality. Whilst there is general confidence that this research will be rewarded, the possibility of import of limestone for brief periods need not be entirely excluded. In other words, whilst the target of ten million tons should remain unchanged,

it is not to be supposed that all difficulties in raw materials are necessarily to be domestically solved.

It is interesting to compute on the basis of the best current information what percentage of cement production will be utilised by public corporate undertakings. In the last few years the trend of public consumption has been so markedly upward that it has entirely altered the traditional share of cement in private building. At the present time, more than half of all construction expenditure is in what might be described as the public sector and it may be assumed that by 1961 about three-fifths of cement consumption will be in the public field. In other words, a target of ten million tons implies that six million tons will be in the public sector. The private sector might conceivably move up from two million tons to four million tons, while the public sector moves up from two million tons to six million tons. In other words, cement consumption in the public sector might treble in the same period in which it doubles in the private sector.

What is true of cement is true, mutatis mutandis, of steel. With the steel control on and, therefore, with some demand shut off, present consumption might be reckoned at two million tons. But it has long been accepted that current free consumption would be of the order of three million tons. In other words, Mr. Krishnamachari's target of six million tons here again represents a doubling of consumption. In view of the fact that the utilisation of India's engineering industries will be more than doubled by 1961 and the steel content of Indian industry is to rise more than proportionately to the overall Plan, a target of six million tons for consumption is not merely acceptable; it is the minimum on which planning can proceed.

As in cement, however, there is the problem of production. Here past experience has tended to make all planning different. The steel plant at Rourkela to be completed in four years from now was enveloped in the throes of discussion for full five years. Even when completed it will be only a five-hundred-thousand-ton plant though it might conceivably double within two years. Even with Rourkela at a million tons, and the SCOB and TATA Expansion Schemes completed, Indian production would be only about three million tons. Therefore a target of six million tons implies that three entirely new units should be built within the next seven years.

There is no reason to take fright, as some market critics have done, at the expenditure of 300 crores of rupees for three new steel plants. A massive industrialised programme of Rs. 2,000 crores can well provide Rs. 300 crores additional for steel. For, steel is one of the bases on which a heavy industrialised programme can proceed.

So far as location is concerned Durgapur in West Bengal and Bhilai in Madhya Pradesh have already been explored and are obviously suitable sites for plants of a million ton each. There is no reason why work on these plants should not commence immediately. A third site will need also to be investigated early. There is no reason again why the work of choice of a third site should not also be undertaken. In view of the fact that six million tons cannot possibly be a static figure for steel consumption of each of the new plants while being prepared for a capacity of a million tons should admit of doubling within a short space of time.

It may be said that with the announcement of the target for cement and with a suggestion of what should be done in steel, Indian planning is at last entering its spacious and imaginative phase. It is sincerely to be hoped that no petty and carping criticism of these targets will be allowed to deter this initial enthusiasm.

Art in Industry

THE migration of art in the domain of industry is not a novel phenomenon in Indian life. In the olden days, art and industry cultivated a happy harmony and sustained a sense of aesthetic values in every-day life. Some of the choicest works of artistic excellence found visible expression in the products of industry and served to keep charm and beauty alive in ordinary life. But the conquest of the handicrafts by mechanized industry destroyed this harmony. The standardised products of the machine, bereft of the influence of the artistic hand, brought dull uniformity in the articles of daily use. This divorce between art and industry caused by the industrial revolution persisted until a few years ago. But with the loss of the patronage of the princely and aristocratic order, art has begun to turn to industry.

The new shift towards the reunion of art with industry is to be welcomed without reserve as a happy sign of the restoration of the scale of social harmony. The movement for art in industry has taken root in this soil, but it has failed till the present moment to flourish and grow with vitality. Organised attempts to stimulate the integration of art with industry have been lacking woefully in this country and for this regrettable state of affairs, Mr. Deshmukh, Union Finance Minister, puts the blame on the industrialists and partly also on the artists. His inaugural address at the art in industry exhibition here in the capital city puts the problem of restoration in a rational perspective. If he was frank in his criticism of the outlook of industrialists on art, it was to stress the valuable contribution which the captains of industry are ordained to make to the development of industrial art. This tradition of indifference is now fading away and under the impact of competitive markets they are waking up to the urgency of the revival of aesthetic values in industry. Promotion of applied art is a collaborated function of the industrialist and the artist and the practical needs of both are now expected to stimulate a clearer realisation of this responsibility.

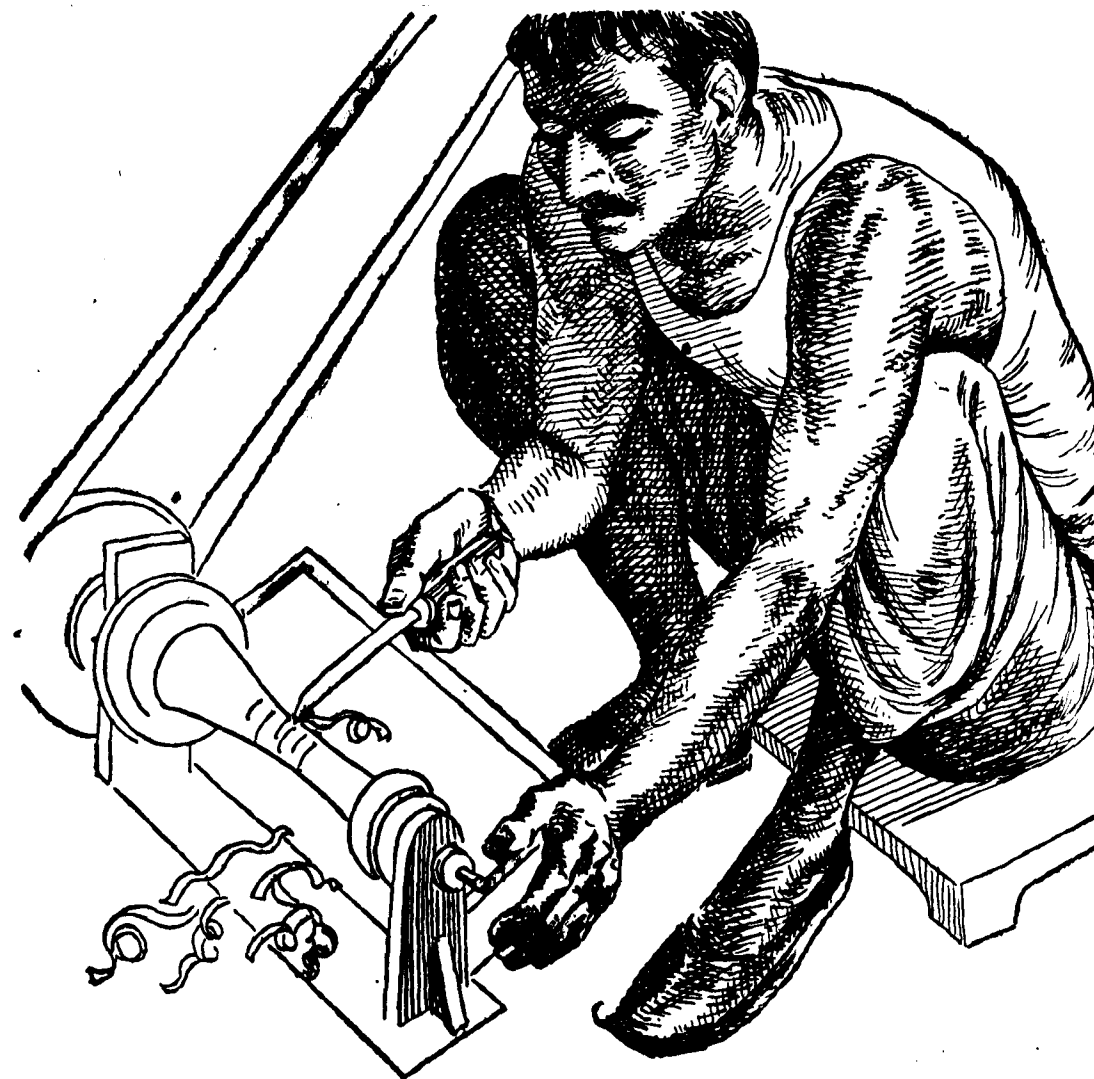
If this exhortation is being addressed in general terms directly to the more resourceful of the two partners, it does not in the least imply an award of a certificate of good performance to the artists. Their lack of realism and air of academic detachment, even in the promotion of applied art, are best typified in the activities of the Indian Institute of Art in Industry under whose auspices the exhibition is being held, probably as a routine annual affair. This is not to grudge recognition of the pioneering role of the Institute and the fact that this is the only organization of its class in the entire country indicates the prevailing lack of enthusiasm in the ranks of artists. But the Institute has enjoyed the benefit of direct financial help from the Central Government—Rs. 6.5 lakhs in nine years since its inception—and certainly it cannot complain of acute stringency in finance, if its outlay of just Rs. 1 lakh on prizes, cash awards and overseas scholarships in nine years is recalled. The imposing array of some of its activities—publication of the journal, brochures, maintenance of a library and a museum and holding of exhibitions—seems to absorb an undue part of its resources. Its extreme preoccupation with the rediscovery of the treasures of art and crafts in the heart of the countryside illustrates a duplication of work which other agencies are already pursuing. It demonstrates a misguided policy. This Institute which should function essentially as an active liaison between industry and artists owes it to itself to evolve new ideas and designs for ready sale for the edification of industry. That is the way to capture industry's active and earnest

co-operation. The decade's experience, and particularly of recent years, clearly demonstrates that the Institute has failed to deliver the goods.

There is a message in this shift in the direction of art to the business men and industrialists in this country. That message has already been imbibed by industrialists in the West which is one major reason why they have successfully made the products of their industry so presentable as to win easier acceptance. Only in one direction have our industrialists and business men realised the value of art in relation to industry. Advertising no longer continues to be the same dull and colourless advocacy of the virtue of their goods. Commercial art is advancing fairly well and organised advertising agencies are endeavouring to make the producer's or seller's appeal attractive and winning. Advertising specialists are much on the move, but the commercial artist and the industrial designer have still to find their feet. How soon they will be enabled to do it is conditioned by the readiness of the industrialists to recognise the practical value of their services. What has been borne out by experience of decades in the Western countries and what is being propagated in the last few years in this country certainly deserves to be appreciated by our captains of industry and business. The commercial artist and the industrial designer are as potent assets to business and industry as a successful salesman and an efficient engineer actually are. Patronage to art in industry is not a matter of luxury. Art is increasingly becoming an indispensable adjunct to industry.

In this movement for a closer integration of art with industry a lopsided emphasis is being placed on the handicrafts. It is not necessary to recall the glorious past of Indian art as transmitted in the excellence of the products of handicrafts. Some of it survives to this day and all research activity to rediscover the best that was in the artistic handicrafts of this country should be commended. Actually, this revival of handicrafts is being organised on an enlarging scale. But the restriction of these crafts to small and medium industries also signifies the restricted role they play in the markets. Far greater attention needs to be paid to the development of industrial designs. The extreme proportion of industrial products in every-day use in the life of the average man makes it a matter of supreme importance that those products should appeal to him not merely on the score of utility. If artistic beauty is engrafted upon intrinsic utility, the benefit to the producer and the consumer will be highly enhanced.

There is a dominant notion in this move for the union of art with industry to give the artistic design an Indian look. It is advocated with a vehemence that borders on exclusiveness. This idea holds a threat of being carried to the extreme of a movement for revivalism. The spirit of revivalism must inevitably lead to petty adoration and narrow outlook. To draw inspiration from classical works of ancient artists is a perfectly rational way to enrich art. But to regard the past as the almost exclusive source of inspiration is totally opposed to the conception of dynamism in art. Live art must seek to bring a happy synthesis between the past and the present as well as between the native and the exotic. It is a tribute to the Indian textile designers of olden days that they have inspired and set new fashions in the West. But there can be no one way traffic in art. The enthusiasm with which producers in the Western countries adopt India's artistic designs has a significant lesson for us to emulate their open-mindedness to learn for progress.



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THE WEEK'S NOTES

SEATO—SANS TEETH

At Manila though the four South-East Asian Powers including Australia proved more royalist than the king in asking for a SEATO with 'teeth', the conference agreed on adopting the original toothless infant proposed in the U.S. draft, conferring thereby the entire credit for moderation on the U.S.A. This was quite expected. Formosa and Hong Kong have been left outside the treaty area in which security would be guaranteed. Mr Dulles sought to make it clear in his opening address that what the Manila Powers were doing was within the UN Charter and was "directed against no nation and no peoples" but against "international Communism and its insatiable ambition." This distinction may elude most Asian Powers. Mr Dulles, however, declared that "the U.S. has itself no direct territorial interests in South-East Asia" but nevertheless felt "a sense of common destiny with those who have in this area their life and being." The security to be guaranteed will not depend on massive armed strength because the nations cannot match the vast land armies available to international Communism. That would depend, in addition to individual and local efforts of the Asian Powers, on the "mobile striking power plus strategically placed reserves" of the United States.

It is not for the non-participating Powers to quarrel with what purports to be a perfectly legitimate wish of certain Powers to seek strength through collective security, nor to question their desire to keep the door open to those who may subsequently desire to join the Organization. There was, however, a grave danger in these Powers declaring that Cambodia, Laos and Viet Nam also fell within the treaty area, even though these Governments were not represented at Manila. The desire "to throw over them some mantle of protection" without so much as a by-your-leave is bound to be misinterpreted in Asia. Since SEATO is not to be confined to defence against external aggression but extended to preventing danger from Communist subversion and indirect aggression, there is the likelihood of SEATO's professions being tested in situations in which it cannot stand the test. If the Viet-Minh should cash in on its popularity at the general elections, would SEATO intervene to upset the arrangements that would follow from the settlement at Geneva or face a failure like that on EDC? It is, of course, probable that the question will then become less relevant to American domestic politics than now.

On the economic aspects of SEATO, Mr. Dulles barely mentioned the possibilities of collaboration. "Economic planning" he said "is obviously beyond the scope of this conference." It was well that it was so, since the link with SEATO, however tenuous, was quite unlikely to produce the wider response without which such planning cannot succeed.

U.S. TARIFF PROTECTION AND WORLD TRADE

The U.S. Foreign Operations Administration's decision to split the contracts for supply of locomotives and railway wagons between American and overseas producers does not concern this country. The additional cost of \$7 million—over the original allotment of \$20 million—is a matter for the F.O.A. and there may be some cut in the quantity of goods expected. The lowest bidders on a global tender basis—the Japanese and the Belgian manufacturers—will have some cause for grievance, just as British electrical manufacturers were aggrieved by the loss of contracts for the Chief Joseph Dam in the U.S.A. Mr. Stassen has now stated that the U.S. locomotive industry is "a distressed area of employment" requiring special assistance. Though the U.S.A. is entirely within her rights in deciding on this assistance, opinion abroad will find in this a fresh proof

of the protectionist trend. Some of this is understandable in an election year, as indeed most things are to those who follow American politics. The recent increase in tariffs on watches which has affected Swiss exports has, however, been viewed in Europe with extreme disfavour as conclusive evidence of American reluctance to match their words on freer world trade with deeds in the shape of tariff reduction.

The effects of this impression have been partly mitigated by President Eisenhower's decision last week to reject the Tariff Commission's recommendation to enhance customs duties on lead and zinc. Increased U.S. purchases of these minerals for stockpile purposes was part of the reason for such rejection; but instructions have also been given to explore the scope for buying lead and zinc in exchange for U.S. surplus agricultural products. The United States Congress enacted legislation to extend the Reciprocal Trade Agreements Act for one year only—instead of for three years as recommended by the President. Congress has also, while declining to implement the Randall Committee's recommendations, done things exactly contrary, like passing a law requiring that half of government-financed cargo should be carried in American vessels.

MARRIAGE AGE: QUOT HOMINES TOT SENTENTIAE

The debate on the age of marriage in the House of the People provided a good example of how much difference of opinion there could be on a matter which is intimately concerned with the personal life of every individual, even if the question was freed from the inhibitions arising out of tradition. There seemed hardly any reason to go out of the way to change the original clause in the Special Marriage Bill which provided 18 as the minimum age of marriage, with an obligation to secure the consent of the parent or guardian when the age of a party is below 21. The Council of States, however, chose to alter the minimum age of both parties to 21. The House again heard arguments for three days on the virtues of several age-limits before it decided to support (by a narrow majority on a free vote) 18 as the minimum for girls and 21 for boys.

There were many inexplicable attitudes adopted by members on this occasion. There was a successful attempt to rule out a motion for providing for the consent of a guardian where girls are below 21, though this provision followed directly out of the amendment on age that was eventually adopted. The existing law requires such consent and the Constitution itself has preferred 21 for the grant of suffrage, implying a disability even in persons who are regarded in law as majors. Even Mr Thakurdas Bhargava, who has sponsored measures to increase progressively the age of consent for women on the ground that in Indian conditions there was a serious disability on the part of women, objected to an amendment that would have, by requiring a guardian's consent, provided some safeguard against hasty decisions.

It was interesting to observe the volume of opinion in favour of a higher age for marriage. The Bill will apply only to a small proportion of the marriages in this country among the more sophisticated sections who will be making alliances without regard to caste, sacramental forms or social customs. Economic and biological arguments were freely interpreted to the exclusion of the shastras. It may well be that the debate on the Hindu Marriage Bill when it comes up would prove to be different, in character, in all these respects.

FUTURE OF FLOOD CONTROL

The North Indian floods have continued to engage attention this week also. The Prime Minister and his

party of Parliament Members had the melancholy experience of witnessing the fury of the Brahmaputra splitting portions of Dibrugarh town in Assam. Relief works continue and it is some consolation that there is no dearth of workers in the affected areas and that the morale of the people in meeting the danger to their homes is high. The Prime Minister, even while emphasising the colossal nature of the damage and relief work, has warned against sensational exaggerations which may spread pessimism. Others have pleaded against vivid descriptions of devastation of floods since floods often enrich as much as they take away and may even be beneficial in the long run though this cannot be appreciated by those who have suffered.

Last week Mr G. L. Nanda, Minister for Irrigation and Power, laid a statement before the House in which the total area and population affected was estimated at 25,650 square miles and 9.5 millions respectively. About 1.37 million acres have been inundated and the Food Minister has given the assurance that this would not make a serious difference to India's food position. Until last week, 247 human and 7,700 cattle lives were lost. The rest of the damage, in terms of houses, communication facilities and personal belongings, has been heavy, in North Bihar and Assam. All this has focussed attention on the problem of flood control, and there is every indication that the steps to be taken over the next few years will be in the right direction because this disaster may lead to more comprehensive investigation of the problem.

The Government propose to carry out this fuller investigation through two River Valley Commissions, one for the Ganga and the other for the Brahmaputra, which will be charged with the collection of all information. There is a feeling that the Assam earthquake has changed the terrain through which the Brahmaputra flows so as to alter the course of flood waters. The special reasons for the unusual rainfall and damage in the Himalayan catchment area—which has affected even Tibet—have also to be discovered. The flood control schemes will prove to be the better for this knowledge. That must be the answer to cheap and

irresponsible criticism to the effect that there has been slackness in implementing flood control measures.

DISMAL RECORD OF THE D.T.S.

After more than six years of nationalised bus services in Delhi, during which a plan for expansion of transport services has also come into being, the Ministry of Transport has announced a programme of orders for 140 buses, which would place an effective fleet of 400 buses on the road by the middle of 1955. So far only 35 shelters have been constructed and 82 more have been planned. These shelters were most needed till now because of the daily trial of human endurance involved—in Delhi's climate—for the long queues of passengers at important bus-stops. It is amusing to know that the shelters will be completed when the need will be less because of more buses, which one may hope will mean less delay. Difficulties in placing more buses on the road and in providing the workshop facilities were conceivable to some extent, but the neglect over shelters is illustrative of the gross incompetence with which this nationalised transport service has been managed all along and the utter helplessness of the Transport Ministry in remedying it.

Sufficient publicity has been forthcoming from time to time about the number of a few new buses put on the roads. Little has been said about the still larger numbers taken off and lying idle in workshops—which made all the promised improvement look illusory. It has been said that the volume of traffic has doubled in six years but this is largely a traffic which has been there all along and could not be served properly because of inadequate capacity. Despite the fact that the Delhi rates are the highest in any Indian city, this traffic has grown. It is less than honest to claim cheapness for Delhi's bus services on the basis of rates charged for certain express services on four routes. The D.T.S. has a long way yet to go before it can be regarded as suitable for a capital city and mere publicity cannot disprove the inefficiency which the eye can see in unsheltered queues, high fares and insanitary and ill-ventilated vehicles which are always overcrowded and unfailingly late.

WORLDGRAM

INDUSTRY

Malayan Rubber Output Jumps: Malaya's output of rubber in July reached its highest point at 53,955 tons since January last year, when the figure was 54,868 tons. Output for the first seven months of this year is below that for the corresponding period of 1953—317,876 tons as against 324,434 tons. Small holders were responsible for 22,985 tons of July total as against 18,348 in June. Estates went up from 27,181 tons to 30,970 tons over the same period. The Federation's stocks at the end of July were 62,121 tons.

Protection to Preserved Fruits Industry: The Government of India has decided to continue protection to the preserved fruits industry for another two years as a result of the recommendations of the Tariff Commission. The Government has also accepted various ancillary recommendations of the Commission for affording assistance to the industry. The Government has not, however, agreed to reduce the existing rate of duties on two of the protected categories of preserved fruits.

Closure of 150 Manganese Mines: One hundred and fifty manganese mines and 16 iron mines in India have been closed in the current year. Seventy-eight manganese mines have been newly opened or re-opened during the same period. The Government have no special scheme for the provision of alternative employment to the retrenched workers. Steps are being taken to give relief to the manganese industry by lifting the export duty on manganese ore. It is hoped more mines will be re-opened in the near future and the retrenched staff absorbed.

Coal Production Cost Declining: The average cost of production in the 11 Government-owned collieries in India has been steadily declining in the past three years. Whereas in 1951 the average cost was Rs. 19.8 per ton, in the next two years it came down to Rs. 18.8 and Rs. 18 respectively. Despite decreases in the average cost, however, in some of the collieries production has marked increasing costs. In Kurasia colliery, for instance, it increased from Rs. 8.8 in 1951 to Rs. 17.8 in 1953; and in Serampore colliery from Rs. 27.3 to Rs. 34.3. It is stated that the main factor which contributed to the decline in the cost of production was the favourable labour situation.

FINANCE

Interim Compensation Scheme in India: It was recently stated in Parliament that up to August 21, 1954, compensation amounting to Rs. 2,94,94,395 in cash and Rs. 50,53,885 in the form of property had been paid to 17,745 claimants under the Interim Compensation Scheme. In addition, 1,72,253 acres of evacuee agricultural land and groves valued at Rs. 33,82,863 had been allotted to 7,586 persons having claims for agricultural lands. The maximum permissible limit of compensation payable under the Interim Scheme to a D.P. from West Pakistan was raised from Rs. 8,000 to Rs. 50,000 where compensation was paid in the shape of property and not in cash. This limit of Rs. 50,000 was applicable to all cases in which compensation was paid in the shape of property.

Central Revenue Collections: Collections during the first quarter of the financial year 1954-55 on account of customs, Union excise, corporation tax, income-tax and estate duty were Rs. 79.1 crores. The amount collected during the corresponding period of 1952-53 was Rs. 95.9 crores and Rs. 86.9 crores in 1953-54. Excise

revenue showed an improvement, with a drop in the customs and income-tax and corporation tax revenue. The short-fall in the customs revenue was largely due to a reduction in export duty on jute manufactures and cotton cloth, and that under income-tax and corporation tax due to smaller carry-forward of uncollected demands from assessments completed during the immediately-preceding year and smaller demand yield of current assessments.

Development Grants and Loans for Handloom and Village Industries: The Government of India have sanctioned further grants and loans for the development of handloom and village industries in various States. Bombay State gets a loan of Rs. 12,38,828 and a grant of Rs. 5,10,175; Travancore-Cochin is to be given a loan of Rs. 4,00,000; Mysore gets a loan of Rs. 1,75,000 and a grant of Rs. 22,500; Orissa gets a grant of Rs. 67,816 and Manipur gets a loan of Rs. 14,800. For the development of soap making industry with non-edible oils, the All-India Khadi and Village Industries Board has been given a grant of Rs. 6,200.

Shroff Committee's Recommendations: The Deputy Minister for Finance reports that the Reserve Bank of India had already given effect to some of the recommendations of the Shroff Committee and the remaining recommendations were being examined by the Government and other appropriate authorities. It is stated that the Shroff Committee's recommendations required action not only by the Government of India but by various other authorities like the State Governments, the Reserve Bank of India, the Industrial Finance Corporation, banks and banking associations, chambers of commerce, indigenous bankers, etc.

Financing in Canada: The Canadian Government will be borrowing some \$1,100 million to repay the Fourth Victory Loan redeemable on October 1. This will be the biggest borrowing operation since the 1945 Ninth Victory Loan brought the Treasury \$2,000 million. The coming offering is expected to be both short and long-term, and is calculated to reduced interest charge. Earlier, the \$850 million bonds to repay the Third Victory Loan on June 1, were divided in \$300 million (22 year) 3½ per cent and \$550 (2½ year) at an average rate of 2.7 per cent.

TRADE

British Motor-cycle and Cycle Exports: Exports of British motor-cycles and cycles and accessories now run at the annual rate of £38,000,000. In the seven months ending July, exports of motor-cycles totalled £5.4 million as against £4.8 million in the corresponding period of 1953. Overseas sales of cycles were £10.6 million—an increase of £300,000 on last year's total. India was the fifth biggest importer of British bicycles in the first seven months of this year taking only £399,000 worth as against £439,000 worth in January-July last year. India imported £400,000 worth of motor-cycles this year as against £147,000 worth last year, making her Britain's fourth most important customer in this field. The United States is the biggest market with £2,196,000 worth of bicycles and £711,000 worth of motor-cycles up to the end of July. These sales in the U.S. in the corresponding period of 1953 were £1,802,000 and £544,000, respectively.

Pakistan Cotton Policy for 1954-55: The Government of Pakistan have decided that the export of raw cotton will continue to be on the Open General Licence beyond August 31, 1954, and until further orders. Exports will, however, remain subject of the E.P.C. procedure and the production of 100 per cent irrevocable

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letters of credit at the time of shipment. There will be no change in the existing rates of export duty, namely Rs. 60 per bale on Desi and Comilla varieties, and Rs. 90 per bale on all other varieties. The minimum export prices enforced since January 1953 have been withdrawn.

Increase in Paper Imports by India: The installed capacity of the paper industry has increased from 8,750 tons per month in 1946 to 14,475 tons during the current year. Production amounted to 138,216 tons in 1953 as compared with 93,096 in 1947. Imports of paper and pasteboard, were up to 2,539,660 cwt. in 1953-54 as compared with 2,129,234 cwt. in the previous year and 1,827,956 cwt. in 1951-52. The value of imports declined from Rs. 13,97,00,000 in 1951-52, to Rs. 11,57,00,000 in 1953-54 due to lower price of imported paper. Printing paper accounts for more than half of India's paper imports which during 1953-54, amounted to 1,664,595 cwt. out of a total of 2,539,660 cwt.

AGRICULTURE

C.T.O. Rates for Land Reclamation in 1954-55: The Government of India have decided to make substantial reductions in the rates of the Central Tractor Organisation for land reclamation for the year 1954-55. They have been brought down from Rs. 55 to Rs. 45 per acre for ploughing and from Rs. 55 to Rs. 45 per hour for clearance. It is expected that there will be a loss in the working of the 1954-55 season, but Government have decided to meet the loss, which will be treated as a subsidy in connection with the grow more food programme. The C.T.O.'s rates for land reclamation during the three years 1950-51 to 1952-53 were Rs. 52 per acre for ploughing and Rs. 52 per hour for clearance. The rates for the 1953-54 season were revised to Rs. 55 per acre for ploughing and Rs. 55 per hour for clearance and achieved a record in output of 2,80,000 acres. The fall in prices of agricultural commodities made it difficult for cultivators to meet the C.T.O.'s charges, although they fully realised the benefits of land reclamation. This rate reduction follows this new development.

Pakistan's Rs. 23 Crore Kotri Barrage: The Kotri Barrage is expected to go into operation in February 1955, when the Indus river diversion operations are completed. Operation of the barrage was delayed because of floods. The barrage will bring finally some 2,750,000 acres of land under cultivation. Work on the Gaddu Barrage is progressing satisfactorily. The initial survey work has been completed and major details are now being worked out. This barrage will bring another 2,300,000 acres of land under cultivation in Sind. The Kotri Barrage cost Rs. 230,000,000, and is the second biggest dam across the Indus.

Record West European Farm Output: Farm production in Western Europe rose to a new record during the year ended July 1954. While demand for foodstuffs remained steady and consumption increased in several countries, supply prices were only slightly those of the previous year. Wage rates of farm labour have gone up consequent on increased labour production. Wheat prices fell only in Sweden and Denmark. Elsewhere wheat remained guaranteed or protected. Import prices except for the Netherlands and Denmark were below domestic prices. Rye and feedgrains, enjoying less protection, received lower prices. A firm demand for meat caused an upward tendency in prices. In the event of continued production, however, the question of satisfactory prices for producers is likely to become a matter of increasing interest.

MISCELLANEOUS

Indo-U.S. Operational Agreements: According to the Finance Minister, six Indo-U.S. Operational Agreements and seven Supplementary Agreements were signed in 1953, and 14 Operational Agreements and 11 Supplementary Agreements had been signed in 1954 up-to-date. Up to August 1954, only, one expert was working under Operational Agreement No. 4 and one under Operational Agreement No. 5. The Government of India does not pay any salary, honorarium or daily allowance to those officers, but bears the actual travel expenses of such experts when they travel on official duty within India.

Miners' Provident Fund: The number of workers in coal mines subscribing to the Coal Mines Provident Fund during the year ending March 31, 1954, was approximately 3,20,000. Information regarding the number of mica mine workers subscribing to private Provident Funds instituted by mica mine owners was not available. There is at present no statutory Provident Fund for them.

Rupees 16,26,000 Worth Postal Articles Incorrectly Addressed: It is revealed that one crore and thirty lakh postal articles, containing jewellery, currency notes and other materials, estimated in all to cost Rs. 16,26,000, were received at the Dead Letter Office during 1953-54. Of these, articles worth about Rs. 14,65,000 were sent to the senders. Of the unclaimed properties, Rs. 7,976 worth have been disposed of and the amount credited to the Government Treasury. The balance is still kept for disposal.

India to Buy Japanese Rayon Plant Machinery: According to a news agency report, contracts have been entered into at Tokyo by the Van Kohn International Corporation on behalf of the Birla Industries, India, under which orders for rayon plant, machinery and equipment, possibly exceeding \$2,500,000, will be placed with Japanese firms. All purchases are expected to be made in Japan by the corporation as buyers on a straight letter of credit basis.

New I.C.I. Drug for Epilepsy: Extensive trials carried out in many countries, including India, indicate that the drug 'Mysoline' has, under medical supervision, controlled or considerably improved many cases of major epilepsy, not responding to other forms of treatment. Approximately one in every 200 persons suffers from some form of epilepsy. Of these, 75 per cent have the major form of the disease, either alone, or in combination with the minor form. On this basis, there are about 1.5 million cases of major epilepsy in India.

Loans to Shipping Companies: During the period 1951-52 to 1953-54, the Indian Government granted loans totalling Rs. 6,85,41,000 to eight shipping companies and the Eastern Shipping Corporation for acquiring ships. As a result, 14 ships with a tonnage of 70,835 were acquired, and two ships with a tonnage of 14,000 are under construction. All the shipping companies which had received loans from the Government have fully utilised them.

Income-Tax Assesseees During 1952-53: The total amount of penalty and compounding fee realised from income-tax assesseees during 1952-53 was Rs. 1,33,08,609 and Rs. 1,56,031 respectively. The numbers of assesseees from whom the penalty and compounding fee were realised during the year 1952-53, were 30,310 and 13 respectively. Information regarding income groups in which the majority of them fell, was not available.

NEWS IN BRIEF

INDIAN

During 1953, 28,060 tourists of 58 different nationalities visited India. Of these, 7,845 came from Britain and 6,206 from the U.S.A.

The expenditure incurred on the movement of Indian troops to and from Korea, in connection with the Korean Armistice was Rs. 55.54 lakhs, plus some expenditure incurred by the U.N. command on the air-lifting of Indian troops.

The number of persons of Indian origin residing in the U.S.A. as on July 1, 1954, is estimated to be 5,232. Out of these by December 31, 1953, 253 became naturalised citizens of the U.S.A.

It was stated in Parliament recently by the Finance Minister, Shri C. D. Deshmukh, that 55 Indian trainees were receiving training in the U.K., and 64 in other countries under the Colombo Plan.

The Assam Oil Company scholarships for 1954-55 have been awarded to seven Indians for advanced scientific and technical training abroad under the scheme administered by the CSIR, Government of India.

The Central Social Welfare Board has been set up to: (a) survey the needs and requirements of social welfare organisations, (b) sanction grants-in-aid to deserving organisations to be prescribed by the Board, and (c) evaluate programmes and projects of the aided agencies.

It is estimated that the First Five-Year Plan's target of adding about one million k.w.s. to the existing electric power generating capacity has been achieved by about one-half.

Fifty-eight technicians from the Chittaranjan Locomotive Works had been sent for advanced training to the North British Locomotive Company in Glasgow, at an estimated cost of Rs. 82,000.

There are 56 centres for imparting vocational or technical training to ex-servicemen and civilians. The annual expenditure incurred is approximately Rs. 57,88,212. During 1950-1953, 241 ex-servicemen received training, of whom 172 found employment.

The quantity of smuggled gold confiscated by Customs authorities during the calendar years 1952 and 1953 was 55,409 and 21,770 tolas respectively. Gold seized in 1954 as on June 30, was 76,987 tolas, at a face value of Rs. 65,92,572.

The total number of railway wagons put on the rails during the first seven months of 1954 was 5,850. All except 1,341 metre-gauge wagons were manufactured in India.

Total subscription to the National Plan Loan up to August 21, 1954, amounted to Rs. 131.28 crores. Out of the proceeds of the loan, a sum of Rs. 25.5 crores will be handed over to the States as their share of the combined loan, and the balance retained by the Centre.

State Governments have spent about Rs. 111 lakhs on the National Cadet Corps during 1953-54. The expansion programme for the current year contemplates a total increase of about 22,500 cadets at different centres.

FOREIGN

According to the 1953-54 Report of the Foreign Compensation Commission, the compensation payments to Britain made by Yugoslavia and Czechoslovakia in the year ended March 31, 1954, totalled £506,000 and £2,536,000 respectively.

In the first seven months of this year, Britain exported £23,100,000 worth of ships and allied equipment, such as marine engines, an increase of £3,400,000 over the corresponding period of last year.

The Canadian Board of Grain announces that overseas sales for the year ending July 31, 1954, totalled 268,800,000 bushels as against 329,000,000 bushels in the previous year.

South Africa's import controls are expected to be abolished by the end of 1956; their dismantling will be well under way by the middle of 1955, according to South Africa's Minister for Economic Affairs.

Indonesian sugar production for 1954 is officially estimated at 720,000 tons, as against 620,000 tons in 1953. Exports during the year are estimated at 240,000 tons against 140,000 tons last year.

It is officially announced that the Yugoslav National Bank has granted credits of over 15 billion dinars for the construction and restoration of 64 cold storage plants and slaughter-houses, and 27 mills and sylos (silos).

It is reported that Mr. Casey recently stated in the Australian House of Representatives that Australia would raise her expenditure on the Colombo Plan this year from £(A) 2.6 million to £(A) 4.5 million, and that other aid programmes will cost another £(A) 1 million.

The Washington Census Bureau, in a new estimate for the November Congressional elections, estimates that the U.S.A. will have more than 100 million persons of voting age, in addition to the 2.5 million voters in the U.S. Armed Forces.

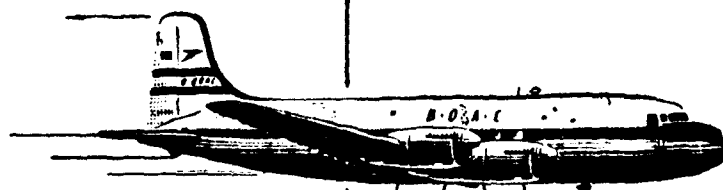
The whole of Chile's copper production for the current year, estimated at 300,000 metric tons, without making allowance for output lost through strikes, has been sold, according to sources quoting the Central Bank. Fine refined copper alone is now being offered.

Canada's coal output during the first half of 1954 was 7,407,283 tons or 4.2 per cent less than a year ago. Imports totalled 7,214,247 tons—a drop of 25.7 per cent. Output in Nova Sector was 2,990,512 tons; Alberta 2,400,948 tons; Saskatchewan 1,024,917 tons; British Columbia and Yukon 618,716 tons; and New Brunswick 373,190 tons.

An Egypt-Ceylon draft trade agreement designed to recapture Ceylon's Rs. 60 million tea market in Egypt provides that Egypt freely licence import from Ceylon. Ceylon will buy Rs. 20 million worth of Egyptian cotton, yarn, cement and phosphates in return.

U.S. Labour gains especially during the last 20 years show that average weekly wage of the factory worker has more than quadrupled from about \$17 to over \$70. The increase in real wages, after taxes, amounts to more than 90 per cent in these 20 years.

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A DELHI DIARY

THAT EVENING DELIVERY

I HAVE a good excuse for failing to appear last week. This diary—written from Cochin—arrived on Saturday, and notwithstanding the fact that, contrary to all good journalistic rules, the issue was delayed, it was still not possible to accommodate it. This is because deliveries in New Delhi take place increasingly in the evening. Why, I often ask, are letters which come (or should come) by the night air mail delivered only at 4-30 p.m.? I consider there is a serious bottleneck (or is it CaCanny?) in postal sorting. I admit my error in procrastination, but may I not share the guilt with a large offender in the public sector?

COCHIN PORT

However, as I was saying, I was in Cochin, not once but twice in a single week. The appetite, here too, grows by what it feeds upon. From the Malabar Hotel on Willingdon island in Cochin one looks upon much more than Cochin harbour. There are the great expanses of the backwaters on which the stately ships do not ride; there are the little canoes diving in and out among the sailing vessels, and there are the Chug-Chug launches going back and forth from Matancheri across the bay. This is one of the goodliest watery sights in India. I am amazed that it is so little known in North India. I consider (notwithstanding the politics of Travancore-Cochin) that Cochin has the greatest future of all Indian ports. As South Indian trade grows, as it must, the only all-weather large port here, it seems to me, must develop proportionately. A certain oil company, which was frightened away by some foolish red flags on the pier, took away a Refinery from what must be certainly one of the best sites in India. And thus the Communists did Travancore-Cochin a great disservice; the State lost some thousands of jobs, the company lost the best site, and the Indian Union lost an opportunity of stabilising employment in a strategic area. Why?

THE COMMUNIST THREAT

I am convinced that this unfortunate error occurred simply because there has been no objective valuation of the Communist threat in Travancore-Cochin in recent months. I have documented an evaluation (based exclusively on hearsay!) on the Communist threat over the years 1951 to 1953. On this hearsay account I would have said that until the present year the hard core of the Communist party in Travancore was very hard indeed. There is no hard core in Cochin and this peculiar fact cries out for explanation; but I cannot help thinking that the large middle-class employment given by Cochin port and the business around it has not a little to do with the difference between the rural areas in Travancore and the area around Cochin. And I derive from this simple difference between the strength of the Communist party in Travancore and in Cochin a quite significant and reassuring moral.

The Communist situation in Travancore-Cochin can certainly be attacked, in my opinion, by the provision of large scale employment. Communism in this State is a peculiarly negative philosophy; its main-spring is frustration, not a passionate conviction in the infallibility of Marx. I found Marx and Engels almost entirely unknown as philosophers, even though here and there, their names are well known. In the intelligentsia of Calcutta, I would have said the position was

very different. In West Bengal, if it can be put that way, the Communists have a religion and a book. The book is not always the same; but the religion is. It is deep Class War; an instrument of a revolutionary attack on all capitalists as a class, but also an attack on all non-Communist States. The Communists of West Bengal want power; I would have said that the Communists in Travancore-Cochin demand mainly employment.

I know there are many people who say that with the rate of population growth in Travancore-Cochin, which is nearly double that of the Indian Union, it is quite impossible to satisfy the Communist demand. If both the Central Government and all private enterprise get scared of the labour situation in Travancore-Cochin, this view is obviously right; *cela ca voit*, as the French put it with a shrug of their inimitable shoulders! But surely it is complete madness, as well as sheer cowardice, for India's Central Government, as well as for Indian private enterprise, to take this niggardly view. Profits are still being made in Travancore-Cochin; it contains some of the most intelligent labour in India; productivity, in spite of difficult labour relations, appears to be higher than anywhere else in India. And here at least is the testing ground for a faith. Has Indian democracy no will to stand its ground and fight? I refuse absolutely to believe that this is the case at the present time.

A GOOD FIGHT

I saw Indian democracy fighting in Travancore-Cochin last week, and I can truthfully say that I have never been so exhilarated in recent years. I do not here enter into the complicated circumstances of the State Transport strike. It was the spirit which both the Government and many employees and many members of the public showed. They refused to accept dictation from the Communist Trade Union leaders of the State Transport Employees Union. I saw buses garlanded by some people, and, on one occasion, a driver receiving a spontaneous tribute from his passengers. It is true they were fortified by the protection of abundant police, but I still think there was spontaneous popular support on the Government side on a very significant scale. I pay a tribute to the Government of Travancore-Cochin; I pay even greater tribute to the State's people. They exercised their individual judgment; they were not deterred by a multitude of red flags or fiery slogans.

BACK TO MARXISM

I leave "The Eastern Economist" to fight for a massive programme of investment for Travancore-Cochin and consider that I have done my duty by persuading the Editor to advocate this in a first Leading Article on Travancore-Cochin. I cannot say that I am very optimistic on the Central Government's understanding this desperate need and meeting it in time. But I am thoroughly optimistic about the people in Travancore-Cochin. I believe the Communist tide is in recession, but, whether it is or not, I am convinced the threat there is manageable. The battle of Travancore-Cochin will probably last for many years, but we know how it can be won. And at least the means to victory here are more material than spiritual; is this not a triumphant vindication of the Materialist conception of history?

ARGUS.

THE WORLD ABROAD

THE REVOLT AGAINST E.D.C.

(By W. N. EWER)

The full consequences of the French National Assembly's refusal to ratify the European Defence Community (EDC) treaty are not yet easy to assess.

The immediate consequences are obvious. Other means have to be found to give Western Germany sovereign status, which will enable it (in the words of the communiqué issued at the end of the Washington meeting in June between Sir Winston Churchill and President Eisenhower) to "take its place as an equal partner in the community of Western nations".

Other means have to be found by which Western Germany can "make its open contribution to the defence of the free world". And this, as Sir Winston said in the House of Commons, is to be done "within standard limits of safety comparable to that which had been effected by EDC".

These are not easy problems to solve. The Communist Press everywhere is jubilantly confident that they are insoluble. The French Assembly, it holds, having rejected EDC, will equally veto any other proposal for any sort of West German rearmament. (East German rearmament, it has always to be remembered, is an accomplished fact.) Or alternatively, if the other North Atlantic Treaty Organization (NATO) Powers insist on West Germany making its contribution to the common defence, France will break away, become "neutralist", or even ally itself with the Soviet bloc.

The Polish Government's offer of a new Franco-Polish 'entente' is a revelation of the line of thought. Hopes of disrupting the "West" are high again in Moscow. Wishful thinking is an occupational disease of Communism.

NEED FOR OTHER SOLUTIONS

Nevertheless, it is only too plain that the problems are difficult ones, and that the effort to find solutions for them has to begin afresh. We have, in a way, gone back to the position of 1950, when Mr. Dean Acheson, M. Robert Schuman and the late Ernest Bevin declared that pending the reunion of Germany, the Federal Republic should be "integrated into the community of free nations", and noted that this would raise the "problem of the participation of the German Federal Republic in the common defence of Europe".

One cannot help feeling that the years have been wasted; that if EDC was to be rejected it is a pity that the rejection was not more prompt. However, it is no use crying over spilt milk. The need now is to find other solutions to the dual problem—West German

sovereignty and West German rearmament.

But there is another aspect of the Assembly vote of August 30 which, I think, has had less attention than it deserved.

The EDC project had a double parentage and a double purpose. It was, on the one side, a device for recruiting German troops without creating a German army. But it was more than that. It was devised and intended as a step, perhaps a decisive step, towards "European unity"—the creation of a political federation in which member countries would largely pool their national sovereignties. They would, in time, no longer be sovereign States, but States of the "United States of Europe".

"This", says the preamble of the treaty itself, "is a new and essential step towards the creation of a United Europe." The essence of the whole conception was that the Defence Community would be a "supra-national European organization". Some of the articles speak of the "subsequent federal or confederal structure".

STRESS ON SOVEREIGNTY

And it is, I think, important to notice that a considerable and influential part of the opposition to EDC in the Assembly was opposition to precisely this—to its "supra-national" character.

The purpose of some of M. Mendes-France's proposed amendments to the treaty was to insure that, with regard to any issue which was regarded as affecting her "vital interests", France would not be subjected to any "supra-national" control by any of the EDC organs, but would retain her sovereign rights. And one of the main themes of M. Herriot's perhaps decisive speech was that France must retain control over her own armed forces and over her own foreign policy. The Gaullists take the same view.

In fact, the revolt against EDC was in no small measure a revolt not against the particular content of this treaty, but a revolt against the whole idea of a "supra-national" organization with wide powers. It was a resurgence of strong national feeling—and of insistence on the retention of national sovereignty in all vital matters—in recoil from the whole conception of merging France in a European federation.

I am not concerned here to argue, or even discuss, the pros and cons of the case. But this revolt is a fact. And it is a fact which has to be taken into account in all thinking and all planning about the future of Western Europe.

DISTRIBUTION OF JAPANESE ASSETS

The United Kingdom Government has announced that a second distribution of Japanese assets amongst ex-prisoners-of-war and civilian internees is to take place. The first distribution was restricted to those British ex-prisoners-of-war and internees who were held by the Japanese, who were normally resident in the United Kingdom at the time of capture, and who were resident in the United Kingdom at the time of the first distribution. (If the individual concerned died in captivity, his widow or, if there was no widow, his parents or orphans were eligible for the payment).

The rules for the second distribution have been changed to allow the participation of:

- (a) all Service personnel who became prisoners of the Japanese while serving in British units based in the U.K., or as member of the Royal Navy;

- (b) members of the Merchant Navy who were captured while serving in British ships registered in the United Kingdom;

- (c) British civilians as before, except that those normally resident in the U.K. before internment, who returned to the U.K. on release but have since emigrated, will qualify.

Persons who received payment under the first distribution will (provided they have kept the Ministry of Pensions informed of any change of address) receive their share of the second distribution automatically. I making the first distribution, only one share was payable for each family unit. It is now proposed to make separate payments to husband and wife in cases where both were interned. Successful applicants will also receive a share of first distribution.

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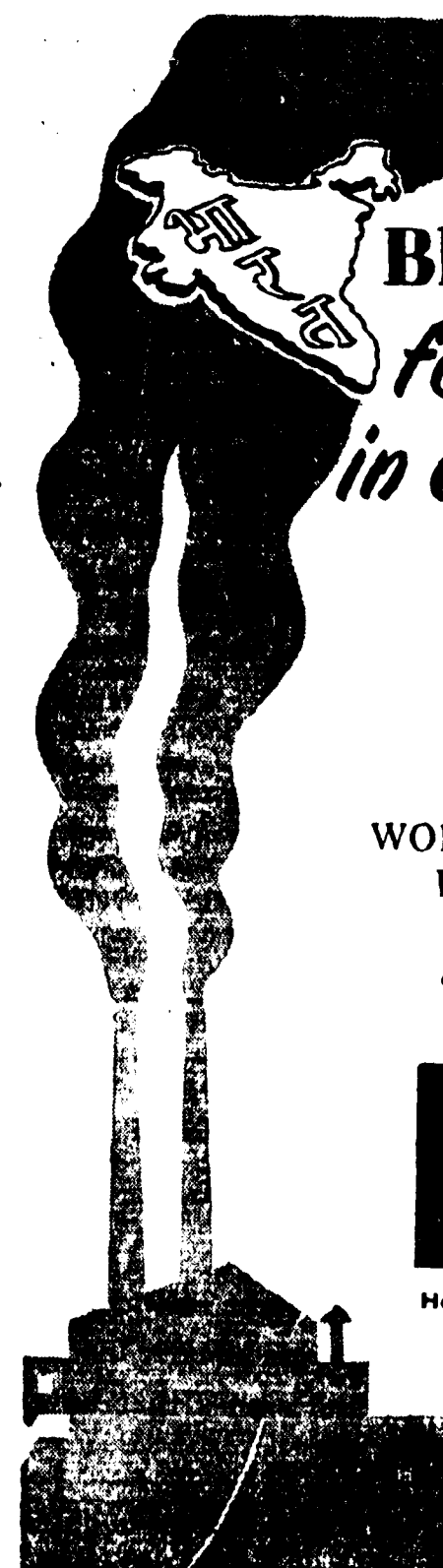
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SPECIAL ARTICLES:

THE NEWSPAPER INDUSTRY

AMONGST the numerous recommendations of the Press Commission a very curious and inadequately justified suggestion relates to the application of the Industries (Development and Regulation) Act, 1951, to the newspaper industry (paragraph 1191). The newsprint industry is already in the schedule of industries to which this Act is applicable. The main purpose which the Press Commission had in mind in making the recommendation seems to be the collection of reliable statistics by a central authority on the various commercial aspects of the newspaper industry. The Collection of Statistics Act, 1953, seems comprehensive enough for the purpose, provided the Press can be brought within its scope. The Commission seems to have contemplated the declaration of the newspaper industry as one of national importance primarily in order to make the Central Government the "appropriate" authority for the collection. This round-about method should not have been necessary for this limited purpose; a more direct way of applying the Collection of Statistics Act, 1953, would be easy to devise. It is impossible to think of the Industries (Development and Regulation) Act, 1951, except in the context of regulation, registration, licensing, investigation, direct management, setting up of development councils and so on, on the lines provided for the various industries under the Act. It is hardly conceivable that the Press Commission intended that the Government of the day should interfere with all these aspects of newspaper business which may create loopholes to introduce political or other bias. Even in respect of the other manufacturing industries, the regulation of which has now been largely accepted, the Minister for Industry and Commerce claimed only a few days ago that the developmental rather than the regulatory aspect should be stressed. It is hardly necessary to add that in respect of newspapers even talk of development under State auspices would have little relevance. It is obvious that neither regulation nor development is consistent with the role of the "charter'd libertine", the newspaper.

The lack of reliable statistics about the newspaper industry, in spite of the arduous labours of the Press Commission, is a serious drawback that has to be remedied. The data now brought together in the Report throws some light on its importance. There are about 330 daily newspapers in the country in all languages, which are managed by 290 concerns, having a total circulation of only 2.5 million copies. Only 110 concerns publishing 170 dailies have furnished information required by the Commission, but it was a fortunate circumstance that they covered 80 per cent of the total circulation. (There is still less certainty about the periodicals. Out of a total of 4,439, only 3,203 submit-

ted information; the weekly and the monthly are the predominant types among these periodicals). There is thus some material now available for a preliminary assessment. The above breakdown of the data for 110 concerns covers 80 per cent of the circulation and the corresponding estimates for all newspapers for 1951 are rough.

A further breakdown of the capital according to the various forms of ownership (below) has disclosed that private limited companies control more than two-thirds of the capital, though their number was only one-fourth of the total.

(Rupees in lakhs)

Nature of Company	No.	Proprietary Capital	Loan Capital
Public Limited Companies	32	1.05	1.09
Private Limited Companies	27	4.43	3.10
Partnerships	12	9	4
Individuals	25	5	11
Trusts	11	67	16
Others	3	1	1
TOTAL	110	6.30	4.51

These data throw some light on the general structure of this industry and the magnitude of its operations. The Commission noted instances of improper practices in making loans and advances according to the other ambitions or interests of proprietors but has found that there is no deliberate overcapitalisation of the kind that would adversely affect employees' share of the profits or the stability of concerns.

PROFIT AND LOSS IN 1951 ACCORDING TO OWNERSHIP

(Rupees in lakhs)

	No.	No. Showing Profit	Amount of Profit	No. Showing Losses	Amount of Losses
Public Ltd. Co.	32	11	8.75	21	5.81
Private Ltd. Co.	27	12	17.97	15	15.26
Partnership	17	12	3.13	5	2.96
Individuals	35	16	1.75	19	3.64
Trusts and Societies	11	7	3.99	4	1.47
Others	5	1	0.01	4	0.51
TOTAL	127	59	35.60	68	29.65

There has been a tendency for proprietors to advance additional sums needed by newspapers as loans rather than as additions to capital, apparently to secure this part of the capital against total loss in the event of liquidation of the weaker papers. But for the rest, these loans are advanced mostly against stocks of newsprint, through normal channels of credit involving no impropriety or obligation, financial or otherwise. Expenditures on newsprint and salaries are the largest, each accounting for one-third of the revenues. The high cost of newsprint in recent years has been partly responsible for this high percentage. The low proportion of editorial salaries is very striking and the industry on the whole presents a very wide margin between costs and returns, making it look prosperous. In this respect, the newspaper industry is different from other industries because of the substantial proportion of

(Rupees in lakhs)

	110 concerns	Estimate for entire Press
Proprietary capital invested	6.30	7.00
Loans	4.51	5.00
Value of fixed assets	5.15	6.00
Value of newsprint stocks	3.32	3.50
Annual expenditure on material (newsprint)	4.01	4.50
Annual salaries and wages of all staff (including presses owned)	3.78	4.00
Annual salaries of editorial staff	80	85
Circulation revenue	5.52	6.00
Advertisement revenue	4.78	5.00

revenue derived from advertisement. Though the present advertisement revenue of Rs. 5 crores is less than the total circulation revenue of Rs. 6 crores, there is no reason why it should not be much higher still without any appreciable increase in the other costs like newsprint or wages. It need not, therefore, be surprising if in due course more capital should be attracted to this industry, since it is clear that the existing salary and wage claims of journalists will not make any serious inroads on the financial stability of the better newspapers. The weaker sections with a low circulation (whose numbers and importance are indicated above) will prove vulnerable.

Among the losing concerns should be counted the papers with definite ideological biases, which sustain themselves through donations from those in sympathy with them or actively interested in their propagation. It would also include those who run newspapers with a view to acquiring influence in public affairs. Some of the other losing concerns have not had a long enough standing to earn popularity and profits. The most deterring factor for new undertakings is still the high initial cost of a newspaper venture, particularly of one which seeks to have its own press. The second major obstacle hitherto, of an insufficient rate of educational advance in the country all these years, is fast being removed. What the Ford Foundation Report stated in connection with the marketing possibilities for industries in India would be true of newspapers too; the vast numbers of neo-literates awakening to a new political consciousness indicates staggering possibilities for the increase of circulation—and more important—for larger advertisement revenue. These have been insufficiently grasped yet. It is now found that a majority of papers with a circulation of over 15,000 have been able to show profits. Increase of circulation has not always been an arduous process of slow growth. Political developments and higher incomes can give spurts to circulation; but it is probable that in the future it would not apply to the English newspapers which can at best seek only to stabilise their circulation levels, leaving growth to the Indian language papers whose costs of production are now much lower than those of English papers.

The pessimism of the Commission over capital being attracted to the newspaper industry may not therefore

be justified. The Commission has rightly emphasised the importance of a low price in helping circulation and the existing difficulties in the way of reduction of prices for some newspapers like low advertisement revenue, high rates of commission to newsagents and the competition from the less scrupulous newspapers which use large financial resources to undercut, exaggerate circulation figures to attract advertisement and find it profitable to sell printed paper as waste and offer many other attractions like prizes in competitions. These considerations led the Commission to place its faith in a price-page schedule so conceived and operated as to offer newspapers at a low enough price without causing cut-throat competition. The underlying objects of such regulation may be laudable but it can hardly be claimed that it would simply work out that way. A number of factors—like investment in printing presses, extra printing work taken by a press, advertisement revenues, economies resulting from combined publications—all are involved. The conditions of joint supply and joint demand are too complex to enable such simple price-fixing. Instances of unfair competition have not been too many to require even this well-meant prescription by Government; in any case, they ought to be settled satisfactorily at the non-official level by the Press Council. Similarly, there would be extreme reluctance on the part of the Press to let the Executive control allocations from a newsprint pool under normal conditions. It is easy to discover alternative ways of ensuring a local market for high-cost Indian newsprint, when it is produced.

Thus, the Press Commission's recommendations even on the purely industrial aspects of the newspaper industry are in contradiction with the concluding portions of its Report in which official attitudes towards Press freedoms have been carefully considered and many of the retrograde proposals disapproved. Newsprint quotas and price schedules are likely to prove very undesirable. Other ways of declaring the newspaper industry to be of national importance and of ensuring collection of statistics can be found. The whole tenor of the Industries (Development and Regulation) Act is alien to the character of the Press; it is a thin line that could, if at all, divide the industrial from the editorial sections of newspapers for purposes of official intervention.

causes over which he has no control. The marginal principle in agriculture is not a statement of fact but merely a statement of tendency. But it is adequate for our discussion. All that we want to know is whether falling prices will create a tendency among the farmers to reduce the degree of intensity of culture so as to bring down the marginal cost into equilibrium with price. If the falling prices of farm products make the farmer shift his margin of cultivation backward, production will decline. But in case the margin remains intact, production will remain unaffected.

There are two margins in agriculture, the extensive margin and the intensive margin. The marginal analysis applies principally to the intensive margin. On the extensive margin, production can shrink in times of falling prices, if the inferior-most lands pass out of cultivation. The inferior-most lands are dry lands where rainfall is scant and erratic. Their cultivation is a gamble in rains and marginal analysis does not apply to gambling. These lands are very lightly cultivated. In the absence of rain, practically nothing grows, and the expenditure of seed and labour is a loss. If, on the other hand, timely and adequate rainfall comes, the farmer gets produce which is much out

of proportion to the cost of cultivation. In such good seasons, marginal cost per unit of output is only a fraction of the price. Therefore, fall in prices will generally not affect the margin of cultivation. That is, little or no dry land will pass out of cultivation as a result of sagging prices of agricultural commodities. This conclusion is supported by the fact that during 1930's when agricultural prices were at their lowest levels, the driest of land continued to be cultivated. There was another reason also for their continuance in production, which is given below in discussion of the intensive margin.

On the intensive margin, production can decrease if land is cultivated less intensively. As pointed out above, a farmer tries to equate his marginal cost per unit of output with the price. When the price falls, he is anxious to see that his marginal cost also falls. The price structure of factors of production remaining the same, he can reduce his marginal cost by making cultivation less intensive. If, however, the price structure of factors of production moves downward, in equal magnitude, with the prices of agricultural commodities, the farmer will not have to shift backward the margin of cultivation and there will be no fall in production. The crux of the problem, therefore, is whether the price structure of factors of production adjusts itself to falling prices of farm products.

If the prices of all factors of production move downward with the prices of agricultural commodities, no fall in production need be feared. The prices of seeds obviously fall proportionately with the prices of farm produce, and without any time lag; seeds are nothing but one of the agricultural products. The cost of animal labour is made up of two elements, the cost per head of an animal and the cost of keeping the animal. The first part of the cost, which on a yearly basis, consists of interest, yearly depreciation of the work animal and its mortality cost, is hardly one-eighth of the yearly cost of keeping the animal. A fall in agricultural prices makes the maintenance of animals cheaper in the same proportion and at the same time. Agricultural prices also determine to a large extent the yearly cost of head of cattle, whether the rearing of cattle is expensive or cheap as the price of fodder and concentrates is high or low. There is no great time lag either. All this, together with the fact that a great majority of farmers rear their own work animals, shows that so far as animal labour is concerned, costs will move equally and almost concurrently with prices, and the margin of production will remain intact.

The next item of a farmer's cost is human labour. Here also the farmer need not react to falling prices by cultivating less intensively. There being a surplus of workers in rural areas, those already engaged on farms cannot afford to lose their employment. Moreover, where agricultural wages are paid in kind, no difference would be made in real levels of earnings. Further, no less than two-thirds of the income of an agricultural worker is spent on food articles, the prices of which would fall. To this extent, his real wages remain the same in spite of a fall in money wages. A large part of the remaining income is spent on clothing. Fifty per cent of the cost of manufacture of textiles is represented by cotton. If there is a fall of 20 per cent in agricultural prices, cloth can become cheaper by 10 per cent on account of cotton alone. Actually textile labour will also become cheap and so the reduction of cloth prices will finally be greater, say 12 per cent. The

loss of real wages is, therefore, likely to be very small. Against a 20 per cent fall in agricultural prices, there may be not more than a 3 per cent fall in the standard of living of an agricultural worker. Tools and implements also, under traditional methods of cultivation, are supplied by local artisans under some barter system or payment of charges in kind. Where money is the medium of payment, the case of artisans is analogous to that of farm workers.

The next item is manure. Organic manure is produced, in a large measure, on the farm itself without any cost. Where it has to be brought from outside, the cost chiefly consists of transportation, which is not large and may, under a non-mechanized system, become cheaper with agricultural commodities. Chemical fertilizers present a different case. Prices of factory products fall much less than proportionately with the prices of farm products. It would, therefore, seem that the farmer would be obliged, in the face of falling prices of his products, to reduce the consumption of chemical fertilizers. But there is one thing about these fertilizers which may point to a contrary conclusion. It has been often observed that the use of fertilizers is highly productive up to a certain point beyond which their use is inadvisable, whatever the price. Up to the safety limit, their use has a sufficiently high margin of output over input to admit of continued use in same doses, despite a fall in the prices. All the same, it is a matter for investigation if at any stage in a period of falling prices of agricultural commodities, it will be necessary to subsidize the supply of fertilizers.

Mechanized farms are too few in India to be of any consequence. With falling prices of farm products, the mechanized system of cultivation will become more expensive, as compared with the non-mechanized system, and so more unpopular. Mechanized farming can only raise labour productivity but not land productivity. If, therefore, no more farms are mechanized or existing mechanized farms return to traditional methods of cultivation as a result of price gaps, no adverse effect on production will result.

It is possible to say that this analysis is inapplicable because the typical Indian farmer does not know or work according to the concept of the margin. Such a notion, however, is entirely wrong. The idea of margin is based upon observations of human behaviour and has been only discovered, not invented. A farmer is unlikely to invest on his land if the resultant additional produce is not expected to be worth more than his outlay. Even if we believe for a moment that marginal analysis does not apply to Indian agriculture, then we can be all the more sure that a fall in prices will not affect production. Production falls only at the margin. If farmers do not act according to the marginal principle, cultivation of their farms remains unaffected by fluctuations in farm prices. But the marginal principle, as explained above, has a universal application and we have to go to the margin for drawing dependable conclusions about prices and production. The Indian farmer has hitherto practised a high degree of intensive culture (possible under the available techniques of cultivation) even though he had to share his produce with the landlord and the State. Hereafter while falling prices will reduce his marginal returns, abolition of landlordism will increase his marginal returns. This, coupled with the fact that his marginal costs automatically adjust to the falling prices of agricultural commodities, should leave one in no doubt that production will remain unaffected by falling prices.

AGRICULTURAL PRICES AND PRODUCTION

(CONTRIBUTED)

WHAT the effect of falling prices of agricultural commodities will be on their production is a question that has assumed great importance today. Agricultural prices have been showing a downward movement for some time past. In order to determine how far the downward trend should be allowed to continue, it is necessary to know its effect on farm production. In the industrial sphere, it is generally true that rising prices give a spurt to productive activity while falling prices lead to low activity. But the laws of industry do not always apply to agriculture.

To determine the effect of prices on production, one has to go to the margin of production. As in industry, the marginal cost of production of a producer in agriculture tends to be equal to the price as determined by demand and supply. In agriculture, where the law of diminishing returns operates, marginal cost per unit of output rises as the farmer proceeds towards more intensive cultivation and falls as the degree of intensity is reduced. A farmer cultivates his land to that point of intensity at which his marginal cost per unit of output is expected to be equal to the price (per unit). Seldom is it exactly equal to the price, as a farmer's expectation of output is falsified by several natural

THE BUSINESS WORLD

THE OUTLOOK FOR BICYCLES

Government's decision on the extension of protection to the bicycle industry till the end of December 1956, which is based on the acceptance of the Tariff Commission's recommendations makes some departure in respect of import of complete cycles, from the policy as it was originally introduced in March 1947. The rate of protective duty is not related exclusively to the ad valorem basis, but in the case of low-priced cycles a specific rate of duty has been prescribed to ensure the lowest limit of protection. The rate of duty has been reduced by 15 per cent from 60 per cent ad valorem, exclusive of the surcharge, on complete cycles of British manufacture and from 70 per cent ad valorem in the case of cycles exported from other countries. Including the surcharge of 5 per cent, the effective rates of the new protective duty will be 47½ per cent for imports from the U.K. and 57½ per cent for imports from other sources. In view of the fact that this rate, if applied unreservedly, would fail to offer adequate protection against imports of cheaper categories of bicycles, an alternative specific duty of Rs. 60 per cycle has been fixed as the minimum.

The implication, in essence, is that practically the same quantum of protection will be available within the low-priced groups of bicycles. By and large, the Government decision of September 6 last will meet with the approval of the industry; but in the case of the sections of the industry within the higher price range this reaction will not be without some reserve. The exact impact of the new rates of duty on units falling in these sections can only be assessed in relation to the prices at which their products are offered in the market and it is bound to vary in different cases. It is safe to state as a general proposition that those units which rely in a large measure on imported parts or components for the manufacture of their products at present will find the prospect of competition keener, and if this change in the situation helps to expedite their programmes of manufacture of parts in their own factories, the impetus given to fuller indigenous manufacture will not be without its value. The practical effect of the introduction of the specific duty of Rs. 60 per complete bicycle as the floor rate will be to bring all bicycles costing less than Rs. 127 per unit within its application. Some imported brands in popular demand, Hercules and Philips for instance, whose c.i.f. price at Bombay port is Rs. 90, will be available in the local market at Rs. 150, which is slightly higher than the present price subject to the ad valorem rate of duty. The exporters' position, however, is not quite tight in view of the extra fittings which the purchaser has to obtain on his own. They can move within the margin left open by the import licensing policy for the current half-year and take full benefit of the concession granted to ship a dynamo and saddle per unit of bicycle. Since, however, import licences for bicycles are issued in terms of value, the effective use of this concession will go to diminish, although in a small measure, the quantity of bicycles exported to this country.

These marginal considerations apart, the bicycle industry in this country has now the assurance that the protection that it urgently needs has been provided for two years more and this is a period, which, in the light of the tempo of development activity, can be reasonably expected to put it in a position of greater strength and reduce the incidence of protection on the consumer in the subsequent years and meet the persistent demands for cheaper bicycles.

Other issues facing the industry. In its organized

large-scale sector as well as in the small-scale sector functioning rather in isolation, are of a serious magnitude. This is a legacy of the slump in the bicycle trade that started in 1952. Its effects are easily seen in the cautious attitude of the import trade in adjusting the volume of their offtake to the anticipated trends in demand. The comparative course of bicycle imports has been set out in the following table:

IMPORTS OF BICYCLES

(By value in crores of rupees)
1951-52 1952-53 1953-54

Cycles imported entire or in sections	2.83	2.09	0.97
Parts of cycles and accessories	1.44	1.35	0.95
TOTAL	4.27	3.44	1.92

Part of this decline in imports is accounted for by the assembly activity of Sen-Raleigh and T.I. Cycles of India which have gone into production in collaboration with their British partners. But the hard core of the fact of a great slackening in demand last year remains substantially unaltered and is amply reflected in the output of the premier producer, the Hind Cycles. Its production of 1.20 lakhs in 1953 registers a drop of 7.5 per cent from the output of the previous year. The Development Council for Bicycles which had to assign priority consideration to this acute problem of sales has suggested remedies whose practical implementation need not be taken for granted. There has hardly been any indifference to publicity, but more publicity may help some way. Effective prevention of substitution of spurious parts by some of the unscrupulous sales agencies is a difficult enough task and the suggested remedy of marking each part with Hind Cycles' own brand may not necessarily assure complete safeguard. In the context of this stalemate in the situation, the production targets proposed by the Development Council for the five units for 1954 (Hind Cycles 1,35,000 units, T.I. Cycles of India 75,000, Sen-Raleigh Industries 72,000, Atlas Cycle Industries 85,000 and India Cycle Co. 10,000) adding up to a total of 3,77,000 are ambitious. Production in 1953 was about 2.64 lakhs. Current demand ranges in the neighbourhood of 4 lakh bicycles against the background of which a goal of domestic production nearing self-sufficiency does not appear any more convincing than the Five-Year Plan target of complete self-sufficiency at 5 lakh bicycles in 1955-56. Actual output in the first four months of 1954 reached an annual rate of 2.84 lakhs only. The positive direction of future development is indicated in the fuller utilization of existing capacity. Addition of more units—as authorised recently in Pepsu and Delhi—has little justification, but any further addition of new units must be postponed for propitious times.

Government's rejection of the Tariff Commission's recommendation to reduce the protective duty on parts and accessories of cycles by 15 per cent ad valorem in the case of the preferential as well as standard rates is intended for the protection of small-scale units engaged in their production. To the concentrated number of these units in Calcutta and East Punjab are now added new units in Bombay, Madras, Ahmedabad, Delhi and Banaras. Their lack of organisation and of command over technical know-how has retarded their progress. The first emphasis which the Development Council has laid on the preparation of standards for parts and com-

ponents is calculated to remove their basic handicap in making their products freely acceptable to the manufacturing and assembling units. Employment of technical experts involves a strain which their resources are not expected to bear. The workable arrangement for their chronic difficulty in this behalf is to be sought in pooling the know-how in a centre organized on a co-

operative basis, possibly under Government supervision. Such an organization on the pattern suggested by the Development Council is the possible way to place heat-treatment plant and testing equipment at their disposal. As in Japan, these units can regulate their orderly development as an integral and vital part of the industry.

TEASING TELCO

By

CROESUS

In my mother tongue there is a very meaningful saying to describe the action of one who does one thing overtly just to please the onlookers and quite the opposite to satisfy one's own real wish. Translated into English, it reads somewhat like this: "rocking the cradle with one hand and pinching the baby with the other". This is precisely what the Union Ministry for Railways seems to be doing to the Tata Locomotive and Engineering Company Ltd. (Telco). For, on the two occasions successively—once in April, 1953, in the Council of States, and, again, in May last in the House of the People—the Deputy Minister for Railways stated that the recommendations of the Public Accounts Committee that the Government should consider the advisability of their taking over from Telco the manufacture of boilers and locomotives and running it as a State-owned industry was still under examination. Perhaps there was some justification, seemingly, for the Deputy Minister's first statement in the Council of States, because the question cropped up when the relevant report of the Public Accounts Committee came up for discussion and one of the recommendations of the Committee in this report related to the pros and cons of State ownership of industries catering primarily to the needs of Government, and probably also because the Government had not made up their mind on this point. But this was far from so last May when the Deputy Minister practically reiterated in the House of the People what he had said the previous year in the Upper House. For one thing, although no specific official pronouncement has emanated to this day on this issue, the Government have presumably made up their mind to let Telco continue its existence as a unit of the private sector. Otherwise, it is difficult to understand why the Railway Board (which has always been critical of Telco's achievements vis-a-vis those of Chittaranjan) almost forced the Company to agree to increase its locomotive division beyond the 50 locomotives and the 50 boilers which it is required to manufacture for the Government under an agreement with the latter. Secondly, the Public Accounts Committee Report in question discussed the question of State ownership of only those industries catering primarily to the needs of the Government, while the Telco, especially since its decision—whether by design or otherwise—to embark upon the manufacture of motor trucks and the foundry project, has ceased to fall under that category of industries. Thirdly, the All-India Congress Com-

mittee, at its Ajmer session held recently, has not only resolved that "the resources of the country should be utilised in building new industries and not in nationalising existing industries," but has also added that "in the conditions at present prevailing in the country, the private sector is both important and necessary in the industrial development of India". Furthermore, the Government's Second Five-Year Plan, which is now being evolved, is known to favour both industrialisation and the giving of all facilities to the private sector to make its maximum contribution. In fine, for all practical purposes, the Government's policy in this behalf seems to have already been finalised, although a clear statement of policy to this effect may not have been made by the Government to this date. There can, of course, be no two opinions on the desirability of the Government issuing such a statement at an early date.

As Mr. J. R. D. Tata, in his capacity as Telco's Chairman, pointed out, "at no time since Telco was launched has the question of nationalisation of the Company been raised by Government and, to the best of our knowledge, Government have had no such intention." Nor is there a case now for nationalising Telco. To quote Mr. Tata, again, "it can hardly be justified on the ground, (i) that we had failed to establish the manufacture of locomotives or boilers, for we are today meeting in full our obligations under the contract; nor (ii) that we had met with difficulties and delays in the past, for Government are well aware that most of these were beyond our control, and, furthermore, (iii) that the progress we have made compares not unfavourably with that of their own locomotive works at Chittaranjan. Finally, it cannot be based on the ground (iv) that our Company's operations are intended to cater exclusively to the needs of the State for the manufacture of diesel trucks on which we have embarked (let alone the Foundry Project) will, within a short time, form a very substantial part of our total operations". In these circumstances the least that the Government, and more particularly the Railway Ministry, could do is gracefully to concede the appeal of Mr. Tata "to relieve us of this bogey once and for all and allow us to get on with the job of building up this great national asset." It is, I hope, not necessary to impress upon the authorities the fact that, whether the State owns an industry or the private sector owns it, it all comes under the term "national asset".

MARKET BEHAVIOUR

By

CROESUS

Market analysts, as much as the monetary authorities, are clearly puzzled about the present behaviour of the stock markets. Nearly everyone, who could claim some knowledge of the working of these markets and with whom I have discussed this subject, has been expecting the end of the bull phase any moment for the past six weeks or so, but even now the actual trend on the Stock Exchanges cannot be described otherwise than as blatantly bullish. Does this mean that the end

of the bull phase is still a long way off? He would verily be a prophet who could correctly answer that poser.

Here are a few comparative quotations selected at random which give an idea of the steady improvement in equity prices since early August. Quotations on September 6 are by no means the highest in all cases, these being shown in brackets beside September 6 quotations wherever they happened to be higher.

September 6, 1954 August 2, 1954

	Rs.	250	4	xd	Rs.	221	4	c.d.
Tata Ordinary	"	36	0	6	"	34	0	0
Indian Iron	"	506	4	(522-8)	"	485	10	
Bombay Dyeing	"	357	8		"	336	8	
Kohinoor	"	392	8	(399-0)	"	362	8	
Century	"	189	8	(192-8)	"	167		
A.C.C.	"	218	8	(220-0)	"	193	8	
National Rayon	"	1615	0		"	1505	0	
Tata Power	"	159	0		"	149	0	
Tata Hydro	"	3-14-6	(3-15-6)		"	3-7-6		
Indian Copper	"	5-12-0	(5-13-6)		"	4-1-0		
Burma Petrol	"				"			

Several explanations have been given for the steady rise in equity values noted above. The most common is, of course, the certainty of inflation with the heavy expenditure contemplated under the Five-Year Plan and the series of the Plans to come. The implication here is that since there will be a rise in prices all round, equity prices also would rise appreciably, if not correspondingly. Secondly comes the inspiration from Wall Street and London. It is said that, consequent on the disappearance of the American recession threat, stock markets in America and, to a relatively smaller extent London, have been experiencing very active conditions. Not only have the prices of individual tickets on these exchanges gone up sharply, share values also have risen markedly, especially in America. Brokers do not appear to be having even breathing time, they tell me, it requiring a week's notice to get an engagement with a London broker. Thirdly, the customary share market notions of leaders of the market as well as yield have changed. In America today—those who have seen it tell me—steels have ceased to be the main

market guide. Probably this explains why the slight fall in U.S. steel production has not adversely affected share prices in Wall Street. The market in America at any rate, seems to derive its inspiration not from the record of one industry or those of just a few important industries but from the trend of industrial production as a whole and, to not a little extent, also from the fortunes of the newly developed industries, such as plastics and other cellulose products.

In the matter of yield too, share market ideas seem to have undergone a change. When I asked a broker if it was not fantastic that the present ex-dividend quotation of Rs. 248 for Tata Ordinary should be the equivalent of about Rs. 3,096 for the Tata Deferred, he did not agree with me. "That is a wrong basis", he said. "Then is the return of less than 3 per cent—less than what even the gilt-edgeds offer—on Indian Irons the basis?" I declared with some vehemence, firmly believing that I had scored a point. But, surprisingly enough, far from being impressed, the broker told me quietly that operators now proceed not on the "old-fashioned" yield basis but on that of future prospects—prospects say two or three years hence. This was too much even for me, but what my broker friend told me does depict accurately the prevailing sentiment. To put it in one word, it is "confidence". There has, indeed, been a tremendous revival of confidence all round, thanks to the appreciable progress in both agricultural and industrial production. Neither the devastating floods in Bihar and Assam, at home, nor the dangerous developments off the Chinese mainland, abroad, have so far affected this confidence. If anything, the latter has been considered as yet another bullish factor.

BUSINESS NOTES

PAPER IMPORT POLICY

The impediments to the rapid progress of the paper industry in this country extend over a wide range of factors of which the railway rate policy, facilities for essential raw materials, outlets for export in the neighbouring countries and similar difficulties present a substantial list of retarding influences. But far more important and worthy of much more earnest consideration than these are the difficulties that arise from the import policy because they threaten to produce an adverse effect on the expansion of the industry in accordance with the schedule fixed in the current Five-Year Plan. The facts in brief are that as against a production target of two lakh tons per year for 1955-56, production in 1953 was 1.48 lakh tons. This level in relative terms shows a positive and reassuring progress in the past three years, and while its achievement is a record of good performance, it cannot be allowed to obscure the need for production on a still bigger scale. But the import policy raises real doubts whether progress can be really continued at a higher tempo.

The home output of paper today falls short of the requirements in general, but the significant fact about the shortfall is that it exists in respects of certain special varieties and not in varieties in popular demand like printing and writing paper, kraft-paper and paper-boards. Regulation of import policy, therefore, was expected to ensure imports in special varieties whose home production was deficient. Mr. Brij Mohan Thapar has demonstrated in his last presidential address at the Indian Paper Mills' Association that the liberal import policy adjusted from period to period since 1952 has resulted in a disturbance of the equilibrium between supply and demand to the great prejudice of the home industry. The paper industry's representation to the Government had a favourable reception and in the current licensing period the import quota for printing paper has been reduced by 10 per cent to 40 per cent. But in respect of other important varieties of paper the shift in the basic period to include 1952-53 has detracted much from the import regulations. The position in the supply of kraft-paper and paper-boards has been worsened since imports are clearly surplus to domestic requirements which can be fully met by Indian mills. The home industry's case for a revision of the import policy as well as its plea for removal of newsprint from the O.G.L. and restriction of import to 60,000 tons per year to prevent clandestine imports for ordinary printing purposes rest on sound ground and need to be treated with consideration.

JUTE BROKERS' PROBLEMS

After five years of preliminary work, Indian jute brokers have been able to inspire confidence in their own ranks to organise themselves on the basis of a solid association to take action in concert to safeguard their own interests. But it is too early yet to say that the spirit of association has been inculcated in a reassuring degree. Mr. J. S. Kuthari, Chairman of the Indian Jute Brokers' Association, Calcutta, implies in his last annual speech that the task of organization is yet half-way through and greater allegiance to the line of policy adopted by the Association would conduce to a more effective representation of their difficulties and problems. The major problem of jute brokers, as explained by Mr. Kuthari, is the speedy return of the raw jute trade to the normal channels in which they have a traditional major share.

Since jute mills are the only purchasers of raw jute the interplay of supply and demand is not what it would be, if an element of inflexibility had not been introduced in the pattern of bargaining power. The jute trade's grievance appears to be that in arranging

their purchases of their raw jute requirements through their own agencies, the jute mills have hampered the early return of the trade to traditional dealers. Mr. Kuthari has stated that the purposeful abstention of jute mills from the market, when it is overloaded with fresh arrivals from the producing centres, places the jute trade in a position of great weakness with the ultimate repercussion in pushing jute prices to low levels, and he adds that if this result does not occur, jute mills resort to purchasing from East Pakistan. In another context in which Mr. Kuthari makes a plea to the West Bengal Government to abandon their projected levy of an extra sales tax of 2 annas per maund on raw jute sales, raising the combined tax in Assam and West Bengal by 20 per cent to 12 annas per maund, he again expresses the fear that if the surcharge is imposed, jute mills would attempt to offset its incidence by bringing down jute prices to the prejudice of growers.

All these apprehensions are more imaginary than real and they spring from the obsession with the position of jute mills to dictate terms of their own choice. Jute mills surely do not command an amplitude of resources to enable them to hold large stocks indefinitely and lock up a substantial proportion of their working capital. They are not in absolute control of the situation and in depicting them as such the Association's Chairman has overdrawn the picture too much. There seems no reason why jute mills should not take full advantage of the traditional machinery of supplying agencies, if only it plays its part well. The Association is not completely unaware of this basic fact and its Chairman exhorts the members to raise their standard of performance of their own part of the contract and to stand by the terms of the contract in all situations. Defaults are happily confined to a small number and the remedy to prevent them is to draw up a satisfactory code of conduct. If the Association succeeds in preparing the code as it intends to do, and what is vitally important, if it succeeds in enforcing it, there is no reason why buyers should not respond to the appeal of efficiency and integrity in business.

THE DANGLING THREAT

The passion with which Mr. J. R. D. Tata spoke at some length in his address at Telco's annual meeting on ministerial indulgence in holding out the threat of nationalisation before the private sector must serve to compel hard thinking and restraint in making policy statements on responsible occasions.

The light-hearted manner in which statements were made in identical terms on two different occasions in Parliament by the Deputy Minister for Railways on the possible nationalisation of Telco demonstrates that the repercussions of the pronouncements are hardly taken into consideration. The facts merit some elaboration in the order of their sequence. Telco's full performance in the manufacture of locomotives and boilers in accordance with the terms of its agreement with the Government has been duly publicised and there will be no divergence of view that in so far as the situation was within the company's control it did not commit any default. On the strength of a paragraph in the report of the Public Accounts Committee, which dealt with the advisability of nationalising industrial units engaged substantially in satisfying Government requirements, the Deputy Minister made a statement in the Council of States in April 1953 purporting to say that the question of nationalising Telco was under Government consideration. An amplification of this statement, supplying reasons which necessitated a consideration of the projected move to nationalise would have clarified the position and thrown light on the precise intention of the Government. But certainly the Deputy Minister himself would be surprised to know that his statement,

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THE HINDUSTAN TIMES, NEW DELHI.

couched in vague terms, created needless difficulties for Telco in its negotiations with its German partner in the project for the manufacture of heavy diesel trucks. The Deputy Minister's reaffirmation of last year's statement in May this year in the Lower House cannot be regarded as harmless.

While the Railway Ministry was pressing Telco with its request to raise its rate of the production of locomotives and boilers and consultations between the two parties were under way on this subject, extraneous to the agreement concluded by them, obviously to the knowledge of the Deputy Minister, the second statement was made by him in almost an identical language. If mixed economy allocates an important role to private enterprise in the industrial sector and if an essential part of the Government's policy is to devote available public funds to starting new industrial enterprises rather than locking them up in nationalising existing private enterprises managed on satisfactory standards, it is a solemn obligation of the Government to encourage private enterprise to play its part and not to embarrass it in any way—least of all in an unwarranted manner. This dangling threat of nationalisation employed particularly without rhyme or reason cannot fail to operate as a great depressor to investors and the general public. It is time a strict curb was put on the ministerial liberty to make any statement on nationalisation without assigning full weight to its implications. Mr. Tata's request to the Government to free this key enterprise from uncertainty and resolve any lingering doubts regarding nationalisation must be responded with the frankness it really deserves.

AUTOMOBILE HAND TYRE INFLATORS

Automobile hand tyre inflators constitute an accessory required for automobiles and along with components used in the manufacture or assembly of automobiles they come within the class of automobile ancillary industries. The claim of the inflator industry for protection as well as assistance has been taken up for examination by the Tariff Commission. Since this is the third in the series of investigations for tariff protection for automobile ancillary industries within a short time, it may be presumed that the question of finding out ways and means to stimulate their development in co-ordination with the development of the parent automobile industry is now being pursued with a sense of urgency. As indigenous automobile manufacture progresses, the ancillary industries also must move in step to exploit the home market.

The introductory speech of Mr. M. D. Bhat at the public enquiry into the claim of the inflator industry for protection discloses the infant phase which it has recently entered. In all, there are three units comprising this industry out of which the Union Company (Accessories) of Madras is the effective and promising one. It is participating in the enquiry in real earnest. The remaining two units—one located at Banaras and the other at Ahmedabad—alternate between production and closure in view of the vagaries of demand in the market. Nevertheless, as they have set up nucleus organisations, the state through which they are struggling ought to be improved to ensure their survival. The Union Company (Accessories) are engaged in the production of a wider range of automobile and cycle components and accessories in collaboration with a Birmingham firm. Imports at present come very largely from Britain and Germany, and hence technical partnership with a British firm is of considerable value. The Union Company's rated capacity of inflators accounts for an overwhelming proportion of the country's total capacity of 75,000 units on the basis of single-shift working. Their production for the year ended 30th September, 1953, was 31,665 units, but they claim to step it up to 50,000 provided demand is stimulated. The Tariff Commission has to work on statistical assump-

tions and the divergence in data provided to it is best illustrated by the extreme estimates of 25,000 units and 75,000 units as the volume of current demand. This industry has advanced its major claim for converting the present revenue duty into the protective duty and raise its rate from 31½ per cent to 56½ per cent ad valorem. It has also asked for drawback of import duty on materials procured from abroad, but not domestically produced, since its rate is sufficiently high to offset the effect of the present revenue duty on imports of complete units. It has also pleaded for quantitative restrictions on imports of inflators. These claims will deserve careful consideration if the present units are to be induced to stay in the industry.

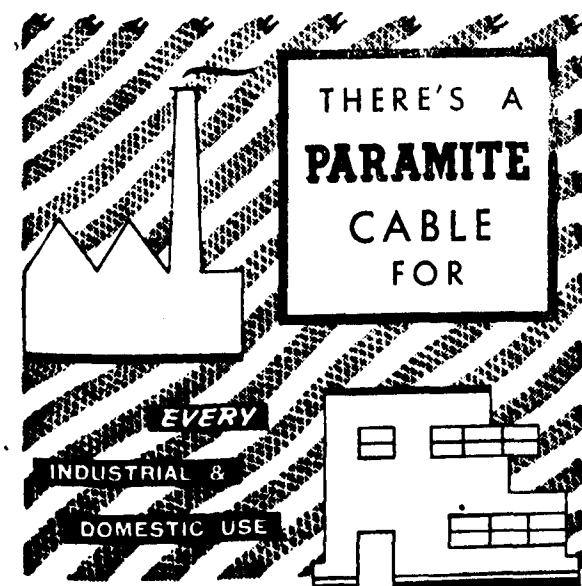
THE MYSORE PAPER MILLS

The Mysore Paper Mills are currently passing through a phase of expansion and rationalisation which inevitably implies a strain on financial management in the immediate context. Simultaneously with this problem they have also to face the problem of slack sales. Mr. K. Narayanaswamy's presidential speech at the last annual meeting of the company explains how the management succeeded in steering clear of the difficulties. The establishment of a Dividend Equalisation Fund by an initial appropriation of Rs. 62,500 in the year ended 31st March, 1954 speaks for the optimism of the management in the company's future prosperity. The additional new plant to raise the rate of output by 100 per cent above the present production of 4,000 tons is nearing completion. The expansion of the pulp plants to increase pulp production from indigenous materials is scheduled to be completed in the current accounting year. These represent the principal expansion and modernisation projects.

Among the principal measures of economy may be mentioned greater substitution of bamboo pulp for wood pulp and savings in outlay on chemicals and stores. Their effect, however, was offset by the drop in sales realisations due to the necessity of price reduction, although the turnover was maintained at the previous year's level in spite of a dull market demand. The Industrial Tribunal's Award with retrospective effect entailed an extra wage bill of Rs. 3.70 lakhs and net profits therefore declined by Rs. 3.14 lakhs. The decline of Rs. 6.43 lakhs in gross profits as compared to the previous year was largely accounted for by interest on loans Rs. 2.04 lakhs and additional depreciation Rs. 2 lakhs. With these influences on financial operations, the dividend was recommended at 7½ per cent. Full benefit of expansion will be realised after the current year.

HINDUSTAN ELECTRIC COMPANY

The Hindustan Electric Company has made available to the public a total of Rs. 20 lakhs of Ordinary and Preference shares at par. Considering a consistent 7½ per cent income-tax free dividend paid by the company from its very inception and 8 per cent income-tax free dividend paid last year, the company should win increasing confidence in the stock exchange. The Company is executing and has received several large orders of national importance and practically has a connection with a wide range of projects. Under the active assistance of the Central Government, factories of the company are scheduled to go into production in February 1955. It is claimed that the best talent has gone in planning and execution to achieve maximum and quality production at modest cost. According to the reports given by the company, these factories will be among the country's most efficient and economical units. It appears several State Governments have also expressed their support, and judging by all indications, these factories near New Delhi, are placed to make rapid progress. The shares of this company, in view of the large potentialities for this industry, are likely to provide inducement to investors.



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BRANCHES: MADRAS, COIMBATORE.
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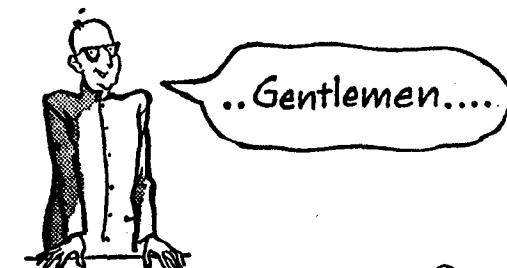
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PAID-UP CAPITAL . . . Rs. 50,00,000
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exterior use...



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or the home...

...there is no doubt
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the Synthetic Enamel
of impeccable taste...

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J. K. Investment Trust Ltd.,
offers advantages of pooled
operations on a very large
scale in the financial field
to Private Investors remote
from actual market condi-
tions.

CAPITAL

Authorised	Rs. 5,00,00,000
Issued & Subscribed	1,10,11,000
Called & Paid up	72,57,700

BOARD OF DIRECTORS

Shri Kallabhat Singhania
(Chairman)

Shri Kamaljit Jotia, Director

Shri P. D. Singhania

Shri Sibal Prasad

**J. K. INVESTMENT
TRUST LTD.**
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COMPANY AFFAIRS

THE METTUR CHEMICAL AND INDUSTRIAL CORPORATION LTD.

The Mettur Chemical and Industrial Corporation Ltd. (Managing Agents: Seshasayee Bros. Ltd.) has done well during the year ended March 31, 1954. The net profit available for distribution, after providing for full depreciation and writing off the small loss carried forward from the preceding year, comes to Rs. 3,79,880. The directors have proposed payment of arrears of preference dividend for 1952-53 absorbing Rs. 1,20,000, an equal sum of preference dividend for 1953-54, and a payment of annas five per share (nil in 1953) costing Rs. 1,26,521. The balance of Rs. 13,358 is recommended to be carried forward.

"Except during the first quarter of the year", report the directors, "when severe power restriction was in force, there was no power cut during the last quarter or in the summer months of the year. The actual production of caustic soda reached a new-high of 3078 tons, while liquid chlorine was limited to the offtake of 1265 tons."

The factory is now working to 90 per cent capacity under the expansion scheme.

In collaboration with a German firm, the directors have decided to step up the manufacture of stable Bleaching Powder from 2000 tons to 4000 tons and ultimately to 6000 tons per year. The plant, which will cost about Rs. 5 lakhs capital expenditure, will start functioning from April 1955.

The production of Vanaspati could not be maintained during the year at an economic level due to the output of factories in the South far exceeding the demand.

Salient features of the working of the company are summarised in the table below.

	1952	1953	1954
Year ended March 31			
Net Profit (Rs.)	4,66,269	23,911	3,81,949
Depreciation (Rs.)	- 4,73,217	4,36,005	7,06,376
Taxation (Rs.)	26,318	Nil	Nil
Dividend rate per cent per annum	3½	Nil	3½

THE LAKSHMI MILLS CO., LTD.

The profit and loss account of the Lakshmi Mills Company Limited (Managing Agents: Messrs. G. Kuppuswamy Naidu and Company, Pappanaickenpalayam, Coimbatore) for the year ended March 31, 1954, shows encouraging rises both in the total sales and the net profit. The figure for sales has advanced to Rs. 225.90 lakhs as against Rs. 175.57 lakhs in the previous year while the net profit (after providing for depreciation and taxation) has more than doubled from Rs. 10.06 lakhs to Rs. 21.81 lakhs. The ordinary dividend rate has, therefore, been doubled from ten per cent to twenty per cent per annum which, it may be mentioned here, is the highest rate since the capitalisation of Rs. 17.82 lakhs out of Reserve in 1948.

The provision for taxation has been enhanced from Rs. 7.25 lakhs to Rs. 8.87 lakhs while the provision for depreciation has been reduced by Rs. 1.39 lakhs to Rs. 10.95 lakhs. A sum of Rs. 10 lakhs has been set apart for reserves.

The table below summarises the working results during the last three years.

	1952	1953	1954
Year ended March 31			
Sales	236.29	175.57	225.90
Net Profit	10.60	10.06	21.81
Depreciation	9.40	12.34	10.95
Taxation	7.75	7.25	8.87
Dividend rate per cent per annum	10	10	20

Abridged Balance Sheet as on March 31, 1954:

Capital and Liabilities: Paid-up Capital Rs. 53,46,150; Reserves Rs. 53,30,000; Reserve for Taxes Rs. 4,69,103; Loans Rs. 12,49,723; Unclaimed Dividend Rs. 71,025;

Liabilities Rs. 4,78,491; Profit (before appropriation) Rs. 25,47,555; Total Rs. 1,54,92,048.

Property and Assets: Net Block Rs. 35,84,837; Stores etc. Rs. 2,68,318; Stock-in-trade Rs. 39,97,915; Advances and book debts Rs. 12,92,538; Investments Rs. 55,05,502; Interest Rs. 5,744; Cash and other balances Rs. 8,37,194; Total Rs. 1,54,92,048.

CAWNPORE TEXTILES LIMITED

The working results of Cawnpore Textiles Ltd. (Managing Agents: Begg, Sutherland and Co., Ltd.) for the year ended March 31, 1954, show the profit, after making the usual provisions but before providing for Taxation and Depreciation, reduced considerably to Rs. 2.68 lakhs as against Rs. 7.45 lakhs in the previous year. The directors have been able to recommend a dividend of ten per cent per annum (eight annas per share of rupees five each) because of the following fortuitous credits:

Adjustment of valuation of finished goods not relating to the current year's manufacturing	Rs. 1,54,000
Provision for taxation no longer required	1,46,000
E.P.T. Refunds after deduction of tax	4,98,443

The directors have provided Rs. 2,00,000 for Depreciation, Rs. 80,000 for Extra Depreciation, Rs. 50,000 for Taxation Reserve, Rs. 50,000 for Contingencies Reserve and Rs. 4,00,000 for Rehabilitation Reserve. Dividend of annas eight per share absorbed a sum of Rs. 3,00,000 while Rs. 26,773 are proposed to be carried forward as against Rs. 39,859 brought in.

Balance Sheet as at March 31, 1954.

Capital and Liabilities: Capital Rs. 30,00,000; Reserves Rs. 26,49,773; Provision for Taxation Rs. 1,00,198; Liabilities Rs. 12,36,334; Profit and Loss Account Rs. 3,26,773. Total Rs. 73,13,078.

Property and Assets: Net Block Rs. 4,01,303; Stock-in-trade Rs. 49,18,455; Store and Spare Parts Rs. 4,91,595; Debts and Advances Rs. 12,63,823; Investments Rs. 75,557; Cash Rs. 1,62,345; Total Rs. 73,13,078.

MYSORE CHEMICALS AND FERTILISERS LTD.

The financial results of the working of the Mysore Chemicals and Fertilisers Ltd. (Chairman and Managing Director: Sri E. V. Ganapati Iyer) for the year ended March 31, 1954, have resulted in a net profit of Rs. 1,23,812 after providing Rs. 1,64,901 for depreciation. No provision has been made for taxation while a sum of rupees one lakh has been transferred from "Liability for expenses" to the credit side of the Profit and Loss account.

The directors have proposed a dividend of 5 per cent per annum (as against 6½ per cent in 1953 and 9 per cent in 1951 as well as 1952) absorbing Rs. 1,24,061. A sum of Rs. 1,302 is recommended to be carried forward while Rs. 1,551 were brought in.

The table below outlines the analysis of working of the company during the last three years:

	1952	1953	1954
Year ended March 31			
Capital	24,81,220	24,81,220	24,81,220
Reserves	6,98,775	6,98,775	6,70,000
Stock-in-trade	1,60,356	4,69,290	2,62,551
Depreciation	1,18,174	43,087	1,64,901
Taxation	2,07,516	69,588	Nil
Net Profit	2,67,793	1,13,110	1,23,812
Transfer to Reserves	50,000	Nil	Nil
Dividend rate per cent per annum	9	6½	5
Carry Forward	14,741	1,551	1,302

The directors state that the factory could not carry on operations for nearly three months owing to the conversion of frequency of the power supply from 25 cycles to 50 cycles. Production and turnover, however, increased materially from that of a similar period in the preceding year.

"The consent of the Central Government has been obtained to this issue by an order of which a complete copy is open to public inspection at the Head Office of the Company. It must be distinctly understood that in giving this consent, the Government of India do not take any responsibility for the financial soundness of any schemes or for the correctness of any of the statements made or opinions expressed with regard to them."

(A copy of this Prospectus has been filed with the Registrar of Joint Stock Companies, Bombay, for registration).

The Subscription list will open on the 10th September, 1954, and will close at the discretion of the Directors, but not earlier than the 30th September, 1954.

PROSPECTUS OF THE HINDUSTAN ELECTRIC COMPANY LIMITED

Incorporated in India under the Indian Companies Act, 1913)

CAPITAL			
	Rs.		
Authorised Capital	50,00,000	12,500 Ordinary Shares of Rs. 100 each on which Rs. 50 is paid up	6,25,000
		2,500 6 per cent (Income-tax-free) Redeemable Cumulative Preference Shares of Rs. 100 each on which Rs. 50 is paid up	1,25,000
		TOTAL	22,50,000
Divided into		At the request of the then existing shareholders of the Company, 10,000 Ordinary Shares of Rs. 100 each, and 2,500 6 per cent Income-tax-free Redeemable Cumulative Preference Shares of Rs. 100 each were applied for by a shareholder of the Company and the same was allotted to him on 4-6-1954. The said shareholder likewise was allotted on 5-7-1954 another 2,500 Ordinary Shares of Rs. 100 each for which he had applied.	
10,000 6 per cent (Income-tax-free) Redeemable Cumulative Preference Shares of Rs. 100 each	10,00,000	On the above said allotment of 12,500 Ordinary Shares of Rs. 100 each and 2,500 6 per cent Income-tax-free Redeemable Cumulative Preference Shares of Rs. 100 each, Rs. 25 on application and Rs. 25 on allotment on each of the above said Ordinary and Preference Shares have been paid.	
40,000 Ordinary Shares of Rs. 100 each	40,00,000	On the above said issue and allotment of 12,500 Ordinary Shares of Rs. 100 each and 2,500 6 per cent Income-tax-free Redeemable Cumulative Preference Shares of Rs. 100 each, a commission of Rs. 75,000 was in all paid.	
TOTAL	50,00,000		

The holders of 6 per cent Income-tax-free Redeemable Cumulative Preference Shares shall be entitled to receive out of the Profits of the Company a fixed Cumulative Preferential dividend at the rate of 6 per cent per annum on the Capital for the time being paid-up on such shares respectively.

In the event of the Company being wound up the holders of such Preference Shares shall rank both as regards Capital and dividend up to the commencement of the winding up (whether earned, or declared or not) in Priority to other shares in the Capital of the Company but shall not be entitled to any further participation in the profits or surplus assets.

The Company shall be at liberty at any time after 1st Day of December 1959 by 3 months' notice in writing to redeem at Par all or any of the said Tax-free Redeemable Cumulative Preference Shares.

No such Income-tax-free Redeemable Cumulative Preference Shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue made for the purpose of redemption, or out of the sale proceeds of any Property of the Company.

No such Preference Shares shall be redeemed unless they are fully paid.

SUBSCRIBED CAPITAL		
	Rs.	
7,500 Ordinary Shares of Rs. 100 each	27,50,000	
2,500 6 per cent (Income-tax-free) Redeemable Cumulative Preference Shares of Rs. 100 each	2,50,000	
TOTAL	30,00,000	

PAID-UP CAPITAL		
5,000 Ordinary Shares of Rs. 100 each fully paid up	15,00,000	

PRESENT ISSUE		Rs.
12,500 Ordinary Shares of Rs. 100 each		12,50,000
7,500 6 per cent (Income-tax-free) Redeemable Cumulative Preference Shares of Rs. 100 each		7,50,000
TOTAL		20,00,000

PAYABLE AS FOLLOWS		
Ordinary Shares:		
Application Money	Rs. 25 per share.	
Allotment Money	Rs. 25 per share.	
First Instalment	Rs. 25 three months after allotment.	
Second Instalment	Rs. 25 three months after first instalment.	
Preference Shares:		
Application Money	Rs. 25 per share.	
Allotment Money	Rs. 25 per share.	
First Instalment	Rs. 25 three months after allotment.	
Second Instalment	Rs. 25 three months after first instalment.	

The entire quantity of shares for Rs. 20,00,000, i.e. 15,500 Ordinary Shares of Rs. 100 each and 7,500 6 per cent Income-tax-free Redeemable Cumulative Preference Shares of Rs. 100 each is available for the public.

MINIMUM SUBSCRIPTION

The minimum amount which in the opinion of the Directors will be sufficient to provide for the matters mentioned in sub-section 2 of Section 101 of the Indian Companies Act, 1913, is Rs. 3,00,000.

BOARD OF DIRECTORS

His Highness The Maharaja of Baroda,
CHAIRMAN
Shreemant Fatehsinh P. Gaikwad,
Laxmi Vilas Palace, Baroda.

Director: The Bank of Baroda Ltd., etc.

Shri Gunvantrai T. Kamdar,
104, Apollo Street, Fort, Bombay.

Director: The Bharat Lines Ltd., The Bhavnagar Salt and Industrial Works Ltd., The Associated Industries Ltd., The Mahalaxmi Mills Ltd., Digvijay Tiles and Potteries Ltd., H.I. Dixon and Co., Ltd., The Ship Repairers Ltd., etc.

1. Shri Dadubhai P. Desai,
Desai Buildings, Nadiad.
Chairman: Dakore Umreth Electricity Co. Ltd.

2. Shri Amratlal Kalidas,
Stock Exchange New Building,
Apollo Street, Bombay.

Chairman: The Neptune Assurance Co., Ltd., Prof. Gajjar's Standard Chemical Works Ltd., Jai Hind Estates and Housing Co., Ltd.

Director: Bombay Steam Navigation (1953) Ltd., The Devakaran Nanjee Investment Co. Ltd., National Electrical Industries Ltd., Coal Mining and State Minerals Ltd., Digvijay Tiles and Potteries Ltd., Hindustan Chemical Works Ltd., etc.

3. Mrs. Shantaben D. Desai,
"Meghdoot", Marine Drive, Bombay.

Director: Hindustan Industrial Agencies Ltd., Central Mines Ltd., etc.

6. Shri Natverlal G. Sheth,
Laxmi Nivas, Pratap Ganj, Baroda.
Chairman: Sadanand Textile Mills Ltd.

7. Shri Dharmsinh D. Desai,
B.E., A.Am.I.E.E., Mem. Am. S.M.E. (U.S.A.)
Thackersey House, Ballard Estate, Bombay.
VICE-CHAIRMAN
&
MANAGING DIRECTOR

Director: Hindustan Industrial Agencies Ltd., Central Mines Ltd., etc.

MANAGING AGENTS:

Messrs. Dharmsinh and Company.
Podar Chambers, Fort, Bombay.

AUDITORS:

Messrs. Haridas and Co.,
Chartered Accountants and Auditors,
Noble Chambers, Fort, Bombay.

SOLICITORS:

Manilal Kher Ambalal and Co.,
51, Mahatma Gandhi Road, Bombay 1.

BANKERS:

The Hongkong and Shanghai Banking Corporation.
Lloyds Bank Limited.
The Bank of Baroda Ltd.

REGISTERED OFFICE:

Thackersey House,
Graham Road, Ballard Estate,
Bombay 1.

OBJECTS, SCOPE AND PROSPECTS

The name "Hindustan Electric Company" was introduced in the year 1942 when Shri Dharmsinh D. Desai started Engineering firm in Bombay to handle Plant and Machinery.

On 24th December 1949 The Hindustan Electric Co., Ltd. was registered as a public Limited Company, for the purpose set out in its Memorandum of Association. At the outset, the Company decided to establish a very efficient, effective and extensive Engineering Organisation for distribution, sales and service of Plant and Machinery in India, and thereafter to manufacture progressively the products handled.

SCOPE AND PROSPECTS

The Company has made from a humble beginning a steady, continuous and phenomenal progress. The Company has now its registered office and a branch office at Bombay and Branch Offices at New Delhi, Calcutta, Madras, Nagpur and has a net-work of representatives in important industrial and agricultural centres all over India, and has established relations with Public, Trade, Industries, Governments and Overseas Manufacturers. Being a profitable running and popular concern, the activities of the Company have increased very considerably year after year. The business carried on by the Company is in existence for over a decade and it has now at its back substantial goodwill, rich and varied experience.

The Company does not depend on one or two lines but handles such a large variety of plant and machinery that curtailment of imports or fall in demand in any particular sector has practically no effects on its business.

The Company enjoys very great reputation in business circles, in India and abroad, and its specialised engineering services and sales organisation are very much appreciated and valued.

The Company has also a good asset now, in its outstanding transactions and contracts, exceeding Rs. one crore, many of which will yield income up to 1958.

So far, the Company has successfully kept its capital liquid to safeguard against falling prices, etc. But now since the Government of India's policy is to increase the internal production and restrict imports, and since the prices of factory plant and machinery have considerably settled down, the time has come for the Company to establish its production lines of the items for which the Company has perfected excellent sales organisation with extensive premises, show-rooms and personnel. Obviously, the Company will meet with no difficulty, in connection with the marketing problems.

To finance the growth, the Company has been relying so far on its own profits and on loans from the Company's Bankers, Directors and others. The additional capital will mean a considerable saving on account of interest on loans (interest paid during the year 1953-54: Rs. 1,17,993-7-0) which would be available for paying dividend to shareholders.

To start with, the contemplated manufacturing programme will be undertaken for such of the items for which there are definite import restrictions continuously for more than three years and for which practically no possibility exists for issuance of import licences.

The policy of the Government is to encourage electrification, irrigation, industrialisation and all-round production. The Company is working within this policy. The development of various electrification schemes and

projects all over India has resulted in demand for machinery and equipment, which the Company is presently handling and contemplates manufacturing.

Development of Generating Plant capacity in kW. in India under Five-Year Plan:

From inception up to	1950	1951	1952	1955-56
	1,712,515	1,835,426	2,057,564	3,057,237

For the Government as well as private industries, both large and small scale, electric power is the basic requirement for which electric motors, transformers, switch-gear, etc. are constantly in demand. The Company is undertaking this project when actually many of the Hydro-Steam-Diesel Electrification Schemes are nearing completion, and as such, will not have any waiting period.

The scope for Electrical Industry in India will be appreciated if per capita production figures (latest available 1952) of the various countries are compared.

	KWH
1. Norway	5,530
2. Canada	4,270
3. Sweden	2,910
4. United States	2,545
5. Switzerland	2,250
6 India	17
	(Seventeen)

The import of various categories of electrical products is strictly restricted by the Government to encourage indigenous industries. The present project will strengthen National Economy and Defence.

The Company has been successful in securing from the Government of India two licences for establishing two companies, one for manufacture in India of Electrical Machinery under the name and style of HINDELIN LTD. and another for manufacture in India of ACSR (Aluminium Conductors Steel Reinforced) Copper, All-Aluminium Conductors and Wires of all capacities, under the name and style of HINDUSTAN CONDUCTORS LTD. Copies of licences are open for inspection at the Head Office of the Company.

"It must be distinctly understood that in granting these licences the Government of India do not take any responsibility for financial soundness of the undertakings or for the correctness of any of the statements made or opinions expressed in regard to it."

The factories are being established under the patronage and active assistance of the Ministry of Rehabilitation, Central Government, at Faridabad, which is situated only 18 miles from New Delhi on the main railway line from Bombay to Delhi.

The Company has secured from the Ministry of Rehabilitation, Faridabad Development Board, 9.36 acres of factory land with railway siding, roads, cheap power, water, employees' quarters facilities and factory buildings, as per the Company's design, at a rental not exceeding 5½ per cent of the cost of the buildings and 4 per cent of the development cost of land (not market value, which is higher). Company's Architects, Messrs. Master, Sathe and Bhuta have already prepared and submitted the plans of Factory Buildings to the Ministry of Rehabilitation and this construction is satisfactorily proceeding and is expected to be completed by the end of December 1954.

In technical collaboration already established by the Company's Managing Director Mr. D. D. Desai during his visit to Europe in August 1953 with world renown-

ed European Manufacturers, both the factories will be designed, equipped and tooled on the most modern lines and will be fully air-conditioned and according to the present expectations, will commence production of conductors and wires in February 1955. These factories at Faridabad will, when established, be able to serve the Northern India markets better and also meet with the flowing demands of Government in executing public utility schemes and the growing demand of industrial concerns. The Company will transfer conductors and wires manufacturing licence to a company, which is promoted under the name and style of HINDUSTAN CONDUCTORS LTD. The manufacture of Wires, Cables and ACSR Conductors will be undertaken in collaboration with Messrs. A.B. Svenska Metallverken, Sweden (The Swedish Metal Works Ltd.), largest of its kind in Scandinavia and one of the oldest, largest and technically far advanced in the world. The Swedish Metal Works Ltd. has the most extensive range, both in capacities and voltages up to 420,000 volts and has outstanding reputation for quality in all the countries of the world. They will provide the necessary specialised machinery, technical direction and "know-how" to HINDUSTAN CONDUCTORS LTD. Their extensive Research Laboratories will safeguard the future. Further the Company is promoting a company which is to be named HINDELIN LTD. for manufacturing in India of Electrical Machinery and it is intended to transfer electrical machinery manufacturing licence to that company. Negotiations with Messrs. Elin A.G. (Electrical Industries), Vienna (Established in 1893), which belongs to Austrian Government are pending for securing their co-operation in the new company both in the shape of share capital and provisions for direction and know-how. Messrs. Elin A.G., Vienna, will be allowed to hold 49 per cent share capital and will have voice in the management. It is hoped that the co-operation of such a well-known manufacturer viz. Elin A.G., Vienna, will advance the prospects of HINDELIN LTD. Messrs. Elin A.G. manufactures a wide range of Electrical Machinery and products up to highest capacities and voltages e.g. Generators up to 100,000 KVA and above, Transformers up to 250,000 KVA, Switchgear up to highest capacities and voltages, etc.

Dr Bal Datatrya Kalelkar, B.E., M.Sc., (M.I.T., U.S.A.), Ph.D. (Cornell, U.S.A.), MEM., Am. S.M.E., MEN. Am. S.A.E., Director of Hindustan Conductors Ltd. and of proposed HINDELIN LTD. is in Europe (Stockholm and Vienna) for personally attending to all overseas details to expedite commencement of production.

With the availability of cheap Nangal Hydro-Electric Power and being close to the developed and developing markets of India—i.e., Punjab, PEPSU, Uttar Pradesh, Bihar, Madhya Bharat, North Rajasthan, Delhi, Himachal Pradesh, Vindhya Pradesh, etc., this factory will be better placed than those south of Bombay-Calcutta regions.

Since electrification projects and economical development are easier and potentialities thereof greater in Northern India (south of Himalayas) than elsewhere, the markets served will be comparatively larger enabling the factory to grow faster. Since it is easier and cheaper to transport raw materials than finished goods in this industry, the production will be economical, presently indigenous production is almost entirely concentrated in Bombay, Calcutta and down south.

The rate of growth of electrical machinery manufacturing industry is greater than most of the industries in various industrialised countries of the world, and as such, this industry has a future which is already known to exist in other countries.

Among the imported manufactured items, electrical products easily head the list, the total yearly imports

being nearly 40 crores in spite of import restrictions and indigenous production.

Statistics of Electricity generated and trend of indigenous electrical machinery production:

Year.	Electricity Generated, Lakh KWH.	House Service, Watt Hour Meters Nos.	Electric Motors, (000 H.P.)	Power Transformers, (000 KVA).	ACSR Cables, (Tons).	Bare Copper Conductors, (Tons).
1951	56,517	1,736	1,41.6	1,94.4	1,720	3,000
1952	61,248	34,358	1,57.2	2,14.8	2,381	5,928
1953	66,276	80,677	1,62.0	3,08.4	3,290	7,368
1955-56	—	—	3,20.0	5,00.0	8,000	10,000

From the economic as well as strategic point of view the Nation is badly in need of heavy electrical equipment; manufacturing capacity, e.g. the yearly demand for Transformers is nearly 825,000 KVA against the yearly indigenous production of 308,400 KVA (1953).

The Company is playing a vital role in the execution of various projects under the present Five-Year Plan and is well equipped to continue to be in the forefront in the next Five-Year Plan.

SOLE SELLING AGENCIES

The Company represents in India several well-known and established manufacturers. The following may be mentioned:

1. Heinrich LANZ, A.G., Mannheim, Germany.
2. The Midland Fan Co., Ltd., Birmingham 6, England.
3. ELIN A.G. fuer Elektrische Industrie, Wien I., Austria.
4. The B.I.F. Engineering Co. Ltd., Birmingham 6, England.
5. Walther and Cie., A.G., Koeln-Dellbrueck, Germany.
6. Sigma-Frigo-Therm G.m.b.H., Mannheim, Germany.
7. AB Svenska Metallverken, Stockholm, Sweden.
8. Wessel-Draeger Vertiebs G.m.b.H., Bonn, Germany.
9. Osnabruecker Kupfer-und Drahtwerk, Osnabrueck, Germany.
10. Gossen A.G., Erlangen, Germany.
11. Metal Export, Warszawa, Poland.
12. Traub Vertriebs G.m.b.H. (Hermann Traub Maschinenfabrik), Reichenbach-Fils/Wuertt., Germany.
13. Kloeckner-Humboldt-Deutz A.G., Koeln-Deutz, Germany.
14. Rhein-Westf.-Isolatoren Werk, Siegburg, Germany.
15. LBH. BBG Bodenbear.-Beitungsgerate, Leipzig, Germany.
16. Aug. Kloeckner, Dortmund, Germany.
17. Wessel Werk A.G., Bonn, Germany.

THE HINDUSTAN ELECTRIC CO., LTD.

	Analysis of Working		Rs.		As P.		Rs.		As P.		Rs.		As P.	
	Rs.	As P.	Rs.	As P.	Rs.	As P.	Rs.	As P.	Rs.	As P.	Rs.	As P.	Rs.	As P.
Paid-up Capital	11,20,000	0 0	15,00,000	0 0	15,00,000	0 0	15,00,000	0 0	15,00,000	0 0	15,00,000	0 0	15,00,000	0 0
PROFIT	3,97,357	14 6	96,627	9 11	92,869	11 11	2,37,372	6 7	2,37,372	6 7	2,37,372	6 7	2,37,372	6 7
Depreciation Written off	22,385	8 0	16,622	12 0	26,070	0 0	21,334	0 6	21,334	0 6	21,334	0 6	21,334	0 6
DIVIDEND (on ordinary shares)	84,000	0 0	97,300	0 0	1,12,500	0 0	1,20,000	0 0	1,20,000	0 0	1,20,000	0 0	1,20,000	0 0
Dividend Rate per cent (income-tax-free)	7½		7½		7½		8		8		8		8	
Carried Forward	3,13,357	14 0	3,12,685	8 5	2,93,055	4 4	4,10,427	10 11	4,10,427	10 11	4,10,427	10 11	4,10,427	10 11

Yours faithfully,
Sd/- HARIDAS & CO.,
Chartered Accountants,
Auditors.

MANAGEMENT

Powers of Directors

The business of the Company shall be managed by the Directors who are compounded to exercise all such

Powers of the Company as are not by the Indian Companies Act or by the Articles of Association of the Company required to be exercised by the Company in General Meeting subject nevertheless to any regulation

18. Hubert Zettlmeyer, Konz-B-Trier, Germany.
 19. Jos. Loroch K.G., Maschinenfabrik, Morlenbach-Hessen, Germany.
 20. Foundry Equipment Limited, Lanslade Works, Leighton Buzzard, Bedfordshire, England.
 21. Westfalia Separator A.G., Celde/Westf., Germany.
 22. HAWIG Maschinenfabrik G.m.b.H., Mannheim, Germany.
 23. Weberwerke K.G., Siegen. I. Westf., Germany.
 24. Kloeckner and Co., Duisburg, Germany.
 25. Alex. Geiger Maschinenfabrik, Ludwigshafen-Rhein, Germany.
 26. Hungarian Heavy Industries NIKEX Ltd., Budapest.
 27. Hasberg Hans Schneider, Baden-Baden, Germany.
 28. Zimmermann and Co., K.G., Ludwigshafen-Rhein, Germany.
 29. Rudolf ALBER SAEGER und Bandmesserfabrik, Eberbach-Flis, Germany.
 30. Hydrometer A.G., Ansbach/Mitteler, Germany.
 31. A.B.H. Granlund and Co., Eskilstuna, Sweden.
 32. Magirus Kloeckner-Humboldt-Deutz A.G., Ulm/Donau, Germany.
- Etc., etc.

TECHNICAL DIRECTION

Presently 7 European Engineers (mostly Germans) and more than 20 Indian Engineers with high qualifications and practical experience are in charge of Company's technical control.

The Company's analysis of working is given below:

AUDITORS' REPORT

The following is the report by the Auditors of the Company with respect to the Profits of the Company in respect of the financial years immediately preceding the issue of this prospectus and with respect to the rates of the Dividends paid by the Company on the shares in the Company for each of the years.

The Hindustan Electric Co., Ltd.,
Bombay.

Gentlemen,

We have audited your accounts for the last 4 years ended 30th April, 1954 and report that in accordance with provisions of Section 83(1A) of the Indian Companies' Act, 1913, that the profits of the Company before providing for taxes are set out below.

These profits have been arrived at after charging all expenses of working and management including estimated depreciation on assets as is allowable under the Indian Income Tax Act, 1922 and after making such adjustments are in our opinion appropriate.

We also report that the dividends paid by the Company for the years set out below were out of the profits for the said four years on its paid-up capital.

of the Articles of Association of the Company and the provisions of the Indian Companies Act and such regulations being not inconsistent with the aforesaid regulations as may be prescribed by the Directors which would have been valid if such regulations have not been made.

MANAGING AGENTS

Messrs. Dharmsinh and Co. were appointed Managing Agents of the Company as per Articles of Association of the Company upon terms, provisions and conditions contained in the Managing Agency agreement dated 6th March, 1950 between the Company and Messrs. Dharmsinh and Co. for a period of 20 years from the date of incorporation.

The Managing Agents are to receive a commission at the rate of 15 per cent on the net profits earned for each year which is reduced now (from 1-5-1954) to 12 per cent of the net profits for each year or other period during the continuance of the Managing Agency for which the accounts of the Company are made up.

For the purpose of calculating such commission the annual net profits of the Company have the same meaning specified in Section 87C(3) of the Indian Companies Act, 1913 and in the phrase any other tax or duty occurring on the said Section are included Corporation tax, business Profits tax, excess Profits tax, Capital gain tax or any other taxes or duties levied by the Central Government or Provincial Governments or any other public body or authority or income or revenue or capital gains and any charges thereon.

The Managing Agents are also entitled subject to Section 87(1) of the Indian Companies Act to appoint one-third of the total number of Directors as 'ex-officio' Directors of the Company.

DIRECTORS' INTEREST

Mr. Dharmsinh D. Desai, Mrs. Shantaben D. Desai, Directors of the Company are the partners of the Managing Agency Company and as such are interested in the remuneration and commission payable to Managing Agency Company. H.H. The Maharaja of Baroda Shree-mant Fatehsinh P. Gaikwad and Shri Natverlal G. Sheth, Directors of the Company are interested in the Managing Agency Commission.

MANAGING DIRECTOR

Pursuant to Articles 126 to 129 of the Articles of Association of the Company Mr. Dharmsinh Dadubhai Desai had been appointed Managing Director of the Company under an agreement dated 6th May, 1950 entered into between the Company and the said Mr. Dharmsinh Dadubhai Desai for a period of 20 years from 24-12-1949 on a salary of Rs. 3,000 per month from that date subject to increase to Rs. 5,000 per month when the Directors think fit. As per Articles Mr. D. D. Desai is a life Director and is not liable to retire by rotation.

COMMISSION AND BROKERAGE

The present issue is not underwritten.

Brokerage at the rate of 1 per cent will be paid by the Company to recognised brokers and banks on allotments made in respect of applications bearing the stamps of such brokers or banks.

The Articles provide that the Company may when it so accedes pay a commission not exceeding 5 per cent to any person for subscribing or agreeing to subscribe (whether provisionally or conditionally) to the shares of the Company.

VOTING AND RESTRICTIONS

(a) Ordinary Shareholders:

On a show of hands, every member present in person shall have one vote and upon a poll every member present in person or by proxy shall have one vote for every share held by him.

Where a Corporation being a member is present by a proxy who is not a member, such proxy shall be entitled to vote for such Corporation on a show of hands

(b) Preference Shareholders:

The holders of Preference Shares will have no right to receive notice of or be present or to vote either in person or by proxy at any General Meeting unless the Preference Dividend shall remain unpaid for 3 years or unless a resolution is proposed affecting the rights or privileges of the holders of such Preference Shares.

RESTRICTIONS UPON THE TRANSFER OF SHARES

The Articles provide that the Directors may at their discretion and without assigning any reason decline to register any transfer of shares.

The Directors of the Company for having their shares listed have given an understanding to the Stock Exchange Bombay that only in exceptional circumstances will they refuse any transfer of fully paid shares.

INSPECTION OF DOCUMENTS

Copies of the Memorandum and Articles of Association and the Balance Sheet and Profit and Loss Account for the years 1950-51, 1951-52, 1952-53, 1953-54, and copies of the Managing Agency Agreement and Managing Director's Agreement are open for inspection at the Company's Registered Office on working days during office hours. The letter of undertaking of the Faridabad Development Board and the licences given by the Commerce and Industries Department mentioned above are open for inspection at the same place. The consent of the Controller of Capital Issues for this issue is also open for inspection at the same place.

APPLICATION FOR SHARES

Application for shares must be made on the form, copies of which and of this Prospectus may be obtained from the Company's Registered Office at Bombay, its Branch Offices, at New Delhi, Calcutta, Nagpur and Madras and from Messrs. Amratlal Kalidas and Co., Share and Stock Brokers, 95 New Stock Exchange Building, Bombay, and also from their office at Ahmedabad, and should be forwarded with the application money at the rate specified above to the Registered Office of the Company. The Directors reserve the right to reject any application for shares either in whole or in part. All applications must be accompanied by a remittance covering the full amount due on application. The remittance must be in cash or in the form of a Banker's Demand Draft on a Bank in Bombay in favour of the Company, or by a crossed Cheque payable to the Company and drawn on a Bombay Bank. Applicants residing out of Bombay and desiring to remit moneys by a cheque drawn on a Bank outside Bombay should send an additional remittance to cover the bank's collection charges for such cheques. Where no allotment is made the subscription will be returned in full. Where the number of shares allotted is less than the number applied for, the balance of deposit will be applied towards allotment money and the balance, if any, will be returned. Failure to pay any amount due on shares allotted when due will render previous payments liable to forfeiture. Repayments of the amount or balance thereof shall be made to applicants by means of cheques drawn on Company's Bankers at Bombay and the Company will not accept any liability for any Banker's commission or any other charges that may become payable by applicants in respect of amount of such cheques.

The shares when issued will be subject to the Memorandum and Articles of Association of the Company.

FATEHSINH P. GAIKWAD
GUNVANTRAI T. KAMDAR
DADUBHAI P. DESAI
DHARMSINH D. DESAI
AMRATLAL KALIDAS
SHANTABEN D. DESAI
NATVERLAL G. SHETH
Directors.

Dated 11th day of August 1954.

Application forms for shares and copies of prospectus may also be obtained from Messrs. Mahadevia Brothers, Share and Stock Brokers, Old Stock Exchange Building, Dalal Street, Fort, Bombay.

All work and no play... makes
Govind, Ahmed, Raman—whoever
he is—a dull worker. When the
Burmah-Shell refinery at Trombay
was little more than a sheet of
drawings on a draftsman's board,
all work and no play...

It had already been decided to
set aside ten acres for staff
and labour recreation grounds.
Although, at the time, we were
concerned with extremely complex
technical planning, we kept
our objectives firmly in mind.
For we are building the largest
oil refinery in India not only
so that we can produce good oil,
but also good oilmen. Obviously
the welfare and happiness of our
staff at Trombay is of great
importance to the industry as a
whole. We are very much in
India's life and part of it and
it is a pretty absorbing existence.



CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

		Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1940-50=100)			
		Food Articles	Indus. Raw Matris.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48	..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49	..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50	..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51	..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52	..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53	..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54	..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
October 1953	..	385.6	447.7	353.4	364.5	721.9	393.6	90.2	101.3	87.1	93.0
November	..	378.0	441.4	355.5	365.8	715.2	390.6	90.2	101.4	87.2	96.0
December	..	387.0	450.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954	..	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February	..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March	..	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.8
April	..	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May	..	366.2	464.6*	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0
June	..	343.2	441.0	355.6	378.7	647.3	381.6	90.3	100.9	88.5	106.9
July	..	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6
Week Ending 24-7-1954	..	357.8*	426.1	353.4	376.5	632.2	382.7*	90.9	100.5	89.1	110.6
31-7-1954	..	360.6	416.3	352.8	375.2	620.3	381.5*	90.9	100.6	89.3	112.7
7-8-1954	..	361.3*	416.5	352.0	376.0*	611.0	382.2	90.8	100.6	89.4	114.5
14-8-1954	..	361.6	419.8	351.0	374.4	608.7	381.4	90.8	100.7	89.5	117.0
21-8-1954	..	361.4	420.7	351.8	375.2	605.6	381.7	90.8	100.6	89.3	118.1

* Average of weeks.

* Revised.

† Economic Adviser's Series.

†† Reserve Bank Series.

WORKING CLASS COST OF LIVING
(August 1939=100)

Period	Bombay			Delhi	Bengal	U. P.	Central Provinces		Madras	E.P.	Bihar	All India†
	Bombay	Bombay June 1934 = 100	Ahmeda- bad July 1927 = 100	Delhi†	Calcutta	Kanpur	Nagpur	Jubbul- por†	Madras June 1936 = 100	Ludh- iana†	Jamshed pur†	
1939 (Aug.-Dec.)	103	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	349	434	372	153	325	165	145	139
1951	314	330	261	142	370	451	391	168	334	167	160	145
1952	321	337	250	143	351	441	380	150	330	151	154	142
1953	346	363	275	140	349	453	387	151	351	147	156	146
1953 July	355	373	288	142	375	465	394	160	355	148	158	153
August	358	376	285	144	373	469	397	157	352	149	160	153
September	353	371	283	145	366	464	391	154	351	150	163	152
October	350	368	282	144	349	457	389	153	352	150	162	149
November	344	361	280	144	339	453	385	148	353	149	155	146
December	342	359	268	140	329	438	380	146	350	149	145	142
1954 January	346	363	269	139	325	442	377	144	353	151	142	144
February	331	348	257	139	316	432	375	144	352	151	141	141
March	332	349	257	138	319	416	374	143	345	150	136	139
April	338	355	255	141	323	426	—	144	341	151	138	141
May	338	355	251	142	339	415	—	142	341	150	142	141
June	340	367	240	135	332	396	—	—	342	—	—	—
July	—	—	—	134	331	400	—	—	339	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED											
	4-8-1954			28-8-1954			21-8-1954			14-8-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola)	88-3	86-13	87-0	89-7	86-2	87-15	90-14	87-12	88-14	90-1	86-15	88-7
Silver (per 100 fine tolas)	155-11	153-7	154-1	156-0	153-0	154-11	157-0	154-2	155-2	155-6	152-6	153-13

INDUSTRIAL FINANCE CORPORATION OF INDIA

KEELING ROAD, NEW DELHI

"PUBLIC NOTIFICATIONS"

It is hereby notified for the information of the Shareholders that the Corporation has received only one valid nomination in favour of Messrs. S. B. Billimoria and Co., 113, Mahatma Gandhi Road, Fort, Bombay for the election of one Auditor and therefore, they shall be deemed to be elected as one of the Auditors of the Corporation at the Sixth Annual General Meeting of the Shareholders of the Corporation to be held on Saturday, the 18th September, 1954, at 4-30 P.M. in the hall of the Constitution Club, Curzon, Road, New Delhi.

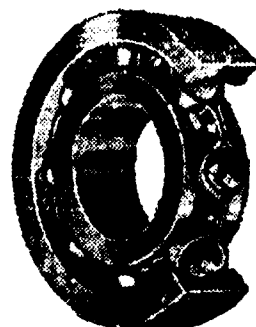
V. R. SONALKER,
Managing Director.

Dated, September 4, 1954.

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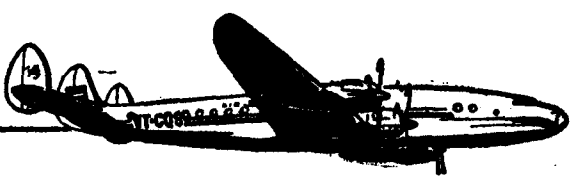
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**CONSUMER EXPENDITURE IN RUPEES PER MONTH PER PERSON FOR
CITIES, TOWNS, VILLAGES, AND INDIA : AUGUST-NOVEMBER 1951**

Items	Rupees per month per person				Percentage of total expenditure			
	Cities	Towns	Villages	India	Cities	Towns	Villages	India
foodgrains ..	Rs 5.87	6.94	9.64	9.21	10.71	22.00	39.80	35.84%
pulses ..	1.46	1.03	0.94	0.99	2.66	3.27	3.88	3.85
edible oil ..	2.10	1.29	0.77	0.90	3.83	4.09	3.18	3.50
vegetables ..	2.53	1.03	0.56	0.64	4.62	3.26	2.31	2.49
milk & milk products ..	5.06	2.66	1.59	1.80	9.23	8.43	6.56	7.00
meat, egg & fish ..	2.44	0.85	0.47	0.56	4.45	2.69	1.94	2.18
fruits ..	0.98	0.47	0.17	0.21	1.79	1.49	0.70	0.88
refreshments ..	2.57	1.20	0.30	0.47	4.60	3.80	1.24	1.83
salt ..	0.09	0.09	0.11	0.09	0.16	0.29	0.45	0.35
spices ..	0.90	0.77	0.64	0.64	1.80	2.44	2.64	2.49
sugar ..	1.20	0.94	0.69	0.73	2.19	2.98	2.85	2.84
(i) food total ..	Rs 25.29	17.27	15.88	16.24	46.13	54.74	65.95	63.19%
pan (betel leaves) ..	0.60	0.39	0.17	0.22	1.09	1.24	0.70	0.86
tobacco ..	0.86	0.60	0.51	0.51	1.57	1.00	2.11	1.99
intoxicants ..	0.47	0.17	0.13	0.13	0.86	0.54	0.54	0.51
fuel and light ..	3.39	1.93	1.63	1.67	6.18	6.12	6.73	6.50
clothing ..	3.78	2.05	1.48	1.59	6.90	6.50	6.11	6.19
bedding ..	0.22	0.11	0.10	0.11	0.40	0.35	0.41	0.42
foot-wear ..	0.43	0.18	0.14	0.15	0.78	0.57	0.58	0.58
amusement & musical instruments ..	0.75	0.31	0.09	0.14	1.37	0.97	0.37	0.54
education ..	1.47	0.65	0.16	0.25	2.68	2.06	0.66	0.97
medicine ..	1.31	0.86	0.32	0.41	2.39	2.73	1.32	1.60
toilet ..	0.58	0.26	0.08	0.12	1.06	0.82	0.33	0.47
petty articles ..	0.45	0.22	0.14	0.15	0.82	0.70	0.58	0.59
conveyance ..	1.67	0.68	0.29	0.37	3.05	2.16	1.20	1.44
services ..	4.77	2.43	0.81	1.09	8.70	7.70	3.34	4.24
furniture ..	0.16	0.05	0.04	0.04	0.29	0.15	0.17	0.18
domestic utensils ..	0.13	0.07	0.06	0.06	0.24	0.22	0.25	0.23
sundry equipments & ornaments ..	1.32	0.52	0.38	0.53	2.32	1.65	1.57	1.67
ceremonials ..	2.91	1.86	1.47	1.54	5.31	5.90	6.07	5.99
rent ..	2.46	0.67	0.29	0.38	4.49	2.12	1.20	1.48
taxes ..	1.30	0.27	0.05	0.10	2.37	0.86	0.21	0.39
(ii) non-food total : ..	Rs 29.53	14.28	8.34	9.45	53.87	45.26	34.45	36.81%
(iii) total : ..	Rs 54.82	31.55	24.22	25.70	100.00	100.00	100.00	100.00%
(iv) No. of sample households : ..	510	1,180	5,080	6,770	510	1,180	5,080	6,770

Source : The National Sample Survey (Number 3)

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COMPANY MEETING

THE MYSORE PAPER MILLS LTD., BANGALORE

Speech delivered by Sri K. Narayanaswamy, B.Sc., I.A.S., Chairman, at the Nineteenth Ordinary General Meeting of the Shareholders of the Company, held at Bangalore on Sunday, the 29th August, 1954.

Gentlemen,

At the outset it is my sad duty to report to you the death in tragic circumstances of Sri M. Ct. M. Chidambaram Chettyar, one of the promoters of the Company and a Director since its inception. In his death, your Directors have lost a valued friend and colleague and the country, a gifted and farsighted Industrialist. Your Directors have already recorded their deep sorrow at his death and may I request you now to rise and observe silence for a minute as mark of our respect to his memory.....

I consider it a pleasure and a privilege to welcome you to this, the nineteenth annual General Meeting of the Shareholders of the company.

I assumed charge of the Office of the Chairman of the Board of Directors and Managing Director of the Company recently in succession to Sri S. Muninanjappa. The Board of Directors have recorded their appreciation of the valuable services rendered by Sri S. Muninanjappa during a period of great stress and strain, and the efficient manner in which he conducted the affairs of the Company and implemented the scheme of expansion. I am deeply sensible to the honour Government have done in choosing me to succeed Sri S. Muninanjappa, and I am fully conscious of the heavy responsibilities laid on me and shall endeavour to serve the Company to the best of my ability.

The report of the Directors, the Profit and Loss Account for the year ended 31st March, '54 and the Audited Balance Sheet as on 31st March have been in your hands for some time and with your permission, I shall take them as read.

You will have noticed from the Profit and Loss Account that the Gross Value of the Sales this year was Rs. 3.35 lakhs less than in the previous year. The demand for paper was dull throughout the year under review and though we succeeded in maintaining turnover at last year's levels, we had to reduce the selling prices and adjust our terms to suit the market and meet the stress of increasing competition.

Substantial savings were effected in the expenditure under Raw Materials, Chemicals and Stores. Production of bamboo pulp during the year exceeded all previous records and enabled us further to reduce consumption of costly woodpulp. The Electrolytic Caustic Soda Plant was serviced during the year and as a direct result of this, the manufacturing cost of bleached pulp was much less than in the previous year. This result has more than fulfilled our anticipations and justified the investment on this plant.

In spite of the considerable improvements in operational efficiency, the Gross Profit declined by Rs. 3,13,975. This was mainly due to a sharp rise in the wage bill by Rs. 3.70 lakhs arising from the Award of the Industrial Tribunal which required us to pay enhanced minimum wages, dearness allowance, and retirement gratuity benefits retrospectively from the 29th January, 1951.

While the Gross Profit declined by Rs. 3.13 lakhs only, the net Profit was Rs. 6.43 lakhs less than in the previous year. We have had to pay Rs. 2.04 lakhs as interest on loans obtained for financing the expansion

scheme and to increase the provision under depreciation by Rs. 2 lakhs to provide for the wear and tear of equipments installed and serviced during the year.

Your Directors in deference to the wishes expressed by you at the meeting last year, have decided to constitute a 'Dividend Equalisation Fund' and to transfer to it, as a first appropriation, Rs. 62,500 out of the distributable surplus available.

Because of the reduced profits, your Directors, much to their regret, have not found it possible to maintain the Dividend at last year's level and have recommended a Dividend of 7½ per cent only.

You will recall that at the meeting last year, the hope was expressed that the installation of New Plant would be completed by August this year. I have now the privilege to inform you that the implementation of the expansion scheme to step up the output from 4,000 to 8,000 tons a year is virtually complete. The second Paper-machine was started and paper produced a few days ago marking a further milestone in the progress of the Company. Test runs are being continued and it will take a little more time to tune the machine and gear it for continuous operation.

The expansion of the Pulp Plants to step up production of pulps from indigenous raw materials is well under way and is expected to be completed by March next.

We have fully utilised the loan of Rs. 50 lakhs sanctioned by the Industrial Finance Corporation. Besides, we have spent over the expansion scheme Rs. 17 lakhs from our own liquid resources.

As against a capital liability of Rs. 75 lakhs more, up of the share capital of Rs. 25 lakhs and the loan of Rs. 50 lakhs obtained from the Industrial Finance Corporation, the value of the Fixed Assets at the end of March this year stood at Rs. 118 lakhs. Further the liquid Assets exceed sundry liabilities by Rs. 20 lakhs. These go to high light the sound state of affairs of the Company.

Our Company has built up a high reputation for cordial relations between employer and employees and has also reason to feel justly proud of its record in the provision of social amenities to its employees. Despite less favourable trading conditions, an expenditure of Rs. 2 lakhs was incurred during the year on provision of housing, accommodation, extension of schools and community institutions and other welfare services. In addition, 96 tenements were constructed in our colony by the Mysore Labour Housing Corporation and action is being taken to have them allotted for occupation by our employees. We have also prepared a scheme for constructing a further 300 tenements in our area and have approached the Corporation for financing it. With the implementation of the scheme, the entire labour force will have been provided with housing accommodation in the colony.

The days of easy and quick sales seem long past. Several of the established paper mills have increased their capacity and new mills have come into being. Competition is growing and the market has become very selective, discriminative and acutely price conscious. This situation can be met only by better service

September 10, 1954.

THE EASTERN ECONOMIST

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and sustained efforts to reduce manufacturing costs. I am confident that our employees with their customary devotion to duty will accept this challenge of the times and meet it with success.

Your Directors wish to avail themselves of this opportunity to express their deep gratitude to the Government of India, the Government of Mysore, and the Industrial Finance Corporation of India for their continued interest and sympathy in the progress and prosperity of the mills. They also desire to tender their grateful thanks to all the various suppliers of equipments for their prompt execution of orders, their valuable advice, timely assistance and consideration. Your Directors also warmly appreciate the untiring enthusiastic co-operation extended by all classes of the Company's employees.

My predecessor and I are very much indebted to our colleagues on the Board of Directors for their co-operation and valuable assistance in the working of the company.

Gentlemen, with these observations, I now beg to retire.

"The Directors Report, the audited Balance Sheet and the Profit and Loss Account for the year ended 31st March '54 be approved and adopted."

The Chairman's Speech was followed by a brief discussion and questions and answers. The Meeting then adopted the Balance Sheet and Profit and Loss Account for the year ended 31st March 1954.

The House then passed a resolution declaring a dividend of 6½ per cent and bonus of 1½ per cent, in all 7½ per cent (free of Income Tax).

The House approved the appointment of Sri M. Ct. Muthaiah, as a Director in succession to Sri M. Ct. Chidambaram Chettyar (deceased).

Captain Rao Bahadur A. Thangaveeru Mudaliar, Sri V. T. Padmanabhan, and Sri K. Subbarao Ramaswamy were re-elected as Directors.

Messrs. B. K. Ramadhyani and Co., and M/s. Brahmayya and Co., were appointed as Auditors for the year 1954-55.

With a vote of thanks to the Chair, the Meeting terminated.

WARNING

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AMRITSAR	Messrs. Nihalchand Laloochand Ltd. 275, Katra Moharsingh
CALCUTTA	Messrs. Nihalchand Laloochand Ltd. 7, Swallow Lane
BANGALORE CITY	Messrs. Himatlal Laxmichand & Co. 95, Muzulpet
MADRAS 3	Messrs. Nihalchand Laloochand Ltd. 99, Nainappa Naick Street, Park Town



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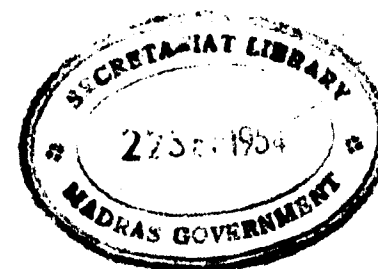
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ONE RUPEE

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India After SEATO

THERE can be no doubt about the feeling of hostility with which Indian opinion has received the announcement of the signing of the SEATO Treaty at Manila on September 8. India is taking SEATO, but it is not taking it lying down. In an address to the Press Association of Delhi, the Prime Minister this week delivered his own powerful thrust. He spoke critically of "interlocking of politics" to describe the present international tendency to form pacts with partners with very different patterns of policy. In NATO and SEATO, for example, colonial powers were mixed up with others not so inclined. Again, there was the problem of providing protection to countries who had not sought it. In other words, the West was inlicting its good offices on South-East Asia without an invitation or acquiescence by the major powers in this area. And thus, here at least, SEATO has got off to a very bad start. It is necessary to examine the merits of the Indian decision even while accepting it as a fact. On whom must the blame rest for the failure of the West to carry South-East Asia with it in its new at-

tempts to restrict Communistic aggression in South-East Asia?

Seen from the Delhi end, there is no doubt that SEATO has failed to commend itself to Indian opinion because of the clumsiness and haste with which it was rushed into being. The best, that is the most well-informed, of Indian observers here recognise that SEATO adds to the security of India. This is a feeling widely shared not merely by students of military strategy. It is believed by a considerable number of civil servants, business men and probably many politicians. It is not SEATO which is resented so much as the fact that it has been carried through without adequate consultations with India, and with a haste which indicates that Asian opinion can even as late as 1954 be brushed roughly aside.

Because the opposition to SEATO is essentially psychological, it is no argument to point out how different its text is from that of the NATO Treaty. SEATO is not at present a military alliance, and Article IV

which is the base of the Treaty is as weak an instrument for military action as could possibly be conceived. It states in sub-section (a) "Each party recognises that aggression by means of armed attack in the treaty area against any of the parties or against any State or territory which the parties by unanimous agreement may hereafter designate would endanger its own peace and safety and agrees that it will in that event act to meet the common danger in accordance with its constitutional processes. Measures taken under this paragraph shall be immediately reported to the Security Council of the U.N." This implies that before concerted military action takes place there must necessarily be some considerable delay and this might conceivably be greatest in the United States where Congress alone can declare war.

The merits of a treaty which provides military protection and yet provides no bases on Asian soil have been lost because of the affront which the Colombo powers except Pakistan feel has been thrown at them by reviving the shadow of colonialism. There is no doubt that what is uppermost in the minds of educated Indians at the present time is that under cover of the Communist threat, which is real enough to some, the Western powers are coming back with an alarming display of arrogance in their treatment of Asian nationalism. That a decision of this magnitude should have been made against the studied opposition of India, Indonesia and Burma and the half-hearted opposition of Ceylon is itself an indication that the Western powers are not now prepared to accept Asian feeling as a bar to rapid military action.

It may be that the military situation is serious enough to justify this unbecoming haste. But it is by no means clear even to strategists abroad that a matter of two to three months would have made much of a difference; and the Colombo powers might well have produced their own alternative if pressed hard to do so. It is true enough that their own alternatives at the present time have no great convincing quality to the West or, indeed, to many Asian nations like Thailand and the Philippines which have reason enough to fear the Chinese dragon. The Five Principles and the area of peace are good talking points. There is, however, hardly anyone in India who really believes in his heart that they are adequate to meet the threat of aggression. If SEATO could have been presented in a form which did not strengthen the Western powers' influence in this area, it might have been acceptable even if not couched in the language of the five principles. There is suspicion of China, but there is greater suspicion of a close domination than a further one. In Nepal, for example, there is more fear of Indian influence than there is of Chinese aggression, and many Nepalis hold the view that, while the banquet to K. I. Singh at Peking was quite an unnecessary affront to their Government, there needs to be more concern about the strengthening of the Indian hold on Nepal. All this looked at in terms of objective security, is obviously fantastic and yet it accords so well with people's minds that it is impossible to dismiss it as fantasy. Anti-colonialism means, in fact, today, in great portions of South-East Asia that these nations are prepared to take risks on their security rather than accept foreign domination upon their soil.

This foreign domination is now felt to be returning from the West. Communism is a danger, but it has not yet got a hold on South-East Asia. It does not enjoy the privilege of a military alliance such as the West has with Pakistan or the bases Ceylon has given to Britain. Communists have no military mission as Thailand has with the United States. And thus there is the curious inversion of the order of dangers which South-East Asia faces. Against the ordinary acceptance

of the devil that one knows in preference to the devil that one does not know, South-East Asia in her present mood of anti-colonialism will prefer to deal with the devil she does not know in place of the one she deems to know too well.

So long as this is ignored, it is certain that India, and probably Indonesia and Burma, will be brought into closer relations with the People's Republic of China. This will happen for two reasons. Firstly, it has been the contention of these countries that China for a short period is not bent on aggression. In order to justify their own view and in order to develop their own security these nations must therefore make the most of every diplomatic opportunity to restrain the People's Republic. This implies necessarily more diplomatic intercourse with the People's Republic. Again, if South-East Asia and China both feel that their immediate danger is a new imperialism of the Western powers, they will consort at least on a propaganda policy to make their opposition widely understood. There is, of course, a great gulf fixed between the threats of the People's Republic and the sober and moderate opposition of some of the Colombo powers to the SEATO approach. But it will be foolish for the Western powers not to recognise that their common object is the same in preventing the return of Western dominance in whatever guise.

There is danger, and danger to Asia principally, in this confusion of the common interests of Asia against Communist association. The argument is all too easily accepted that protection not sought for is an imposition. Yet anyone should see that if a country, placed as India is, is occupied by the Communists the balance of power in the whole world will be irretrievably changed. To argue that the West has no interest in such a major catastrophe is surely to take an absurdly limited view of the structure of the national security of other countries as well as of our own.

And thus, while Indian opinion may be mistaken even in its own larger interests, it will need to be met not by acts of indifferent haste and a volume of Western praise such has overflowed in the Western Press, but by a great imaginative effort of public relations on the part of the signatories of the SEATO Treaty to explain precisely to the Colombo powers on what evidence they have based their indecent haste. The situation in Quemoy is not one such reason. An island situated two thousand yards from the Chinese mainland cannot obviously be held indefinitely. Formosa has been specifically excluded from the SEATO pact. There is danger enough in Quemoy and possibly in Formosa, but since SEATO is not intended to deal with either of these contingencies, surely the need for haste is much more difficult to explain.

The conclusions of this discussion can be set out in three bare sentences. SEATO, so far as Indian, and possibly most of South-East Asian, opinion is concerned, has got off to a bad start. Secondly, while SEATO does contribute to the security of these nations which resent its coming, the security it gives is ranked lower than the dangerous incursion of a new type of colonialism in the form of military pressure concluded without the acquiescence of South-East Asian powers. Thirdly, if nothing is done to remove the sense of injury which South-East Asian powers feel at this incursion, there will inevitably be a new attempt to examine the opportunities for collaboration between South-East Asian powers and the People's Republic, which can only be detrimental to the larger interests of the West. If all these misfortunes are to be avoided, it is obvious that the West needs to make a new approach to Asian opinion. This should have been made before and not after the signing of SEATO, but it is better made late than never.

The New Import Policy

THE modifications announced on September 11 to import trade control are the more welcome because they were not immediately expected. It has been known that pressure has been built up by manufacturing interests to dissuade the Government from relaxing the rigid control on imports and indeed the Federation of Indian Chambers of Commerce and Industry has called in its brochure "Imports and Industrial Development" for further drastic restrictions. The Government of India has been wise to reject this counsel in principle but to be aware of the need of fostering Indian industry by a flexible system of trade control, the main principles of which are that austerity has its limits and the policy of restriction must be conceived entirely in the national and not merely in terms of manufacturing interests. The case for control which has constantly been advocated on the argument of the need for conservation of foreign exchange has also fallen through with the accumulation of foreign exchange on a scale which has been sufficient to cause concern in every non-manufacturing quarter.

The only complaint that can be levelled against the new import policy is that it does not go far enough. It was stated at a Press conference when this policy was explained that the additional foreign exchange likely to be utilised was of the order of Rs. 4 crores only. It is obvious that this is no answer to the problem of the accumulation of India's foreign exchange balances. It may be, however, that while this is the figure of existing items there is also to be a stepping up of production targets such as in the erection of further steel plants which will successfully draw down on balances for which mere import policy has shown itself to be inadequate.

Broadly the modifications provide for (a) increased facilities for imports from the hard currency areas, (b) increases in import quotas for certain items, (c) removal of some of the restrictions on the use of import licences, (d) the extension of the system of liberal licensing to a number of items, and (e) the expansion of the list in respect of which the basic period has been extended to include 1952-53.

These modifications are not all equally urgent or effective: it is likely that greatest change will appear from the facilities for imports from hard currency areas. Hitherto licensing from hard currency areas has been unnecessarily severe, it has probably been designed to make India run a favourable dollar balance as well as a favourable overall balance. Seeing that India is a member of the sterling area pool and the gold and dollar reserves of the pool have steadily risen in the last two years, there is no need for this parsimony. It is sincerely to be hoped that now that the liberalisation of imports from the dollar areas has been accepted in principle it will be more generous than was indicated by a reading of the items included in the supplement to import trade control policy. The list of items which will enjoy increased facilities from hard currency areas is obviously too limited. The list includes a number of precision and measuring tools, leather belting, generating sets, fluorescent tubes, power driven duplicators, manual or animal driven agricultural machinery, industrial sewing machines and water meters. It is also important that this modification should be stable over a long period of time. Indian merchants must be encouraged to go abroad now and make arrangements with dollar countries for imports on a larger scale of many commodities of which the dollar shortage has deprived us for many years.

The list from soft currency areas has also been naturally widened. It includes woollen fabrics,

blankets and rugs, sanitaryware, vacuum flasks, glass bangles, safety razor blades, bicycles and breakfast foods. Incidentally, there has been partial acceptance of the British protest on behalf of Lancashire textile goods. Indian fabrics containing more than 90 per cent cotton sateens and velvets, are to be virtually removed from quantitative control and amongst numerous items which are to be licensed more liberally are fish, unmanufactured ivory, boots and shoes, watches, cigarette paper in booklet form, synthetic stones and educational toys.

It is sincerely to be hoped that with the change in direction in import restrictions there will be no more confused counsels in India's import policy. The practice of token imports designed to maintain quality in large sectors of Indian industry needs to be further extended so that the temptation to produce inefficiently always present in Indian industry is kept under check. Protection for Indian industry should now be framed more and more on tariff enquiries and not on the dubious and improper method of haphazard import control.

With the passing of import control as a principle in regulation of the volume of India's foreign trade, there should be a careful examination by both official and non-official research agencies of the extent to which import restriction has been an element in building up Indian industry. It would probably be found on balance that its effect as a protective agency has been far smaller than is generally believed. It is to be noted in particular in a large number of important areas where Indian production has made the most marked recent progress, such as cotton textiles, steel, cement and sugar, Indian prices were for considerable periods lower than those of any country in the world. The effect of import controls on all our major industries has largely been psychological. The position in regard to minor industries is not so clear. It is probable that import control has been a vital factor in the development of the small electrical goods industries and the protective duty on bicycles has certainly been decisive. So also has the import restriction and protective duty on automobiles and automobile parts.

The use of subsidies at a time when the Government of India is unable to consume its rupee resources might well be a more satisfactory method of helping manufacturers in those industries in which the Tariff Commission considers protection necessary in the national interest. Revenue duties are, of course, a different matter. The purpose of these duties not being to assist manufacture but to obtain revenue, the problem which needs assessment here is a matching of price against the revenue which has to be obtained. Studies of the elasticities of revenue duties have not been made on any extensive scale in this country. There is need for many such studies to be set in hand urgently. The method of trial and error of different levels of duties is one which will naturally take a great deal of time, and it is not possible to produce an element of high instability by changing duties rapidly for purposes of this evaluation. It may be that consumer research studies are the best means of determining the volume of revenue duty which a commodity can bear.

In any case this is the time for a scientific approach to all the problems of import policy, and protective and revenue duties. There is need for continuous evaluation and permanent machinery should be set up to advise the Ministry of Commerce and Industry and the Ministry of Finance on the structure of duties in relation to revenue needs and the targets of the operation of licensing which still continue over far too wide range.

Flood Control

WILL the interest in flood control which has been shown by Government and Parliament in the last four weeks ebb with the waters that have caused all the damage and suffering or will it be sustained at this level till a first line of defence is established in the exposed areas? If past performance were to be any guide, there may not be much ground for optimism. Mr. G. L. Nanda, Minister for Irrigation and Power, has stated that river gauges and rainfall records do not establish that the recent floods in Assam and Bihar have been very exceptional in magnitude. But such floods in all the northern rivers of the country have rarely synchronised in the manner in which they have done this year. When the main rivers like the Ganga and the Brahmaputra are in spate for long, floods in the tributaries tend to be blocked, leading to secondary floods in these rivers thereby greatly widening the area affected. The damage on this occasion in terms of lives and property lost has been considerable but it is not the size of the present damage that should now determine whether flood measures should have been executed before or not. It may be accepted there has been an unprecedented combination of adverse factors. But were there not reasons enough to take steps, even if this unlucky synchronisation had not occurred, to deal with the fairly regular floods?

In the light of the evidence now gathered by the Minister for Irrigation and Power, it is difficult to resist the conclusion that sufficient stress has not been laid, either by the State Governments concerned or by the Centre, on flood control measures except those which were secondary to irrigation. Perhaps some of the work of the training of rivers in particular areas might have been undertaken at local levels if there had been sufficient initiative and competence among the State Governments. In Assam during the last five years there have been four heavy floods of which two covered an extensive area. In Bihar there have been two severe floods. In U.P. this is claimed to be the third heavy flood in five years. During all these years the total cost of relief measures worked out to about Rs. 18.5 crores. In spite of all these experiences, the Five-Year Plan did not contain any special priority for flood control schemes and the Kosi Project decided upon last year has not made impressive progress yet. This much cannot be refuted. During the debate in Parliament last week the Opposition could claim some substance behind the wild and often exaggerated criticisms hurled against the Central and State Governments. The Opposition itself did not awaken to the importance of flood control earlier, at any time during the debates on the working of the Plan or of the projects of the Ministry of Irrigation and Power. Not the least of the unsatisfactory features of this matter is the fact that even the collection of hydrological data has to be started only from now on, so that real work on permanent measures may not be commenced until after several years.

There is little purpose in pressing the criticism too hard at this stage. An awakening to the importance of the problem has come at last. The anxiety is about the future, for the execution of the short and long term measures which the Government of India have now decided to carry out. The estimate of the total capital outlay, of Rs. 100 crores for immediate and short term measures and Rs. 75 crores for long term measures involving storages on the tributaries of the rivers in North Bihar and Assam, is not unmanageable. The people of the areas affected by the floods have an intimate personal interest in the execution of these measures and they may be induced to offer full participation, by contribution of voluntary labour or money, showing one more example of popular co-operation in

the working of the Plan. But obviously this cannot be the basis on which the projects can be worked out. A great deal has been said about the value of the methods adopted in China for mobilising manpower for such labour-intensive projects involving mainly earthwork. Additional credence has been given to the speed and efficiency attributed to these Chinese schemes by the preliminary report of the Indian engineers' delegation to China led by Mr. Kanwar Sain. It is high time that the confusion involved in these comparisons were clearly exposed.

The experiments in China in flood control may have great value in their engineering aspects because in China floods, not irrigation, have been the age-old problem. The utility of the various types of constructions to stem or to divert the floods, executed at various periods but more particularly by the Communists, should certainly prove instructive in drawing up our own plans. The opinion has been expressed to the effect that embankments and revetments which provide safety during milder floods often cause grave danger when they give way, unable to resist the fury of the floods of such rivers as the Brahmaputra at their maximum. In any case, training of these rivers by comprehensive measures along their courses seems more essential than protection given to particular places. Officially the Chinese have claimed that all the projects of the last few years have been of great use in controlling the rivers this year in which the floods are said to have surpassed all previous records. The Yangtze broke the earlier high-level records registered in 1896, 1931 and 1949 and similar all-time flood levels have been claimed for the Huai. But Wuhan city, which was submerged in 1931, is claimed to have been well-protected and the damage done by the Huai kept at only a fraction of its havoc in 1931. These are obviously matters which should be checked before they can be accepted at face value.

There is no logical connection between studying the value of the experiments in China in flood control and the adoption of the methods adopted there to execute the projects. Mr. Kanwar Sain's report contains an uncritical acceptance of such data as that the North Kiangsu Canal 100 miles long and 420 feet wide was completed in 80 days by a "systematic and scientific" organisation of the peasants and the other projects were all similarly executed, in no case exceeding four months for their completion. To say the least, it is not an unreasonable surmise, based on the avowed character of the Communist regime, that large-scale compulsory labour was involved and that the conditions under which it was made to work cannot very well be repeated under Indian conditions because it would be repugnant to the prevailing political philosophy. Mr. Nehru had made this difference perfectly clear during Mr. Chou En-lai's visit to Delhi. It is hardly possible, therefore, that the Chinese methods of mobilising manpower and speed in execution could be repeated here. There is the additional circumstance that China's population is 65 per. cent more than India's for nearly the same cultivated area, showing a much larger surplus labour force which could be secured at a bare subsistence wage.

This country, however, has been slowly evolving different methods of securing voluntary popular participation in keeping with the spirit of the Constitution. There is no dearth of the resources needed for this purpose. In terms of money, an investment of Rs. 175 crores is well within our reach and to the extent that manpower cannot be secured under free methods, there should be no difficulty in securing labour-saving appliances. The Government can go full steam ahead without being troubled by inapplicable precedents.



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THE WEEK'S NOTES

MINISTRY OF LABOUR—SUCCESSION WITHOUT CHANGE

The Labour Ministry has changed masters without promise of any indication of change of policy or even change of approach to the old policy. On the Bank Award—which proved the last straw for Mr. Giri—Mr. Khandubhai Desai, the new Labour Minister, offered nothing new, when he reiterated the Prime Minister's assurance to examine any fresh material that may be furnished by bank employees to prove that their interests have suffered by the Government's decision to modify the award of the Appellate Tribunal. On all the other issues of general labour policy, he has shown the same outlook and approach displayed by Mr. Giri at the beginning, tempered perhaps with some realism born out of the experience of the last two years. Mr. Desai has affirmed his agreement with the main principles of the Industrial Relations Bill shaped by Mr. Giri but hopes to implement them by amendments to existing law rather than through a comprehensive code. On the larger issue of the future of industrial relations, Mr. Desai has also reiterated the orthodox trade unionist's faith in the principle of collective bargaining through negotiation and conciliation—in the abstract—without showing any undue hurry to see it achieved during a definite period. For Mr. Desai, this will be a long-run goal, apparently in the Keynesian sense of the long run.

Thus, all the weaknesses of the trade unionist leader in office as Labour Minister will continue to exist. The question whether a Labour Minister should function inside a Cabinet as a spokesman for a special instead of the entire national interest, is bound to recur quite often in the future. There is no reason to believe that Mr. Desai can acquire a special defensive mechanism that was not open to Mr. Giri. It was this contradiction inherent in this type of situation that made Mr. Giri's exit the most dignified step taken in his tenure of office. The only argument to be said in favour of the present step has only temporary significance. In the context of the atmosphere created by Mr. Giri's resignation, it might have been unfortunate for Government to create the impression, by choosing a Minister without labour affiliations, that it was finding it inconvenient to back labour's interests, Mr. Desai has had the courage to step in to prevent any such unjust insinuation and, therefore, deserves all wishes for his success.

SUGAR—POVERTY AMIDST PLENTY

The sugar industry has hit newspaper headlines this week. It is probably the only industry which has had this unique distinction in the last five years, of constantly being in the news for the headaches it has caused to the consumer and the Government. It is alleged that there have been instances of cornering of stocks with a view to profiteering. It would be easy to blame the individuals as the culprits, but it is difficult to see how it could have been avoided in the situation now created. The statistical position of sugar is such, particularly at this time of the year which is the favourite month for sugar crises, that the natural impulse of the trade could not be checked—except through advance planning of supplies. The opening stock of sugar with factories on August 1, 1954, was only 2.17 lakh tons as against 5.72 lakh tons on the corresponding date last year and this decline is nearly equal to the decline in the output this season until mid-August. Import of sugar till then in this

season was 4.3 lakh tons, only slightly above the short-fall in production but obviously inadequate since even with the additional production a serious situation developed about the same time last year. It should have been obvious that in view of the higher consumption of sugar in India, the price-line could only have been held by much larger and freer imports.

There was hardly any difficulty in liberalising imports. The exchange position is embarrassingly sound and the terms of trade have been showing a satisfactory improvement. While the Government of India has still not trained itself to deal with a seasonal scarcity which has occurred with unfailing regularity except in one year, the International Sugar Council which met in London on September 8, was deeply concerned with the problem of how to hold sugar prices at the minimum of 3.25 cents a pound (f.a.s. Cuba). Sugar prices had reached a low of 3.05 cents earlier this year and were only checked from going further below by the reduction of the export quotas of the exporters to 80 per cent. World output was 9 per cent higher in 1953-54 and the exporting countries with preferential treatment produced 30 per cent more. The highly dramatic gestures of the Government of India by way of requisitioning stocks and issue of other regulations only reveal the lack of advance planning of supplies for the lean season in spite of past experience.

CONTROLS AND THE CONSTITUTION

The awkward situation which the Congress party created for itself in the House of the People last Saturday for want of sufficient strength to support a Bill for a Constitutional Amendment seems to be due to something more than a temporary lapse from alertness. The Bill itself was brought before the House in a casual manner on September 6 and the debate was concluded six days later. The Select Committee was expected to submit a report on September 17 so that the amendment may be enacted during this session of Parliament—a period of 11 days from beginning to end, during which even the text of the Bill cannot reach beyond the Members of Parliament. The lapse on January 26, 1955, of the powers under Article 369 of the Constitution to control prices of foodstuffs and other commodities was long foreseen and the Commodity Controls Committee recommended the amendments now proposed over a year ago. There is certainly no justification for rushing through legislation at this pace, even though the opinion in Treasury Benches may be that even such constitutional amendments are too formal. The Speaker's ruling that the special majority prescribed in Article 368 for a Constitutional Amendment was necessary at every stage of the Bill has now made its passage a complicated affair.

The general context today, in which these powers for control are being sought, is one of cynical disbelief in the virtues claimed for commodity controls. The artificial crisis in sugar cannot alter this disbelief. It is not surprising that there is so little excitement over the amendment. Even though the effect of the amendment would be to withdraw certain powers of commodity control from the exclusive sphere of the States and place them under the concurrent jurisdiction of the Centre and the States—with the former's authority to over-ride the latter on all matters—nothing new is involved. The abridgment of State powers now secured by virtue of Article 369 will be made permanent by the amendment and it is not surprising that most State Governments, weak as they are, have shown no disposition to cling jealously to their rights, since only the pre-

sent position is being freezed. Bombay has proved the exception, though this State was in a sense the beneficiary of the controls on food and cotton. The only argument that the defenders of State's authority can urge is that in special emergencies the Council of States can pass a resolution under Article 249 to enable the Centre to exercise authority temporarily. The amendment of item 33 in the Concurrent List has the advantage that nothing is taken away from the States except to the extent to which special provision is made by the Centre.

IN THE UNDERWORLD OF BROADCASTING HOUSE

Quite a substantial issue of principle is involved in two seemingly trivial matters pertaining to the All India Radio's recent news broadcasts. The first relates to the omission—which seems to be deliberate—to announce the news of Mr. Giri's resignation until after it had been accepted. In this case, the delayed acceptance has had the effect—intended or otherwise—of playing down the significance of the dramatic exit of a dissatisfied member of the Cabinet. Persons engaged in the game of politics have the liberty to exercise their discretion in the timing of their decisions with an eye to political expediency. The issue is whether All India Radio has an obligation, as a department of Government, to be interested in such considerations. Till now, the impression that was sought to be given was that it was kept out of them; it is undeniable that there has been a shift away from this policy which this incident forcefully illustrates. The mere handing over of Mr. Giri's resignation was itself news and there seemed at no time any desire for secrecy either on the part of Mr. Giri or the Government, with the result that all the newspapers carried news of daily developments. It may be that the real damage done by All India Radio in ignoring the incident is little but that is not the issue. The question is whether what was indubitably an important piece of news for the country could be

played down because of the departmental character of the A.I.R. and if so, whether it is not a repudiation of all pretensions to objectivity all along.

The second complaint relates to the regular repetition in the news broadcasts, of the Prime Minister's exhortation to the people to subscribe to the National Plan Loan and "join the mighty venture of building up a new India." No one would deny that the appeal deserved to be put across the air and other channels of propaganda as often as possible. But is the news-broadcast the right place for the repetition of an item which has long ceased to be news? One could even understand a frequent repetition of this appeal in the announcements between scheduled programmes but surely the character of the news broadcast deserves to be preserved against such inroads. In the same manner, much time is spent in giving news of the utterly commonplace exhortations of State Ministers and others on the Five-Year Plan, while important world news or details of Indian news are omitted.

These are examples of departmental interference in the functioning of All India Radio which are repugnant even to those who have given no credit for the A.I.R.'s freedom from departmentalism. On the other hand, it seems that in spite of such interference, the Ministry of Broadcasting is unable to make many desirable improvements. There has been a singular inability displayed by the broadcasters to pronounce Indian names of persons and places while no effort is being spared to be scrupulous about foreign, particularly Western, names. This may be due to highly Westernised influences—which are perhaps more marked in the External Services. The Ministry of Broadcasting has long been pursuing many fads without achieving real improvement in the character of the features, except to some extent in respect of classical music. The case for the establishment of an independent broadcasting corporation is only strengthened by these unhealthy developments.

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WORLDGRAM

FINANCE

Sixth Industrial Finance Corporation Report: Of the total amount of Rs. 20.74 crores sanctioned by the Industrial Finance Corporation during the last six years, cotton textiles received Rs. 3.07 crores followed by Chemicals (Rs. 2.44 crores), Cement (Rs. 2.35 crores), Sugar industry (Rs. 2.05 crores), Paper industry (Rs. 2.04 crores), Ceramic and Glass (Rs. 1.35 crores) Electrical Engineering (Rs. 1.29 crores) and Iron and Steel (light engineering) (Rs. 1.12 crores). Other industries where the sum total of assistance is less than a crore, include textile machinery, mechanical engineering, woollen textiles, rayon industry, oil mills, electric power, metallurgical industries (non-ferrous metals), aluminium, mining, automobile and tractor industries, and other unclassified industries. Of the 137 loan applications sanctioned, 78 were for loans not exceeding Rs. 10 lakhs each, 57 were for loans between Rs. 10 lakhs and Rs. 50 lakhs and one each for Rs. 90 lakhs and Rs. 1 crore.

World Bank Loan to Mexico: The International Bank recently gave a \$61 million loan to the Pacific Railroad of Mexico towards the purchase of equipment needed in a rehabilitation and modernisation scheme. The loan will pay for the import of 33 all-purpose diesel locomotives; 31 light diesel locos; 684 freight cars; 4 million railroad ties; 170,000 short tons of rail for 1,000 miles of track; other track materials and communications and shop equipment. The loan is for 15 years, bearing interest at 4-5/8 per cent; including 1 per cent commission charged by the Bank. Amortisation begins in June 1959. This is the fifth loan which brings the Bank's loans to \$141.3 million.

U.S. National Debt Ceiling Raised: The U.S. President recently formally approved a temporary \$6,000 million increase in the present \$275,000 million National Debt Ceiling. It is thought this increase may not be enough. Though the increase approved is \$4,000 million less than what the U.S. Congress had asked for, it is felt that it gives the Government some indispensable latitude in conducting its operations, even though it "may prove inadequate".

Overseas Investments in Australia: It is officially stated that the paid-up capital in Australian companies held by overseas companies and individuals totalled £(A)213.1 million on June 30, 1953, almost £(A) 13 million over the previous year's total. U.K.'s share was estimated at £(A)144.9 million; New Zealand's £(A)16.3 million; Canada's £(A)4.6 million; U.S.A.'s £(A)35.7 million and other foreign companies' £(A) 11.6 million. In addition overseas companies with branches in Australia had assets totalling £(A)164.5 million in the country.

C.P.W.D. Construction Programme for 1954-55: The Central Public Works Department programme of construction approved by the Government of India for 1954-55, is of the order of about Rs. 30 crores. During 1953-54, the works executed totalled about Rs. 15 crores against a sanction of Rs. 23.47 crores.

Central Labour Institute: The Central Labour Institute is expected to be set up in Bombay by the middle of 1956. Buildings for the Institute were estimated to cost about Rs. 10 lakhs and the recurring expenditure would be about Rs. 1.25 lakhs. For the purchase of plant, equipment and technical books for the Institute, an agreement had been signed between the Governments of India and U.S.A. under the U.S. Supplementary Programme of Technical Assistance

under which the U.S. Government had agreed to contribute a sum of \$100,000.

Balance of Payments Position with U.K. and U.S.A.: The Finance Minister stated in Parliament that in 1953-54, India had a current account deficit with the U.K., of Rs. 46.2 crores as against deficits of Rs. 69.4 crores and Rs. 2.1 crores in the previous two years. During 1953-54, India had a surplus of Rs. 31.1 crores in the balance of payments with U.S.A. as against deficits of Rs. 28.1 crores and Rs. 168.3 crores in the previous two years. The balance of payment figures include "Invisibles" (net) which recorded a surplus in all the three years with both the countries.

AGRICULTURE

1,000,000,000 Tree Scheme in U.S.A.: During the next 10 years, 170 pulp and paper companies in the United States plan to plant more than 1,000,000,000 trees, spread over an area of nearly 1,000,000 acres. The amount of money being spent on forestry research and management has increased greatly in the last few years. In 1945, these companies spent \$4,000,000 in this direction. By 1952, this figure had jumped to over \$14,000,000.

Pilot Tractor Training Centre: A pilot training and demonstration centre for tractor operations is proposed to be set up by the Union Government. Operators and mechanics will be trained at this Centre in utilising equipment and testing the suitability of various types of machinery under Indian conditions. Some foreign specialists may also be brought to train Indian personnel. Since 1945, India has imported more than 20,000 tractors. Central and State Governments and some private persons have acquired an increasing amount of equipment during recent years.

Central Flood Control Board: The Government of India have set up a Central Flood Control Board to (a) draw up a comprehensive plan for flood control and fix priorities; (b) to deal with matters relating to policy in connection with floods and flood control measures; (c) to examine and approve specific schemes proposed for the investigation and construction of flood control works in the States; and (d) to arrange for necessary assistance in connection with investigations and planning and execution of flood control works. The Board will keep in mind available finance and technical personnel.

TRADE

Italian Tax Reliefs Provide Export Incentive: Exports are expected to benefit from tax relief under a new law, and are divided into four classes. Class I, which includes most types of capital equipment, engineering products, textile machinery, spare parts for lorries, cars and motor-cycles and aircraft, will be entitled to a 4 per cent refund of the turnover tax. Class II, which includes coke, tar, furs, tyres, most textiles, steel products and pipes, engines, sewing and other machines and motor-cycles, will be entitled to a 3 per cent refund. Class III, which includes certain food products and tinned goods will obtain a 2 per cent refund, and Class IV which includes some food products, fruits and vegetables, oil products, and some chemicals will receive a 1 per cent refund.

West German Consumer Goods Trade Improves: West German orders for radios, refrigerators, motor-scooters and other heavy expenditure items show an increase over last year's figures. Furniture and other durable consumer goods have done markedly better

than the clothing and footwear sections. The installment purchase system also shows a remarkable popularity and varies between 7 and 15 per cent of the total annual turnover. The nation's consumers have entered the savings stage; private savings deposits have trebled in the past four years and now total 14,000 million marks. Thirty million persons hold life insurance policies with a total value of 23,800 million marks—10 per cent more than a year ago.

Sweden's Trade Deficit During First Half of 1954: The growing trade deficit is causing concern in Sweden. During the first half of the year the trade deficit with the sterling area has increased from Kr. 45 million in the first half of 1953, to Kr. 72 million. Imports from the sterling area rose from Kr. 919 million in the first half of 1953 to Kr. 1,028 million, while exports to the sterling area rose from Kr. 874 million to Kr. 956 million. Over the same period, Sweden has also had an increased trade deficit with both the dollar area and West Germany.

Belgian Glass Exports Show Increase: The Belgian glass industry has increased its exports of plate glass to the U.K., Australia and Italy this year. During January-July this year, U.K. took 2,506 tons as against 1,549 tons in the corresponding period in 1953. Australia took 2,583 tons, and Italy took 3,640 tons as against 1,976 tons. These figures, however, offset to some extent the last year's peak figure of 14,302 tons to the U.S.A., to 5,834 tons this year. Exports of sheet glass to the U.K. have risen from 2,856 tons to 3,325 tons.

INDUSTRY

Record U.S. Oil Well Drilling: More wells were drilled in the United States in the first half of this year than in any other six-month period. They totalled 25,900, about 2,700 more than in the corresponding period of last year. Oil was tapped from 14,600, another 1,850 yielded natural gas, while the remainder were failures. The wells represent a total drilling depth of 106,000,000 feet. Most of them were sunk in areas where oil was previously known to exist, but 5,250 of them were in places where it had not been found before.

Japanese Chemical-Fibre Output: Japanese chemical-fibre output during the first half of 1954 totalled a record 318.4 million lbs. but exports of rayon yarn amounted to only 9 million lbs.—3 per cent lower than in the same period of 1953. Exports of staple fibre totalled 362,000 lbs.—74 per cent more than the last year—and of staple fibre yarn 10.5 million lbs.—20.3 per cent more. Rayon textile exports amounted to 161,121.5 sq. yds.—8.4 per cent more—and staple fibre cloth 117.7 million sq. yds.—56 per cent more.

French Car Production and Exports: French Motor Car industry output during the first half of 1954 accounted for 223,822 units against 188,092 in the corresponding period of 1953—an increase of 18 per cent. Total production of motor vehicles rose by 20 per cent from 28,906 in January-June 1953, to 41,823 units in the same period of 1954. Exports expanded from 24,900 units to 34,233 units, and total exports of motor vehicles from 28,906 to 41,823 units in this period.

Czechoslovak Plan Results for Half-Year: The Czechoslovak State Economic Plan for the first half of 1954 was overfulfilled by 1.4 per cent, reports the State Statistical office. Gross industrial production was 3.5 per cent above that of the first half of 1953, with the exception of the steel and food industries where fulfilment was about 99 per cent. The targets for meat, milk and eggs were not met. Afforestation work was carried out in 80,000 hectares representing 83 per cent of the

work planned for the whole year. Sales of textiles increased by 30 per cent, footwear 18 per cent; butter 44 per cent, rice 200 per cent; sugar 20 per cent and coffee 72 per cent. The savings deposits of the general public increased by 551 million crowns during the first half of 1954.

MISCELLANEOUS

Advertisement Business in Canada: The Canadian advertisement business was worth \$144,339,000 (£51.9 million) in 1953, an increase of 18.6 per cent over the 1952 total. There were 88 agencies in business, with seven of them, against five, having billings of \$5 million and over accounting for 48 per cent of the business as against 39 per cent in 1952. Commissionable accounts totalled \$142.9 million against \$120.6 million in 1952; accounts for market surveys and other services were \$1.38 million against \$1.04 million. Advertising in all types of publications constituted 59.1 per cent against 59.9 per cent in 1952. Radio and television advertisement accounted for 18.7 per cent (17.6 per cent), other visual advertisement for 4.2 per cent (4.5 per cent). Mechanical charges accounted for 17.4 per cent (17.1 per cent).

Four Per Cent Decline in U.S. Employment: It is estimated that the number of people in non-farm employment in the U.S. fell by 1.9 million during the year ended July 1954, a reduction of 4 per cent. Over-time work has been curtailed in many industries and involuntary part-time work has become more frequent. The entire reduction in employment has taken place in manufacturing and closely related industries, with durable goods lines hit hardest. Though wages have risen over the last year, the increases have been smaller and more selective.

Houses for D.P.s.: During 1951-52, Government had built 46,872 houses for displaced persons from West Pakistan, and the expenditure incurred in this respect was Rs. 10.13 crores. The total number of tenements and houses constructed at Government expense under the cheap housing scheme, whose ownership was to be transferred to the occupants under the compensation scheme, was 9,767.

Africa and Asia Have Highest Illiteracy Figures: Between 45 and 55 per cent of the world's population, 10 years of age and over, is illiterate, according to the latest statistics issued by UNESCO. Africa has the largest proportion of illiterates with 75 per cent to 85 per cent, followed by Asia (excluding the Union of Soviet Socialist Republics) with 65 per cent to 75 per cent, South America with 40 per cent to 50 per cent, North America with 10 per cent to 25 per cent, Oceania with 10 per cent to 15 per cent and Europe (except the Union of Soviet Socialist Republics) with 5 per cent to 10 per cent.

Tata-Volkart Combine to Form Voltas Limited: Voltas Limited, a new concern, jointly sponsored by Tata Sons Ltd. and Volkart Brothers was registered in Bombay recently. Voltas Limited will take over the activities and representations of the engineering and import division of Volkart Brothers throughout India.

Earnings of Indian Shipping: It is stated that the net remittances made or received by Indian Steamship Companies through banks during 1952-53 and 1953-54 were as follows:

	1952-53	1953-54
Freight and passage fare earnings (Rs. lakhs)	4.52	8.43
Operating expenses of these Companies abroad (Rs. lakhs)	2.01	1.45
Net Earnings (Rs. lakhs)	2.51	1.98

NEWS IN BRIEF

INDIAN

The Government of India have sanctioned a grant of Rs. 5,00,000 to the Cotton Textiles Exports Promotion Organisation at Bombay for publicity work abroad.

A German firm and its Indian associates will shortly begin work on the Rs. 30 million Banihal Pass Tunnel. The Tunnel will provide an all weather road link between India and Kashmir.

Eight Indian officers will shortly leave for higher training in shipbuilding at a French Shipyard. One officer has already been sent to the Netherlands on a U.N. Economic Development Fellowship.

The Indian Prime Minister is reported to have accepted the invitation of the Government of the People's Republic of China to visit China shortly. This visit will be brief, and will probably take place about the middle of October, 1954.

The Government of India have constituted a Committee with a view to propagating improved practices in the field of agriculture and animal husbandry in the Community Projects and National Extension Service blocks.

The All-India Khadi and Village Industries Board has been sanctioned grants totalling Rs. 7,87,500 for the development of various village industries, along with other grants and loans for development of village and handloom industries in various States.

In the four months ending July 1954, under the Small Savings Scheme Rs. 13 crores were collected. The 1954-55 target fixed for the whole of India was Rs. 45 crores. One hundred registered institutions are to be agents for the sale of 12-year National Certificates.

The Government of India, during 1953-54 placed Rs. 306 lakhs at the disposal of the State Governments to be utilised as loans and grants for the development of handloom industry mainly through Co-operative Societies.

The Government of India will be represented by a delegation at the Seventh Session of the WHO Regional Committee for South-East Asia, expected to meet in New Delhi from September 21 to 25, 1954.

About Rs. 50 lakhs are to be provided as grants-in-aid to Nepal during the four years commencing from 1954-55 to be utilised for providing goods, equipment and personnel necessary for the execution of approved projects for minor irrigation works and drinking water facilities.

The Government of India have decided to reduce the sale price of wheat from Central Government depots from Rs. 14-8 to Rs. 13-8 per maund with effect from September 15, 1954.

It is estimated that in the remaining one and a half years of the First Five-Year Plan the amount to be spent on implementing the Plan will be at the rate of Rs. 24 crores every day.

During the period 1951-53, as a result of the completion of the larger irrigation schemes under the Plan, new land brought under irrigation is reported to be in excess of 15 lakh acres.

FOREIGN

Sweden was Britain's leading buyer of automobiles among European countries during the first six months of 1954, and ranked second only to Australia. Imports totalled 22,637 cars valued at £7,300,000, as compared with 11,155 units for the period January-June, 1953.

The Canadian cement industry achieved a record output of 22,238,335 barrels valued at \$58.8 million, against 18,520,538 barrels valued at \$48.1 million in 1952. The gross value of products sold last year, including containers, was \$62.2 million against \$51.0 million in 1952.

The Australian Government and American interests are discussing a plan to convert 2 million acres of the Northern Territory into a rice-bowl. The figure of £(A)5 million is the likely initial investment. At present New South Wales is the only rice producing area in Australia.

The U.K. Ministry of Housing reveals that during the first 7 months of 1954, a total of 197,854 houses against a target of 350,000 for 1954 were completed. Of these local authorities were responsible for 136,675 and private builders 47,634.

U.S. Railroad earnings in the first half of 1954 were the lowest since 1949. Freight value reflected lower industrial output, especially in the East. Class I roads reported a net income of \$224 million against \$417 million in January-June, 1953.

'According to "Pravda", Russian coal output reached a total of 320 million tons, almost double the 1940 figure. In spite of this, however, there is a coal shortage in Russia and large quantities of Polish coal, at undisclosed prices, continue to be imported.

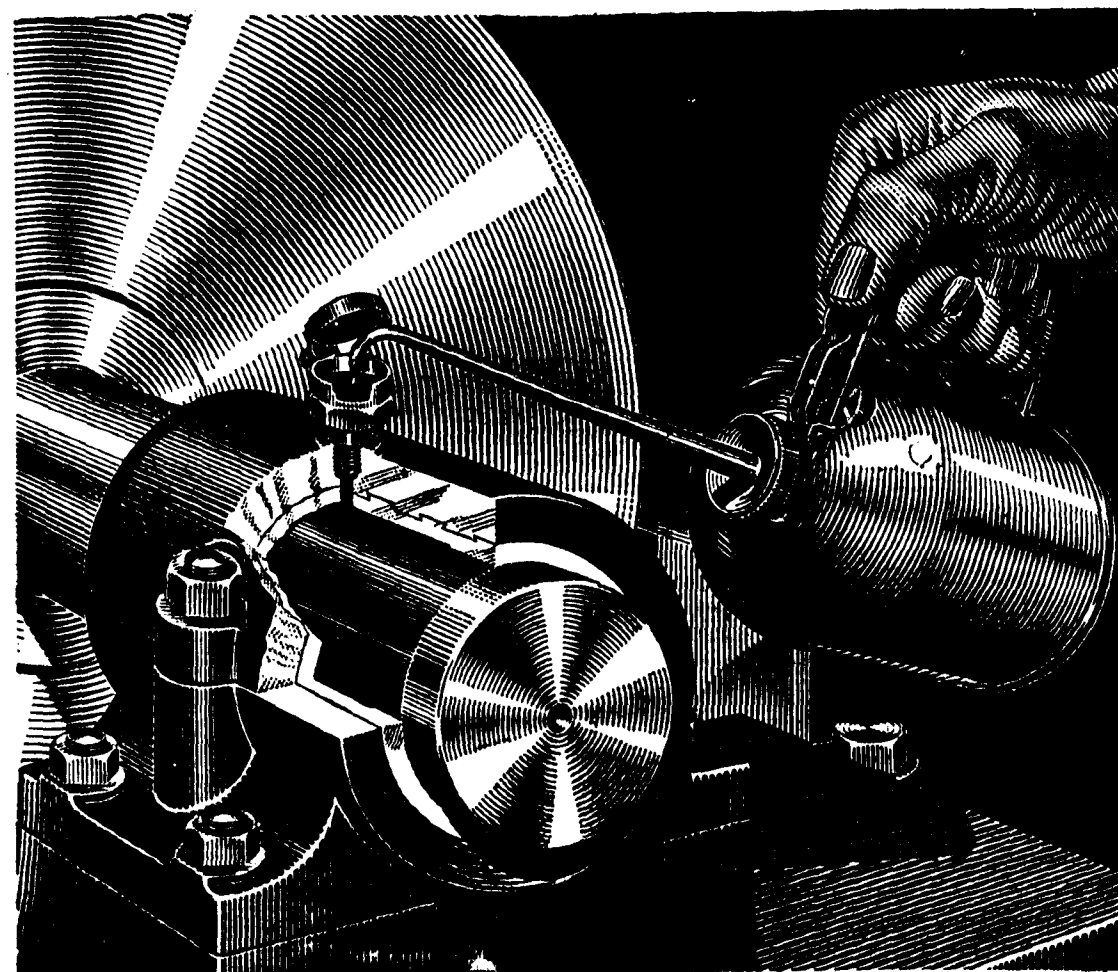
The Austrian Government are to receive about £11 million in schillings from the U.S. Operations Mission, making a total of 12,600 million schillings since 1948. The sum is for investment in electric power, agriculture, metal processings, textiles, coalmining, paper industry, iron and steel and commerce.

The Swedish Foreign Office announces that the Foreign Ministers of Sweden, Norway, Denmark and Iceland in a statement recently, called for the inclusion of Communist China in the United Nations.

According to recent estimates consumption of oil in the United Kingdom during the first half of this year totalled 10,287,000 tons—or 10 per cent more than in the corresponding period of 1953.

Arrangements have been made for ICFTU'S International Seminar, to be held at Calcutta from October 31 to November 20, 1954. Fifteen Asian students and participants from Cyprus, Denmark, France, Greece, Italy, Malta and the Netherlands are expected. Nominations from the British Cameroons, Canada, Costa Rica, Gold Coast, Israel, Kenya, Trinidad and Tunisia have also been received.

A single fighter plane, the Hawker 'Hunter', has achieved orders worth £120,000,000 apart from direct orders for the RAF. Vickers Viscount alone has achieved overseas orders amounting to £32,000,000.



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A Window On The World

THE INDIAN PRESS IN ACTION

BY
ODYSSEUS

THE PRESS COMMISSION'S REPORT has caused us to try to clarify in the previous two despatches the basic principle at stake in the freedom of the press, which, we have agreed, is bound up with the existence of democracy, with the principle enunciated in Article 19 of the Indian Constitution. Where freedom of expression exists, the beginnings of a free society and a means for the growth of liberty exists. Free expression is unique among liberties: it promotes and protects all the rest.

This week, I propose to quit the stratosphere of principles and ideas and to get down to the sordid earth: to take a look at the current practice of journalism in India. Fortunately there is to our hand a short book, "Journalism in Modern India" (published in 1953 by the Asia Publishing House, Bombay) to which fourteen leading newspaper men have contributed, which gives an excellent panoramic picture of Indian journalism today, as seen by some of its most distinguished practitioners.

The contents of the average newspaper in all countries reflect the interests and standard of education of its readers. So it is in India, where the press, catering for the educated minority of a population of 356,000,000, only 14 per cent of whom are literate, recalls the British press of the nineteenth century, in which (before the advent of mass literacy) politics, national and international, trade, commerce, and the serious problems of life predominated. In the number of its pages, and in the choice of topics, the average Indian newspaper resembles serious British newspapers like the "Times" or the "Scotsman". Since poverty restricts the demand for books and periodicals, and since throughout the whole of India there are only 677,000 radio sets licenced, alternative claims on the newspaper reader's attention are small, and it is certain that each copy of a paper is read by several people. Judged by the contents of what he reads—columns on economics, politics, and other serious matters of public interest, domestic and international—the Indian reader should be exceptionally well-informed. And so, if his sense of discrimination and powers of evaluation are well cultivated, he is. But since the average of Indian secondary and university education is appallingly low—this is not an expression of personal opinion but is the view expounded at reasoned length by the Report of the University Education Commission 1948-49, presided over by Professor S. Radhakrishnan, Vice-President of the Indian Republic—many readers are likely to need guidance in the assessment of the news, and for the same reason the average standard of editorial comment and exposition is parochial and uninformed.

To recommend as a solution to this problem the payment of good salaries to attract outstanding editors, leader writers, and correspondents, is a counsel of perfection, for, broadly speaking, it applies to every industry in India in which technical experts are required. The supply is a trickle in relation to the demand. Technical standards will only be raised slowly in the course of the decades as the wealth of the nation as a whole is increased.

NEWS VALUES

Mr. R. E. Wolseley, visiting Fulbright professor at Hislop College, Nagpur University, who has edited "Journalism in Modern India", is one of the technical experts that the West is sending India in large numbers to help in speeding India's progress. He and his contributors have assembled a valuable compilation of facts

on the history and contemporary situation of the Indian press, and they also provide chapters on writing techniques. These do not always hold up the highest ideals of Western journalism for Indian edification but tend rather to an uncritical exposition of Western practice. For example, instructing the neophyte in the writing of a "feature" article, Mr. P. D. Tandon, of the Lucknow "Herald", describes how he covered the activities of Miss "Gussie" Moran, the "glamorous" tennis star of the "lace panties". One can agree that in addition to reporting her tennis—the object of her presence in India—it would be of interest to readers to offer a "profile" of her, a pen-portrait of her personality in her leisure hours off the tennis court. Mr. P. D. Tandon, however, who has obviously been well-trained in the technique of Western popular journalism, wanted what is known as the "local angle story". The psychology behind this is, I suppose, that if a visiting celebrity can be associated with local people and places, it gives the readers a warm, "homey" feeling, and the celebrity no longer appears as a foreign stuffed-shirt but as "almost like one of us", i.e. quite human. Accordingly, Mr. Tandon arranged for a camel to meet him on the banks of the Ganga, where he mounted Miss Moran on its back and took her picture. Next, he took Miss Moran shopping and photographed her buying embroidered Indian silks. Then "Pat and Gussie went to Anand Bhawan with me and one of them put on a Gandhi cap. I photographed them in that historic building." And he concludes with the frank admission: "I created a subject, as it were, where there was none." Mr. Tandon also tells us about the human interest "scoops" that he obtained by interviewing Pandit Nehru's cook and Gandhiji's barber.

I am not for one moment suggesting that Mr. Tandon's synthetic news about Miss Moran was anything but harmless, but I do suggest that the principle on which he acted is dangerous. Applied to a serious item of news—a political situation or an industrial dispute, the dangers become obvious and one is reminded of the maxim "Opinion is free, but facts are sacred" that should be every reporter's mantra.

AN "UNPATRIOTIC" PRESS?

It was clear from the questionnaire circulated by the Press Commission that they had been influenced by the widespread nationalist criticism of the Indian press that it is excessively pre-occupied with foreign news and does not give adequate space to home news. I have a suspicion that the reason for this is that the critics are judging the Indian press not by the standards of the Western serious, but of the Western popular, press, which omits virtually all foreign news except crises and disasters, and fills its pages with items of home "news" such as an account of a well-known circus manager getting married in his own lions' cage, with his lions acting as his bride's bridesmaids—the Western equivalent of interviews with Pandit Nehru's cook and Gandhiji's barber. This pre-occupation with home news seems to strike nationalist critics as a "patriotic" attitude on the part of the Western press, while the concentration of the Indian press on serious news of world importance—affairs in Korea, South Africa, Egypt, Cyprus, or Washington D.C.—strikes them as "unpatriotic". But as literacy rises and intensified competition sets in to satisfy the tastes of the half-educated, the temptation to "create a subject, as it were, where

there was none" will increase in India as it did in the West.

I do not think that the pre-occupation of the popular press with trivialities and with synthetic news, controls, or legislation. You will remember that the greatly as I deplore it, should be countered by rules, Press Commission has recommended the appointment of a Press Registrar to report annually on the conditions of work in the newspaper industry, and the week before last, I urged that the Registrar's duties should be extended to provide an annual Moral and Material Progress Report covering the business, news-gathering, and editorial sides of journalism. The object of this report would be to uphold the proposed All-India Press Council (also recommended by the Press Commission) in its work of setting and maintaining professional standards. The Registrar's report and the Press Council would, between them, also help to create an enlightened and critical public opinion among newspaper readers.

Mr. R. E. Wolseley contributes a sensible chapter to "Modern Journalism in India" on public relations, which, he says, is in its infancy here, but it is perhaps a revelation of my own naivety as a former P.R.O. to admit that I am shocked at his observation that those who do public relations need as a basis of their work a message that should "preferably" be a truthful one. This is a statement that is likely to confirm us in our already somewhat cynical attitude towards the floods of Western "propaganda" to which we are subjected.

THE ENGLISH LANGUAGE PRESS' JUSTIFICATION

The contributors to "Journalism in Modern India" offer conflicting views on a subject guaranteed to let loose controversy whenever two or three are gathered together—the future of the English language in India. Mr. A. D. Mani, President of the All-India Newspaper Editors' Conference, for example, argues plausibly that "it is unthinkable that English should continue as an ad hoc national language...because it is not rooted in the hearts of the people...." It is reasonable to suppose that the English language newspaper is not likely to share proportionately in the rise in circulation that must accompany the steady rise in literacy that may be expected, because since independence English has ceased to be the medium of instruction in secondary schools and has become merely one of many subjects competing for the students' time and attention. It seems safe to prophesy slowly expanding circulations for the Indian language papers. On the other hand, if English has no claim to be considered India's national language, it has been so thoroughly absorbed in middle class strata that it can reasonably claim to have long ceased to be a foreign language—it has become one of the more important of India's many languages. I therefore envisage a modest but solid future for those English language papers that survive the thinning out process that seems inevitable, but I cannot help feeling that their survival depends on the avoidance of "brightness" and synthetic news, on the maintenance of their present serious content, and on their ability to raise their standards of editorial understanding, interpretation, and comment, for if they do not appeal to the minority of the elite (like the "Times" of London, for example), they will cease to have a reason for their existence.

Mr. Wolseley's contributors between them cover the English language papers; the Indian language papers, a chapter which contains much horse-sense about the often despised "vernaculars" and which should be invaluable to advertisers; the news agencies; editing and writing techniques, chapters of interest not only to prospective journalists but educative to

newspaper readers who want to understand the fluences to which they are exposed; and P.R.O. who and the printing, radio, business, and legal aspects journalism. Of the individual authors, S. Nataraja; illuminating reminiscences will evoke appreciative chuckles, while all special correspondents should read the chastening advice wittily offered by K. Shridharar special representative in New Delhi of the "Amrit Bazar Patrika".



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THE WORLD ABROAD

NATIONAL INCOME OF INDONESIA

A report has now been published of the results of the estimates of the National Income of Indonesia for the years 1951 and 1952. Mr. S. Daniel Neumark, National Income Adviser of the National Planning Bureau, who has prepared the report at the request of the National Planning Board, states that these estimates are not mere revisions or extrapolations of earlier figures but represent in almost every respect new estimates, based on new statistics and unpublished information. The task, begun in May 1953 and delayed to some extent, faced all the usual difficulties in obtaining statistical data. The final calculations reveal very interesting trends in the economic conditions in Indonesia since 1938. The following is a summary of Mr. Neumark's findings.

The national income of Indonesia reached a level of Rp. 81,204 million in 1952, as compared with Rp. 70,015.4 million in 1951, or an increase of about 16 per cent. To some extent, this increase was due to a rise in the physical volume of production of goods and services in 1952, but chiefly to the general rise in prices, particularly prices of locally grown food. At current prices income per head amounted to Rp. 905 in 1951, and Rp. 1,033 in 1952. In terms of U.S.A. dollars, at the current rate of exchange of \$1=11.4, it amounted to about \$80.0 in 1951 and \$91.0 in 1952. An attempt was made to measure the national incomes of 1951 and 1952 in real terms, that is, taking into account the decreased purchasing power of the rupiah as compared with 1938, the base year of the two available price indices and the last pre-war year that may be considered more or less normal. In the absence of a proper "cost of living index", it was estimated that cost of living in Indonesia had risen 27 times in 1951 and 30 times in 1952 as compared with 1938.

It is interesting to compare the present national income of Indonesia at 1938 prices with Dr. Polak's* estimate for 1938, although the two estimates are not strictly comparable.

	(Rupiah in millions)		
	1938	1951	1952
Net National Income at current prices	2,700.0	70,015.4	81,204.0
Net National Income at 1938 prices	2,700.0	2,593.0	2,707.0
Population (in millions) ..	68.4	77.4	78.6
Income per capita at current prices	39.0	905.0	1,033.0
Income per capita at 1938 prices	39.0	33.5	34.4

As may be seen from the above figures, the 1951 national income at 1938 prices was lower than the 1938 national income while the 1952 national income stood slightly above that of 1938. However, when these figures are divided by the corresponding population figures, the resulting picture of income per capita is far from encouraging. While it is true that in terms of current money values income per head rose from Rp. 905.0 in 1951 to Rp. 1,033.0 in 1952, in terms of "real" values income per head was f.33.5 in 1951 and f.34.4 in 1952, as compared with Polak's estimate of f.39 for 1938. Moreover, as we are of the opinion that Polak's estimate of the national income for 1938 was

rather too low, the per capita incomes of 1951 and 1952 in real terms compare even less favourably with that of 1938 than the mere figures would reveal.

This means that on an average, Indonesians in 1952 were about 16 per cent worse off in 1951 and about 15 per cent in 1952 than in 1938. In fact, this is the only story which the figures can be made to tell, unless we also know something about the distribution of income by size. The story, though generally correct, lacks in precision. It is necessary to add briefly the following points. First, that in general, the inflation in Indonesia, as in nations elsewhere, has brought about a significant shift in the distribution of income, mainly at the expense of the fixed income groups, especially salary and wage earning groups, rentiers, etc., with the result that while some groups were worse off than in 1938, other groups were conceivably better off. Farmers, for instance, owing to the high prices of food-stuffs relative to the prices of textiles and other goods and services bought by farmers, were both relatively and absolutely better off in 1951 and 1952 than in 1938. Farmers, of course, represented the largest group in Indonesia. However, not all farmers own land, and it is doubtful whether landless farmers were better off in 1951 and 1952 than in 1938. This is one of the interesting inside stories which should be told by a set of figures relating to the distribution of income by size. Unfortunately, we do not possess such figures.

Gross national product at market prices amounted to Rp. 82,335 million in 1951 and about Rp. 93,000 million in 1952. These figures represent the value of goods and services produced within the respective years. In 1951, the value of the goods and services actually available for consumption and investment within Indonesia was less than the gross national product owing to the fact that an export surplus permitted lending abroad or an increase in international assets. On the other hand, in 1952, the value of the goods and services actually available for consumption and investment within the country exceeded by about Rp. 4,938.5 million (or nearly Rp. 5.0 billion) the amount of the gross national product. This was made possible through net borrowing from abroad (or the reduction in international assets) and only to a less significant extent through foreign aid.

Of the total available means in 1951, 84.4 per cent was consumed by households, over 13 per cent was absorbed by Government and the remainder 2.6 per cent was privately invested. Of the total available means in 1952, only 79.7 per cent was consumed by households, 17.3 per cent was absorbed by Government and the remainder 3.0 per cent was privately invested.

The predominant position of agriculture in the national economy of Indonesia is demonstrated by the fact that about 56 per cent of the net national income originated in farming, fishing and forestry. Trade, including banking and insurance, accounted for about 15 per cent in 1951 and 13 per cent in 1952, while industry, including small-scale and cottage industries, accounted for about 9 per cent in 1951 and 8 per cent in 1952. Other significant sectors are rent (6.5 per cent in 1951 and 1952), and Government, including local government (about 6 per cent), transport and communications (about 3 per cent), and mining (over 2 per cent).

The extent to which Indonesia depends on foreign trade as compared with other Asian countries is shown

* Polak, J. J. The National Income of the Netherlands Indies in 1921-1939.

in the ratio of exports to national income which was as follows in 1950:

Country	Ratio of Exports to National Income
India	6 per cent
Philippines	10 " "
Thailand	15 " "
Burma	25 " "
Ceylon	45 " "
Malaya	75 " "
Indonesia 1951	21 " "
" 1952	13 " "

JAPAN'S TRADE WITH THE STERLING AREA

During the Anglo-Japanese trade talks in London which opened on September 7, the main subject for discussion was the reasons for the decline of the volume of trade in 1954 and the steps necessary to make up for it during the rest of the year.

Japan's trade balance with the Sterling Area has been comparatively favourable since the beginning of this year. There was a particularly sharp expansion in trade volume from mid-March with the full implementation of the Anglo-Japanese Sterling Payments Agreement concluded in January this year, accounting for 29 per cent of Japan's total exports and 17 per cent of her imports during the first half of this year. The trade balance for the first half of this year, based on foreign exchange statistics, is as follows (in units of £1,000):

Month	Exports	Imports
January ..	10,749	13,165
February ..	8,883	10,966
March ..	12,121	12,660
April ..	12,448	12,906
May ..	10,570	9,755
June ..	13,241	6,753
TOTAL ..	68,012	66,205

According to the above figures, exports began to exceed imports from April and registered a favourable balance of £1,807,000 for the first half of the year.

We thus see that Indonesia was somewhere in the middle—between Burma and Thailand in 1951 and between Thailand and the Philippines in 1952.

Finally, the National Income estimate also answers the question as to the percentage of the gross domestic product of Indonesia which is paid to foreign investors as interest and dividends. It was 0.7 per cent in 1951 and 0.5 per cent in 1952.

(Source: Information Service, Indonesia.)

However, the average monthly export volume during the first six months amounted to only £11,335,000. Assuming that it will continue at this rate in the latter half of the year, the volume for the year would be £136,020,000, which would fall short of the original goal of £198,500,000 by some £62,480,000 and thus attain only 68.5 per cent of the goal set under the Payments Agreement.

On the other hand, as at the end of June, the average monthly imports from the Sterling Area amounted to some £11,034,000, which is 73.3 per cent of the original goal of £15,040,000. Although exports, especially of textile goods, have recently shown a marked improvement, this is expected to be paralleled by increased seasonal imports of such items as foodstuffs, raw cotton and raw wool, giving rise to concern that the favourable trend in the trade balance might again be reversed. Therefore, undue optimism is not warranted.

The normal reaction of Japan to this situation would be to plan a reduction of imports from the Sterling Area to keep within the declining sterling earnings. At the London talks, Japan hopes to examine the prospects for improving her exports. It is doubtful whether there are still many restrictions in the Sterling Area of the kind which can be immediately relaxed. Japan, it is observed, is receiving the most-favoured-nation treatment in the colonies. It is believed that Japan may have to deal eventually with the independent countries in the Sterling Area like Pakistan and Australia and also make her prices competitive.

A DELHI DIARY

A NARROW ESCAPE

ALTHOUGH Parliament has been dealing with a romantic subject, marriage, it has been dull going in both Houses. For some reason or another, it seems to me that marriage is only interesting to the onlooker when treated frivolously. Fortunately, there was at least one long escape from the marriage debate. This was the crisis on the Constitution (Third Amendment) Bill in the Lok Sabha. On Saturday when the bill was first taken up (and then not taken up!) the Congress Party did not have half the total membership of the House and would probably not have won a two-thirds majority vote for a Constitutional amendment. It would appear, although this is still being denied, that this dire dilemma was overcome by getting Mr. Gulzarilal Nanda (whose vocabulary and debating skill continue to increase!) to continue talking until the House rose for the day. The clever device which was only discovered by the Opposition members on Sunday raised an important debate on Monday. Prof. Hiren Mukherji tried to secure a ruling that the bill had been talked out because no vote was taken. The Speaker, Mr. Mavlankar, however, after allowing forty-five minutes of excited discussion, finally ruled that there was no irregularity in the postponement of the voting. When Mr. Krishnamachari's motion was finally put to the vote, it was adopted by 294 votes to 43 thus fulfilling both conditions for a bill seeking to amend the Constitution. In this way the Congress Party Whip was saved from a most dangerous situation. He is now taking no chances. On Tuesday it was learnt that members of the Congress Party have received instructions that they cannot leave Delhi before getting the Chief Whip's permission. And thus discipline has been enforced!

By a coincidence, which is certainly accidental, the People's Republic of China is also wrestling with its Constitution. There was a report from the 'Tass' Agency at Peking to the effect that on Wednesday this week the All China Assembly of the People's Representatives was to consider amendments, addenda, alterations and so forth to the first draft. Considering that the total of these amendments, addenda and alterations is 1,180,420, I think we would be justified in saying that our problem of Constitutional amendment has been disposed of very simply. I have not yet been able to determine how many people are to make how many speeches on the Constitution in China. But assuming that every amendment is moved, and that ten amendments take one day I calculate these amendments will take three hundred and twenty-six years. Does this mean that the final Constitution is not to appear before this time or that my arithmetic (as usual!) is wildly incorrect?

Meanwhile there is little interest in parliamentary proceedings in India and I would have said that the most interesting things that are happening in discreet silence. Two representatives of the World Bank, Mr. D. Sommers and General R. A. Wheeler, have been in Delhi for some time. They left on Tuesday for Karachi. There are rumours afloat that they have arrived at a complete understanding with the Indian Government. But whether or no they have a solution for the canal water dispute cannot be determined until Pakistan has accepted the new proposals. But there is a strong bull point on the United States side, in that it is believed that the United States in consultation with the World Bank has been on this occasion not merely an honest, but also a successful, broker.

ONE BULL POINT EACH

The score is one bull point each. While the United States of America has undoubtedly helped in the resolution of differences on the canal waters, Russia has scored a remarkable bull point with her offer to set up a steel factory in India. Enquiries have continued to come in throughout the week from almost all places in the world, and not a little surprise has been expressed in diplomatic circles that the first clue was obtained from foreign sources. Delhi has guarded this secret well, and until Monday this week almost nothing was known of the proposal. It now transpires that Mr. Rafi Ahmed Kidwai who first heard the Russian offer informally "from a business contact in Bombay" brought the matter to the Government of India's notice. Surely, this is all very extraordinary. Since the U.S.S.R. has an Embassy in New Delhi, why had the offer to come to the Minister of Food through "a business contact"? I regret to say that this mystery remains, in spite of my best efforts, unsolved.

Again, there are difficulties in regard to the details of the Russian proposals. Apart from the fact that something most interesting is cooking, and that India will be willing to collaborate with the U.S.S.R. on a steel project (a point on which there is no surprise) there is almost nothing to show that a revolutionary offer has been made. I was surprised that Parliament has not obtained any information yet and propose gently to egg on a parliamentarian friend to break the silence and obtain some authoritative information. If therefore a question is asked in Parliament on this matter in the next fortnight I hope I shall be given adequate credit for the dissemination of really interesting information!

THE COLD WAR IN PARLIAMENT

On Wednesday this week, the Cold War also entered Parliament. A thirty-minute discussion was raised by a member of the Communist Party, Mr. V. P. Nayar, to discuss the official ban on the sale of Soviet literature at Railway bookstalls. I am wondering why Mr. Nayar raised this point because it merely boomeranged on him. Dr. Katju, who was in good form, explained that literature which sought to undermine the public mind was "tendentious". But it was not this "tendentious" argument which caused the uproar. Towards the end of his statement, the Home Minister referred to the question of party funds. There were loud protests and in the uproar, Mrs. Renu Chakravarty was heard to say that Dr. Katju had no evidence whatsoever for his statement. The Home Minister, gallant beyond all expectations, replied: "Come into my room and I will give you the required information".

There was laughter from the Congress benches, but it is obvious that this went very close to the facts and there has been definite uneasiness in the Communist Party. Is Dr. Katju's evidence a statement of nil remittance to Russia by the agencies selling books here? If so, this is already public evidence. The Indian people have the right to know whether a foreign government is subsidising a political party inside the country. Is this co-existence? Some people in New Delhi, including myself, think it is not!

ARGUS.



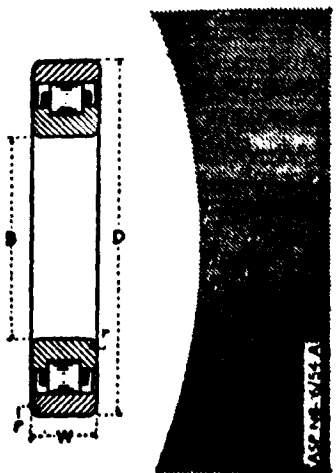
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SPECIAL ARTICLES:

PROFITS IN INDIA: 1950 AND 1951

A RESERVE BANK STUDY

A STUDY of Company Finances in India in the years 1950 and 1951 made by the Department of Research and Statistics, Reserve Bank of India, has yielded a highly interesting report to be found in August 1954 issue of the Reserve Bank of India Bulletin. This study based on an analysis of 757 joint-stock companies' reports in India in 1951 and 1950 may be said to be the most searching analysis yet made on company affairs by the sampling method. There are many new research possibilities contained in the detailed tables. This article concerns itself only with the level of profits in these companies.

It should be stated that although the number of companies included in the study is 757, or only 2½ per cent of the aggregate companies numbering 28,528, the paid-up capital covered is Rs. 337 crores, or 44 per cent of the aggregate paid-up capital of Rs. 772 crores as on March 31, 1951. These companies cover nearly 66 per cent of the aggregate paid-up capital of public limited companies in the industries included in this study. It is possible assuming this to be a sample of public limited companies to estimate the profit at which public limited companies have run in the years 1950 and 1951.

A table giving gross profits shows that in the year 1950 the gross profits were Rs. 84.26 crores whereas in 1951 the gross profits were Rs. 108.97 crores or 29 per cent higher. If we increase this figure by a third to cover companies not included, this would imply that gross profits in the year 1951 were over Rs. 150 crores. If private limited companies were also included the figure would be well over Rs. 200 crores.

TABLE I
GROSS PROFITS

(Crores of rupees)

	1950	1951	Difference Am-Per- cent	age
1. Surplus of Total Income Over Total Expenditure	71.56	80.64	+9.08	+13
2. Excess of Closing over Opening Stocks	12.70	28.33	+15.63	+123
TOTAL	84.26	108.97	+24.71	+29

Interest also attaches to a table of allocation of profits of these companies.

TABLE II

ALLOCATION OF PROFITS

(Crores of rupees)

	1950	1951	Difference Amount	Per- centage
1. Total Gross Profits	84.26	108.97	+24.71	+29
2. Depreciation Provision	23.46	26.46*	+3.00	+13
3. Taxation Provision	23.92	32.51	+8.59	+36
4. Net Profits (1-(2+3))	36.88	50.00	+13.12	+36

5. Dividends,	23.12	25.82	+2.70	+12
	(27)	(24)		
6. Transfers to Reserves	13.75	24.18	+10.43	+76
	(16)	(22)		

Figures in brackets are percentages of constituent items to gross profits.

* This is Rs. 4.18 crores more than the increase in the accumulated depreciation.

These figures are interesting as showing that only about a fourth of gross profits go to dividends and in 1951 at least almost the same percentage was transferred to reserves.

In the year 1951 the figures for retained profits show that capital formation in these companies was very high. The gross profits retained in business as the following table will show were Rs. 62.9 crores out of Rs. 108.97 crores. Net of depreciation this figure was as high as Rs. 36.35 crores.

TABLE III

RETAINED PROFITS, 1951

(Crores of rupees)

Gross Profits	108.97
Less dividend payments	25.82
Less tax payments:	
Provision for taxation	32.51
Less increase in taxation reserve	12.86
Less withdrawals from reserves:	
Transfer to reserves	24.18
Less increase in reserves	23.58
Profits retained in business (Gross)	62.90
Profits retained in business (Net of Depreciation)	36.43*

* This figure is equal to the sum of the increases of items 2 and 8 on the liabilities side.

These figures alone, which by no means are all included, are sufficient to indicate there is a fundamental strength in Indian company finances. Their depreciation provisions have been high, and their level of profits on paid-up capital of Rs. 337 crores is certainly very handsome. In the year 1953 profits were probably a little higher than 1951 and therefore some general observations on the capacity of Indian joint-stock companies at the present time may possibly be usefully made to indicate the order of certain unknowns in planning co-ordinates for the private sector.

In the first place, the gross profits of all private and public limited companies are probably now of the order of Rs. 225 to Rs. 250 crores. Their capacity to finance themselves might be reckoned as something like Rs. 100 crores inclusive of depreciation. Assuming that depreciation makes an inroad of about Rs. 40 crores per year this would still imply that Indian industry is capable of new investment of something between Rs. 50 to Rs. 60 crores. These are figures so much beyond existing estimates that it seems difficult to explain the shortage of capital in the expansion of these companies. If the Reserve Bank estimates are correct, where is private capital formation in Indian companies spending itself?

THE INCIDENCE OF LABOUR EARNINGS

THE tables and the graph given below show the movements in labour earnings since 1939. The Labour Bureau of the Ministry of Labour has calculated the trends in working class earnings from 1939 to 1952 while the figures for the year 1953 have been estimated by the research unit of 'The Eastern Economist'. The average earnings of labour in 1953 are 4½ times that of 1939. It is still premature to try to assess the earnings of 1954, though it could be asserted with confidence that they would be not less than six per cent above 1953.

Statistics regarding wage earnings are collected by the Labour Bureau under the provisions of the Payment of Wages Act, 1936, from factories covered by the said Act. The data collected cover most of the perennial industries which account for five-sixths of the total factory employment in the country. All factories working with the aid of power and employing 10 workers or more and also those working without the aid of power but employing 20 workers or more are covered. The provisions of the Payment of Wages Act apply to all employees, including salaried personnel, whose monthly earnings do not exceed Rs. 200 per month.

The formula for the computation of the index is $I = 100 \times \frac{S(n, e)}{S(n_0, e_0)}$ where n_0 is the number of workers employed during the base year, and e_0 and e stand for the average earnings in the base and current years respectively. The index helps to eliminate the year to year variation in employment.

The general index for 1952 shows a rise of 8.1 per cent over 1951 while the estimated rise of 1953 over 1952 is 9.3 per cent.

The indices of money earnings reveal a rise of 108.5 per cent in 1953 over 1944. Indices of real earnings obtained by deflating the money earnings by the All-India Cost of Living Index (Base: 1944=100) show a steady rise to 143.0 in 1953; except for 1946 and 1950 when there were slight setbacks, the movement has all along been upwards. There was a strike in the Bombay textile mills for more than two months in 1950 which resulted in an enormous loss in earnings to the textile operatives hence the decline in the index for earnings. The biggest jump of 12.7 points in real earnings occurred in 1952 because of a fall in cost of living while the money earnings continued their upward march uninterrupted.

The part played by dearness allowance in inflating the bill for wages needs to be analysed. The dearness allowance has, as a matter of fact, come to occupy the central position in the total earnings of labour and is, on the average, twice the basic wage. In the table alongside are set out the average amounts of dearness

allowances paid in 1952, 1953 and the 1st quarter of 1954 along with the basic wage in the cotton mill industry in the various important centres. On the average, the D.A. is double the basic wage and has no basic relation to the efficiency of labour; the major portion of the labour earnings remains intact whether labour discharges its duties properly or not.

GENERAL INDEX OF EARNINGS FOR
FACTORY WORKERS
(Base: 1939=100)

Year	Index No.
1944	202.1
1945	201.5
1946	208.6
1947	253.2
1948	304.0
1949	340.3
1950	334.2
1951	358.8
1952	385.7
1953*	421.4

* Estimated.

INDEX OF REAL EARNINGS
(Base: 1944=100)

Year	General Index of Earnings	All-India Cost of Living Index	Index of Real Earn- ings
1944	100	100	100
1945	99.7	100	99.7
1946	103.2	106	97.4
1947	125.3	120	104.4
1948	150.4	134	112.2
1949	168.4	138	122.0
1950	185.4	138	119.9
1951	176.5	144	122.6
1952	190.8	141	135.3
1953*	208.5	146	143.0

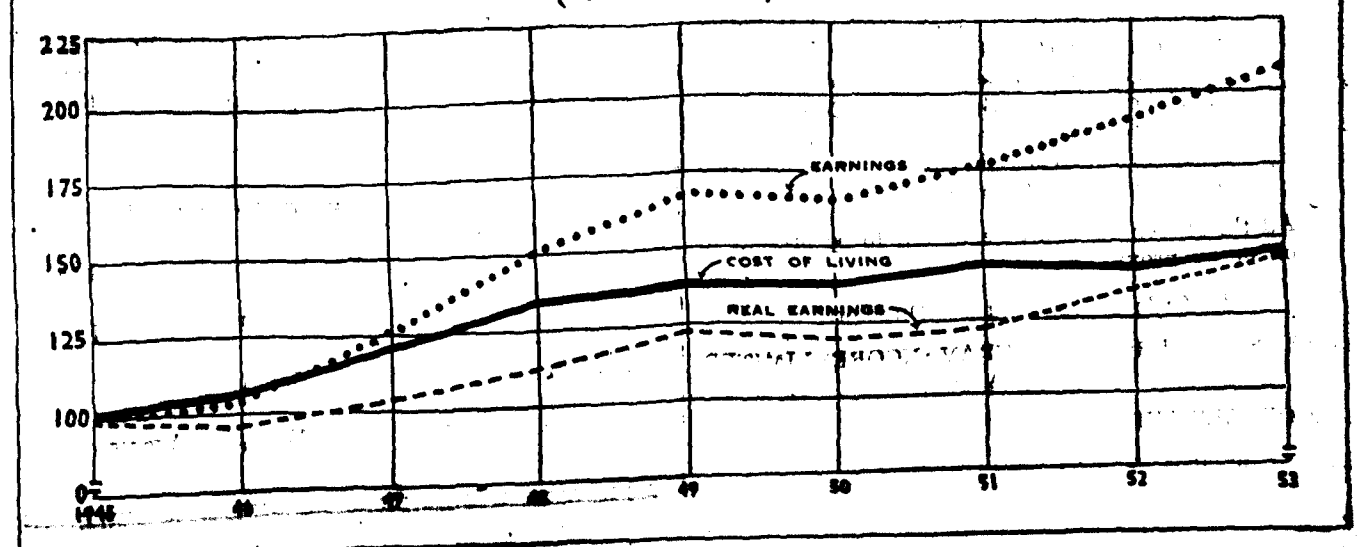
* Estimated.

BASIC WAGES AND DEARNESS ALLOWANCES
PAID TO THE COTTON MILL WORKERS

Centre	Minimum Basic Wage	Dearness Allowances 1952	1953	The quarter ending 31st March 1954
	Rs. As. P.	Rs. As. P.	Rs. As. P.	Rs. As. P.
Bombay	30 0 0	59 4 1	68 4 11	64 12 0
Ahmedabad	28 0 0	70 14 3	77 3 4	76 10 7
Sholapur	26 0 0	58 3 11	59 5 7	55 1 1
Baroda	26 0 0	63 15 6	69 7 9	68 15 11
Indore	26 0 0	50 13 9	54 5 3	54 12 0
Nagpur	26 0 0	42 9 3	42 9 7	42 6 11
Madras	26 0 0	43 4 9	46 11 9	47 3 0
Kanpur	30 0 0	54 14 6	56 10 2	54 4 4

INDEX OF REAL EARNINGS IN INDIA

(BASE: 1944=100)



**THE FERTILISERS AND CHEMICALS,
TRAVANCORE LIMITED**

(Incorporated in Travancore-Cochin State—
Liability of Members Limited)

ALWAYE

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Tenth Ordinary General Meeting of the Company will be held at the Registered Office of the Company at Eloor, Alwaye, on Thursday the 30th September, 1954, at 4 P.M. to transact the following business:

1. To receive and adopt the Directors' Report and Audited Balance Sheet as at 31st December, 1953, and Profit and Loss Account for the year ended 31st December, 1953.
2. To elect Directors in the place of the following:
 - (i) Sri G. K. Devarajulu Naidu, who resigned on 2-7-54 and whose place has not been filled up.
 - (ii) Sri I. E. A. Pereira, who resigned on 21-11-53 and whose place has not been filled up.
 - (iii) Sri N. Ranganadhan, who retires by rotation vide Article 82 but is eligible for re-election.
3. To appoint Auditors for the Company for the year 1954 and to fix their remuneration. The retiring Auditors Messrs. Suri & Company and Sri T. Vely Pillai are eligible for re-appointment.
4. As special business to consider and if thought fit to pass the following resolutions with or without amendments:
 - (a) Resolved that in modification of the draft supplemental agreement approved by the Company at the last General Meeting held on 5-9-53, the variation in the terms of appointment of Messrs. Seshasayee Brothers (Travancore) Ltd., as Managing Agents of the Company contained in the draft supplemental agreement placed before this meeting and signed by the Chairman for identification be and is hereby approved.
 - (b) Resolved that a modification of the draft tripartite agreement approved by the Company at the last General Meeting held on 5-9-53, the Company do enter into an agreement in terms of the draft agreement placed before this meeting and signed by the Chairman for identification and expressed to be made between the Company of the first part, Messrs. Seshasayee Brothers (Travancore) Limited of the second part and the Industrial Finance Corporation of India of the third part, and that the Common Seal of the Company be affixed to the engrossments of the said agreement when ready in the presence of two Directors of the Company.

All the shareholders are requested to be present in person or by proxy.

By Order of the Board of Directors,

SESHASAYEE BROTHERS (TRAVANCORE) LIMITED
Managing Agents.

ELOOR, ALWAYE.

August 20, 1954.

Note: 1. The Share Transfer Books of the Company will be closed from 20-9-54 to 9-10-54 (both days inclusive).

2. Copies of the draft supplemental agreement and the draft tripartite agreement referred to in items 4 (a) and 4 (b) above are available for inspection at the Registered Office of the Company and also at the Office of the Managing Agents at Srinivasa Bhavan, Main Road, Trivandrum.

NOTICE TO SHAREHOLDERS

Notice is hereby given that one of the Shareholders of the Company has given notice of his intention to nominate Messrs. Varma and Varma, Chartered Accountants, Alwaye, as the Auditors of the Company either alone or jointly for the year 1954 at the ensuing Tenth Ordinary General Meeting of the Company.

SESHASAYEE BROTHERS (TRAVANCORE) LIMITED

Managing Agents

ELOOR, ALWAYE,

September 1, 1954.

THE SWADESHI COTTON MILLS CO., LTD.,

KANPUR

NOTICE is hereby given that the Thirty-third Ordinary General Meeting of Shareholders of the Swadeshi Cotton Mills Company, Limited, will be held at the Registered Office of the Company at Kanpur on Thursday the 30th September, 1954, at 2-30 P.M. to transact the following business:

1. To receive and consider the annual Statements of Accounts and audited Balance Sheet for the year ended 31st December, 1953, and the Reports of the Directors and Auditors thereon.
2. To elect Directors in place of those retiring.
3. To appoint Auditors in place of those retiring and to fix their remuneration.
4. To sanction the declaration of dividend.
5. To transact any other business.

The Share Transfer Book and the Register of Members of the Company will be closed from the 24th September, 1954 to 30th September, 1954, both days inclusive.

By Order of the Board,

For Jaipuria Brothers Ltd.,

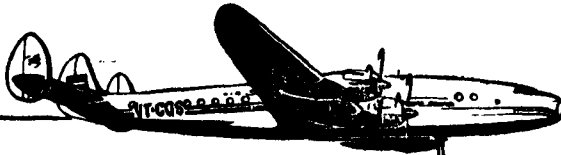
MUNGTURAM JAIPURIA

KANPUR.

Managing Director,

September 11, 1954.

Managing Agents.

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THE BUSINESS WORLD

THE INDUSTRIAL FINANCE CORPORATION

The sixth year of the Industrial Finance Corporation discloses a record of satisfactory progress in each sphere of the Corporation's functions. It is reassuring that the record of peak performance in the provision of finance for industrial development should come in good time after a political controversy over the management of its business had the effect of diverting attention from its essential utility. The value and efficiency of the management of the Corporation as an institution for long-term industrial accommodation must in the end be judged by its ability to fulfil this primary objective. The sixth annual report of the Corporation gives ample assurance that it will perform its proper role on a progressive scale.

The Corporation's working during the last year ended June 30, 1954, shows a definite shift towards requests for larger amounts of loans from a smaller number of applicants. This trend does not in any way indicate a situation of difficulty or hardship for medium industrial undertakings since it is apparent that their requirements are being met also by the State Industrial Financial Corporations. As against a total number of 74 applications for loans amounting to Rs. 8.25 crores in 1952-53, 43 applicants approached the Corporation for aggregate loans of Rs. 9 crores. The number of rejections and the amounts withdrawn were smaller in 1953-54 than in the previous year, but 11 undertakings chose to withdraw their requests for loans to the tune of Rs. 1.22 crores. The final positive result disclosed sanctions for loans of the order of Rs. 5.27 crores (as against merely Rs. 1.43 crores in the fifth year) for 29 units, while the claims of 17 applicants for Rs. 5.11 crores were pending scrutiny and consideration. In the context of the big size of loans asked for in a majority of the cases, the rate of disposal indicates relatively expeditious dispatch. The speedy dispatch, which could not have been realised without the ready co-operation of the Corporation's management as well as the applicants, promises to remove a major grievance about administrative delays.

The 43 applications received last year covered a wide range of objects. The highest proportion was for finance for expansion, modernisation or renovation, while requests for starting new undertakings proceeded from only one applicant. By and large, accommodation was sought for long-term requirements and this included repayment of existing loans taken apparently on more onerous terms. Partially, the loans were to be utilised for the needs of working capital.

In its bare form, the statement of accounts shows net profit of Rs. 17.19 lakhs, which, after provision of Rs. 10 lakhs for income-tax and corporation tax, leaves a balance of Rs. 7.19 lakhs for dividend distribution. The shortfall of Rs. 4.06 lakhs in the guaranteed dividend of 2½ per cent on the paid-up capital of Rs. 5 crores will have to be made good by the Government. The aggregate amount of subvention from the Government to meet the liability of the guaranteed dividend for the prior period was of the order of Rs. 26.89 lakhs. Resort to Government assistance to discharge the liability arising out of the dividend guarantee six years after the Corporation has gone into business unmistakably points out the pressing need to cut down operating costs and in any event Government subvention has been envisaged as an interim aid. If the appointment of a wholetime Chairman, which is to be implemented in pursuance of the Enquiry Committee's recommendation, is to be justified

on the ground of economical and prudential management, one proof of its advisability will be the ability of the Corporation to pay the entire dividend out of its own resources and to lean no more on the Government.

During its lease of six years, the Corporation has endeavoured to play its modest role in supplying credit for the long-term needs of industry. Out of the total sanctioned loans of the order of Rs. 20.74 crores, after allowing for a sum of Rs. 3.26 crores which is either voluntarily relinquished by the applicants or withdrawn for non-compliance with the terms of the loans, effective sanctions amount to Rs. 17.48 crores. Actual disbursements in the first six years aggregated Rs. 12.89 crores, while Rs. 4.59 crores await payments on request from the loanes. A regional approach to the services of the Corporation would be thoroughly wrong inasmuch as the Corporation, functioning on principles of sound credit practices, must be guided by the merits of individual applications irrespective of their geographical location. The Enquiry Committee's suggestions for the formation of regional panels of advisers, based on an obvious misconception, was rightly rejected out of hand by the Government. The correct approach which must rest on a functional basis has been wisely retained and its value has been amply borne out by experience. To the existing two advisory committees on textiles and sugar, two ad hoc committees were added last year for technical advice on engineering and chemicals.

This sixth annual report of the Corporation is fuller in its treatment of the information provided than any of its predecessors and this is one great advantage that has been secured from the Enquiry Committee's report. Information is now available in detail about the industrial units which have been granted loans together with the quantum and purpose of the loans. At 137 the total number of beneficiaries from the Corporation indicates a fair distribution. The character and extent of the industry-wise distribution of the loans granted by the Corporation provides particulars about the capital structure, installed capacity and net sales of the units in the previous calendar year for which latest figures could be procured. The following statement of loans in excess of Rs. 1 crore indicates the contribution of the Corporation to the supply of credit facilities for industrial development. An outstanding fact about this statement is the ratio between the paid-up capital of the industrial undertakings and the loans obtained from the Corporation. Without the accommodation provided by the Corporation, it is problematical whether they could have been enabled to progress with their projects.

Statement Showing Large Loan Transactions of the I.F.C. in the First Six Years

Industry	No. of Units	(Rupees in thousands)	
		Total paid up Capital of the Units	Loan amount Sanctioned
Cotton Textiles	19	5,90.48	3,07.25
Electrical Engineering	11	1,67.98	1,29.00
Chemicals	12	6,40.50	2,43.75
Cement	4	3,27.74	2,35.00
Ceramics and Glass	8	1,16.31	1,22.00
Iron and Steel (Light Engineering)	8	1,52.52	1,12.50
Sugar	8	3,01.50	2,05.50
Paper	7	3,17.65	2,04.00

THE RESERVE BANK'S FINDINGS

By

CROESUS

It is good that official and semi-official bodies, such as, for example, the Reserve Bank of India and the Taxation Enquiry Commission, have begun to make a first-hand study of company finances in India. For the results of these studies, even if they should be no different from those of studies by independent business organisations or financial journals, may be expected, for obvious reasons, to be accepted by the public more readily and without any mental reservations. Private agencies might then have the satisfaction of their bonafides being vindicated and, even more than that, of the general public showing a better appreciation of realities which, after all, is their only objective.

While it may take several months more for the Taxation Enquiry Commission's findings to see the light of day, the Reserve Bank's study, probably the first comprehensive one to be undertaken by it, has been published in the latest issue of the Bank's Monthly Bulletin (August, 1954). The study would have hit the headlines in the Press if it related to the year 1953, but it relates only to the year 1951, as compared to the position in the year previous to that. Of course, it is too much to expect the Reserve Bank to express its views on any subject of current interest, even if it be through the columns of its own Bulletin, although I don't see why it should not do so both to educate the public on a topical issue and to get the reactions of the public to a given course of action, except when it is a highly confidential matter, such as, say, reduction in the Bank Rate.

Be that as it may, let me refer to a few of the interesting findings of the Reserve Bank study. I am not going to say anything about the limitations in the way of such a study, if only because, while these are too well known to those whose business it is to review the results of companies' workings, they may not interest most others. All the same, these limitations are worth noting by those who are known to be advocating a certain degree of uniformity in the presentation of balance-sheets. One can understand some differences between the balance-sheet of a unit in a seasonal industry, such as, say, the sugar industry, and that of a perennial factory, such as a cotton mill, or between those of a plantation company and a mining company, but one often comes across glaring differences between even two units of the same industry, especially if these are run by different managements or groups of managing agents. It goes without saying that, for a full and proper appreciation of any subject—more so when it is a complicated subject such as company finance—the comparative study must, as far as practicable, relate to items which must connote the same thing whether it is in respect of X company or Y company; for instance, it must be a convention to regard the item "sales" as sales exclusive of all taxes in all cases. Likewise, "manufacturing expenses" must include the same items of expenditure in relation at least to all the units of one industry, unlike at present.

It is, more often than not, uninformed talk to say that manufacturers have raised their prices unconsciously, whenever prices are raised. For it does not always follow that the producers are out to fleece the consumer; the higher prices may be due to other

reasons, such as, for instance, a sharp increase in manufacturing expenses. The Reserve Bank study throws useful light on a point like this when it says: "The bulk of the increase (as compared to 1950) in total expenditure (in 1951)" of the companies examined "was due to manufacturing expenses which rose sharply by 39 per cent owing to an increase both in the cost and the volume of raw materials utilised by industries". Similarly, critics have not been wanting who suggest that profits are deliberately bloated (to enable the management to declare higher dividends) by overvaluing or manipulating closing stocks. It is to such critics that I would refer this conclusion of the Reserve Bank's study: "In 1951, closing stocks of finished goods and work-in-progress were 25 per cent higher than opening stocks, whereas in 1950, they were only 12 per cent higher. The increase in the value of stocks has been due to an increase both in cost and quality (emphasis mine). Let me hasten to add that I have not pointed this out to dispute the legitimate contention that gross profits do rise with a rise in the value of stocks for good reasons.

Perhaps the most enlightening—enlightening to the ever doubting (or is it suspicious?) Thomases—conclusion of the Reserve Bank's study is the following:

"Broadly speaking, during 1951, provision for taxation accounted for 30 per cent of the total gross profits, while the remaining was almost equally divided among provision for depreciation, allocation to dividends, and transfer to reserves. Out of the increase of Rs. 25 crores in gross profits in 1951, over one-third was set apart by way of provision for additional taxation. Over half the increase was ploughed back, mainly in the form of transfer to reserves and partly in the form of provision for depreciation, while only about a tenth of the increase in gross profits was distributed by way of dividends (emphasis mine, again). Consequently, the proportion of transfers to reserves and provision for taxation to gross profits showed an increase during 1951, while the proportion of provision for depreciation and appropriations to dividends showed a decline".

I would submit this one extract to the Taxation Enquiry Commission and ask them if it does not make out the most convincing case for (i) a reduction in the existing heavy incidence of taxation, (ii) greater incentive to plough back profits—to encourage a healthy trend that is responsible for much of the capital formation in this country, (iii) increased depreciation allowances, and (vi) ruling out all fantastic demands to impose a ceiling on dividends.

There is in the Reserve Bank's study an interesting table (Table 10) entitled "Financial Ratios". Of the seven different ratios included in this table, the first, namely "percentage of net profit to net worth" and its explanation attracted my particular attention. "Net Worth" has been explained as "paid-up capital and reserves (excluding those specifically earmarked for non-shareholders), i.e., liabilities to shareholders". (Emphasis is once again, mine). Will our Industrial Tribunals, which are too prone to treat reserves as though they belong to anybody except shareholders, make a careful note of this?

BOMBAY AND THE NEW IMPORT POLICY

BY
CROESUS

Generally speaking, the Government of India's latest import policy has been welcomed in Bombay.

But there are certain aspects of it—apart from controversial issues such as whether it is better to protect

the indigenous industries by means of higher duties or restrictions on imports—which would appear to conflict with the Government's own known objectives and intentions. There is, for instance, the stepping up of the import quotas of woollen goods from 12½ per cent to 50 per cent, that is, by 300 per cent. A review of the increase in quotas announced in respect of most other commodities shows that it is only woollen and worsted piecegoods that have been singled out for this singularly sharp increase in import quotas. One thought, from the steady progress that the industry has been making, and the consistently sympathetic attitude of the textile authorities towards this industry, as witness the recent proposal to appoint a planning or development council in view of the fact that several new mills have recently been started and others are in course of erection, that the Government's policy would be to encourage indigenous production more and more and create more employment in the country.

There are two probable counts on which the decision to allow such large imports of any goods could possibly be justified: (i) had the industry made no effort to improve the quality of its products and (ii) had the total production of the Indian industry been hopelessly inadequate vis-a-vis the total consumption requirements of the country. As a matter of fact, however, neither of these grounds applies to the indigenous woollen industry. In the circumstances, the result might well be to discourage the efficient and enterprising units from continuing their good work to the profit of both themselves and the country.

When the Government's decision means an increase in the import duty of about 28-2/3 per cent the price of imported woollen goods ought normally to go up. Obviously one could not expect a corresponding rise in view of the anticipated increase of approximately two million yards of woollen manufactures per year as a result of the increase in the quota from 12½ per cent to 50 per cent and the consequent keen competition among importers themselves. But, surprisingly enough, within even the last few days of the announcement of the import policy, the prices of imported woollen goods have already fallen. The explanation for this anomaly is to be found in the fact that, under the prevalent quota system, licence holders get a premium, it is alleged, of anything between 40 and 50 per cent on the landed cost of imported woollen manufactures.

The large increase in the quota now will naturally lead to the disappearance of the premiums and, because of this, the importers can take the impact of even a sharp rise of over 28 per cent in the import duty on woollen goods.

One other point to be noted in respect of imports of woollen and worsted piecegoods into India is that a large percentage of these imports, especially at the present time, comes from Japan. Japan, as everyone knows, can export her goods even in the face of a 100 per cent import duty. The Japanese are pastmasters in subsidising their exports both directly and indirectly.

As I have said earlier, the large increase in the import quota might have been justified had there been a shortage of woollens and worsted manufactures in the country. Woollen manufacturers claim that there has at no time been a shortage of these goods in India. On the contrary, stocks of finished goods lying with the Indian mills today are stated to be considerably higher than last year, and the present, it may be added, represents the peak season for sales of woollen goods. Even some weeks ago, protests were being heard from woollen manufacturers that, in many of their mills, there was considerable idle capacity because stocks had accumulated. The increase in the import quota of woollen goods, according to a representation made at a meeting of the representatives of all the woollen

manufacturers in Bombay, will be like adding the last straw on the camel's back, in that the import of an additional two million yards of woollen and worsted piecegoods that the new policy will lead to, will result, it is feared, in a more or less equivalent decline in the sale of Indian woollen manufactures. This does not certainly hold out prospects of the present idle capacity of the Indian woollen mills being used up; on the contrary, it might serve to increase the idle capacity still further and thereby worsen the unemployment situation further.

In passing, I wonder whether the Government was influenced in its latest policy by the suggestion of a prominent business man, who recently returned from the U.K. and the U.S.A., that the Government should liberalise imports of foreign goods and at the same time raise the import duties so as to protect the interests of the indigenous industry. If I have understood the statement of the industrialist in question correctly, he was only referring to imports of the most modern and up-to-date types of luxury goods which Western countries have been manufacturing on a large scale since the past one or two years and not to goods, which India can, and has been manufacturing already.

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BUSINESS NOTES

SUPPLEMENTARY DEMANDS

The supplementary demands for grants of the unusual amount of Rs. 215.61 crores, which the Union Finance Minister presented to the Lok Sabha last Monday, would raise reasonable doubts whether the distinction between the regular budgetary demands and supplementary demands is being considerably narrowed down. At this figure, the supplementary demands represent a large ratio of the demands in the budget. The Constitution provides for the procedure of supplementary demands to meet cases of real urgency which could not be reasonably anticipated or foreseen at the time of the budget. This essential character of supplementary demands assigns to them a rightful role to meet an emergency and restricts their size to modest amounts. An appraisal of the requirements of the Exchequer for the year, based on a correct assessment of the economic situation, is the primary function of budgeting. To the extent that this appraisal proves to be wide of the mark, barring extraordinary situations, it is bound to cause a feeling of surprise.

Supplementary demands, from the manner in which they are rushed through the House, subtract from Parliament's effective control over the nation's finances. By a curious coincidence, these supplementary grants are being asked for with such proximity in time to the publication of the last audit report. In that report the Auditor-General makes a poignant observation: "The increase in the number of unnecessary supplementary grants and a fall in the percentage of surrendered savings are indicative of deterioration in the control over expenditure."

It must be conceded that this observation has no close application to the supplementary demands which are being pressed now. The expenditure of half a crore of rupees on account of the Truce Commission in Indo-China could not have been foreseen. Out of the sum of Rs. 6.13 crores charged to revenue, Rs. 4.36 crores relate to transfer from one account to another due to the transfer of the government collieries from the Railway Ministry to the Production Ministry. Most of these grants are to be charged to capital schemes—State trading in sugar, food and fertilizers. Other capital outlays take the next place in the order of the magnitude of expenditure. When adjustments are made via recoveries, transfers and surrenders, this figure of Rs. 215.61 crores will be reduced to less than Rs. 100 crores.

THE REVISED IMPORT TARIFF

Ever since India's request for a relaxation of certain import duties by which she was bound was conceded by the Intersessional Committee of the GATT, it was an open secret that the rates of customs duties on the specified articles would be raised. The purpose of this upward revision is now clear. India does not aim at putting up new barriers to international trade. If import duties were the only mechanism for regulation of the import trade, the interpretation about creating new restrictions would have been justified. But they are not. Quantitative restrictions also constitute an important instrument to regulate import trade in the interest of maintaining a proper equilibrium in the external payments. The justification of the revised import tariff lies in the fact that the quantitative restrictions on import have been simultaneously liberalised and additional room has been created for a larger volume of imports, even if with higher customs duties. The net result will be to stimulate imports. The shift

from quantitative restrictions to higher tariffs has been made because quantitative restrictions operate with a rigidity that is not easily responsive to the influence of demand and prices.

Most of the twenty-seven articles on which the duties are proposed to be raised comprise the list of items in respect of which releases were procured from the GATT Intersessional Committee. The selection of these articles has been made primarily on the test of artificial scarcity aided by the severe quota restrictions, although it is a fact that higher customs revenue and an added measure of protection to domestic industries were also the determining factors. The liberal quotas now announced will have several effects. The larger supply of imported goods will go to absorb the unsatiated demand and it will be possible to open greater access to new-comers in the import trade. The higher duties are presumed to offer adequate protection to indigenous industries from external competition and it will give them urgent stimulus to adjust their price structure to the new market trends. The impact of liberalised import quotas on home-made goods will be qualified by the weight of the higher tariffs and it is bound to vary in respect of the different items of imported goods. Higher duty, for instance, will confine imports to superior grades of pencils. There will be reason to modify the policy if the effect of the new change is to cause great hardship in respect of prices. In the generality of cases, however, this result will not occur. The range of goods to which the change in rates has been applied is restricted. It is not expected to bring to the Exchequer additional revenue in excess of Rs. 4.5 crores. Whether this gain will be enough to offset the depressing effect on customs revenue due to the reduction or abolition of export duties on a number of articles recently introduced can be judged only some-time in the last quarter of the current financial year.

THE PRIVATE SECTOR AND ITS COMPONENTS

Seven years of office and discipline in the discharge of the responsibilities of administration have had a tonic effect on the overall outlook of the Congress Party and admittedly the greatest benefit of the experience since independence is to bring a sense of realism in the approach to all problems. The ideal of mixed economy was accepted probably in the vague belief that in reality it would imply a predominant role for the public sector and so far as the place of the private sector was concerned it would remain in the economy on sufferance. But a correct perspective in assessing the proper role of each of the sectors has now been acquired and there is full and frank recognition that the part which the private sector has to play is of a great magnitude and of no smaller value than the part to be assigned to the public sector. It is all to the good that this realisation has come in advance of the preparation for drawing up the Second Five-Year Plan. The First Five-Year Plan having given top priority to the creation of basic resources (except in transport), the emphasis is now to shift by consensus of opinion to the acceleration of the development of industries to raise living standards.

There is unhappily no complete clarity in thinking about what precise form industrialisation should take. The anxiety for the revitalisation and expansion of small-scale and cottage industries is quite understandable. Their employment potential and their permanent place as the integral part of the industrial sector of the economy make them objects of special attention. But the Congress Party's approach to the solution of the problem of their development is apparently wrong. It

is also harmful to the growth of the economy. It still persists in thinking in terms of separation of spheres of production for small or cottage industries on the one hand and medium and large-scale industries on the other. Such a watertight separation is repugnant to all sound progress and it does gross injustice to the consumer. A thickly populated and sub-continental country like India cannot switch over completely to large-scale industrialisation. But in its economy small-scale industries must be assigned a subsidiary role as ancillary to the requirements of large industries. The two must function as complementary and not on a basis of exclusion. Mr. M. A. Chidambaram, President of the Southern India Chamber of Commerce, Madras, puts in a proper plea that the remedy to improve the state of small-scale industries is to be sought not in artificial and stop-gap arrangements but in a long-range cure through rationalisation. The bogey of the devastating effects of rationalisation is now being exploded and the principle of gradual rationalisation has gained recognition.

STEEL HINGES

Production of steel hinges along with pad bolts, tower bolts, pad locks and similar items of builders hardware and fittings constitute a war-time industry which is operated on a small-scale. This industry comprises 54 units and its requirements as regards raw materials, and technical manpower are quite simple and fully satisfied by indigenous resources. The return of the market to the supremacy of the buyer has begun to exert a heavy strain on this industry and it appears that the industry will need to build considerable staying power if it is not to deteriorate on a growing scale. The organized sector of the industry relates very largely to the manufacture of steel hinges and in fact it is the present condition of the units producing steel hinges that has monopolised the annual speech of Mr. Ajoyendu Paul, Chairman of the Builders Hardware Industries Association, Calcutta.

There is, according to the Chairman, a glut in the market for steel hinges in this country which has resulted from the liberal import policy. In his view nothing short of a complete ban on import of this article can help the indigenous industry clear its unsold stocks. In addition to this he mentions the price factor as a serious impediment. The industry's request for reference of its claim for protection to the Tariff Commission has not been heeded. The official view being that the import duty from 31½ per cent to 66½ per cent is a sufficient deterrent no tariff investigation. Indigenous exporters are said to be unable to lower their prices to the extent of the increase in the selling price of steel by Rs. 100 per ton, while foreign exporters are granting heavy discounts on their value. The industry's case is for reduction of import licences which are issued on the basis of value to a token quantity. But its more pressing case for enquiry by Tariff Commission seems prima facie warranted.

THE MARKETS IN 1953

The 1953 Annual Market Review issued by Messrs. Premchand Roychand and Sons, Ltd., Bombay, in keeping with the high standard set up by its predecessors, continues to be a reliable, sober and authoritative book of reference. In the latest issue, the regular features have all been continued, as also the wealth of statistical data about the markets, especially those in which the company is particularly interested, namely, money, cotton, edged, bullion, and shares. Outstanding, as always, are the introduction, which provides perhaps the most comprehensive background that accompanies any review of this type in India, and the brief and cautious remarks on future outlook. "We should not forget" warns the

Review, "that the world economy has entered a competitive phase. With the entry of both Germany and Japan in world markets, all industrialised countries are faced with competition. Unless we face this competition boldly, we shall not be able to develop our economy with vigour and strength."

The Review is frankly doubtful as to how capital expenditure on the present scale can be maintained, notwithstanding the First Five-Year Plan and the preparations for the Second Five-Year Plan, unless adequate savings, personal and public, are available. It is equally apprehensive of the inflationary implications of the proposed large-scale deficit financing at the rate of Rs. 200 crores a year. Very pertinently it declares, therefore, that "the implications of this situation in the Indian economy, when world prices have taken a downward trend, provide a warning which should be heeded in good time." If the Union Finance Minister's visit to Washington to woo American capital is a concrete indication that this warning has, in fact, not gone unheeded, may it be hoped that the report of the Taxation Inquiry Commission which is reported to be nearing the end of its arduous and exacting task will point the way, if not provide the much needed stimulus, to adequate savings?

RUBY GENERAL

The financial results of the working of the Ruby General Insurance Company in 1953 show marked improvement in the life business. New business written in 1953 was of the order of Rs. 2.64 crores as against Rs. 2.49 crores in the year before. The life assurance fund improved by Rs. 37 lakhs to Rs. 2.40 crores in 1953, while the premium income rose by Rs. 1.60 lakhs to Rs. 57.67 lakhs. In the general insurance business, however, the slow recovery emphasizes the array of problems and impediments that present themselves. General insurance business improved to Rs. 71.80 lakhs in 1953 as against Rs. 70.38 lakhs in 1952, but it was lower than the 1951 figure of Rs. 74.24 lakhs.

Mr. B. M. Birla has full justification to emphasize that even if the Ruby General, whose life department is the youngest among the bigger insurers, has shown gratifying results within the permissible limits of the expense ratio, it does alter the fact of the inequity of subjecting all life insurers, irrespective of the wide divergences in their business, to a uniform expense ratio. Mr. Birla has urged immediate consideration of some of the pressing problems of general insurance business. Unhealthy competition and ruinous rate cutting in marine insurance has now reached a danger point, which makes it imperative for the Insurance Association of India to intervene promptly for consultation for remedial measures with Indian and foreign company managements. In the miscellaneous business, automobile insurance, apart from the hardship of the claims experience, inflicts the worse hardship of the unprincipled operation of the non-tariff companies. The Chairman pertinently reminds the Government of its assurance to ban non-tariff companies from operating and stresses that the delay in carrying out this assurance is already causing great injury to law-abiding tariff insurers.

THE RESERVES IN AUGUST

The gold and dollar reserves of the sterling area registered a decline of \$95 million during August in relation to the month of July. As on 31st August they stood at \$2,015 million. In this estimate the part played by capital movements must be borne clearly in mind. There was in August the transfer of a sizable amount of \$112 million to the International Monetary Fund in full payment of the balance that was left over out of a sum of \$300 million which was obtained by the U.K.

from the Fund in 1947 and 1948. With this last instalment of repatriation, the Fund's holding of sterling has been restored to the basic minimum. An amount of \$11 million was received in this month by way of American defence aid. If these two amounts are excluded from the account, a surplus of \$6 million emerges which represents the real surplus. This is quite a fraction of the monthly surpluses that have been in evidence since the last spring and it is the lowest since autumn last. And it could emerge because of the gold receipt of \$11 million by the U.K. in the settlement of the E.P.U. account. The real significance of this surplus in August will be better appreciated if it is recalled that at this time of the year there is usually the pressure of the seasonal strain. Twelve months ago, in August last year, there was a deficit of \$6 million while in the next month of September it was enlarged by an amount of \$5 million to \$11 million.

At this time of the year when expenditure on tourism is usually high and commodity earnings are low, coupled with the share of debt settlements, the surplus recorded is reassuring. The fall in sterling balances rules out the inference that the dollar reserves are being strengthened at the cost of rising sterling balances. The sterling area's balance of payments position has been maintained, although not at the same level obtaining in the first quarter of 1954.

STANVAC'S NEW INVESTMENTS IN INDONESIA

The Standard Vacuum Oil Company is planning new capital investment in Indonesia. After the "let-alone" agreement between Stanvac and the Indonesian Government terminated about 2½ years ago, both parties had been carrying on negotiations for a fresh agreement. There are three issues involved in the formulation of a basis of the new agreement, viz: taxes in

general, financial matters (transfer etc.) and exploitation rights in the oil-bearing regions. Agreement has been very nearly reached on these issues. Stanvac intends to carry out a short-term capital investment plan which would cover a period of three years. The plan involves boring of new oil-wells in the Lirik region in Central Sumatra and the renovation of the company's refinery at Sungai Gerong. For this plan an expenditure of 70 to 80 million U.S. dollars or approximately one billion rupiahs would be required. Sinking of new oil-wells in the Lirik region would also prove of benefit to the population economically. It is contemplated to put into operation a long-term plan after the completion of the short-term plan, provided the Government grants the company new exploitation rights in the oil-bearing regions.

The primary consideration at present is to settle the problem of exploration rights in oil-bearing regions. If this is achieved, then the amount to be spent for this plan will most likely be as large as the short-term one. In looking for new oil-wells, Stanvac does not exclusively consider Sumatra but has also in mind Kalimantan (Mandul region near Tarakan, Tobok region north of Bandjarmasin and these, in fact, already used to be Stanvac concessions before the war). Other regions where the company should like to conduct geological explorations are Timor, Sulawesi, Buton, Aru and Madura.

There is an understanding that Indonesian national would be given opportunities for technical training and they can qualify themselves for the higher jobs according to their talent and ability. The Stanvac management was aware of the aspirations of a section of the Indonesian public about nationalisation of the mineral oil industry, but having regard to the British and Indian opinion on similar lines, the management did not think that it was a matter for embarrassment.

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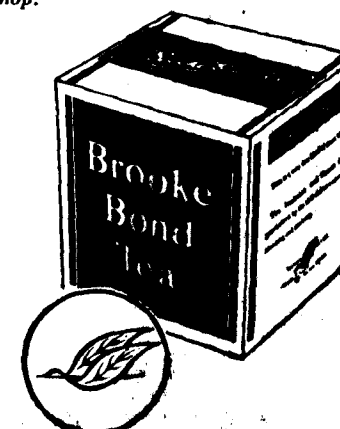
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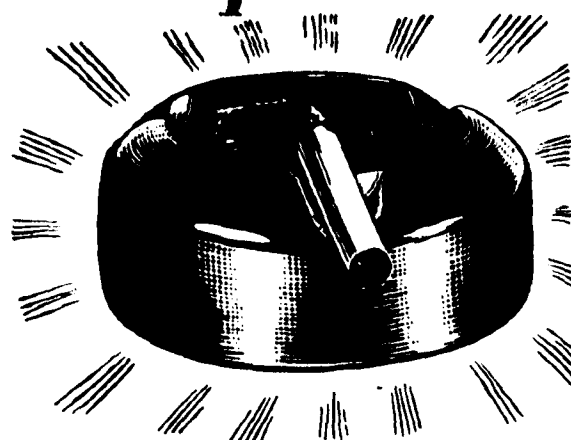


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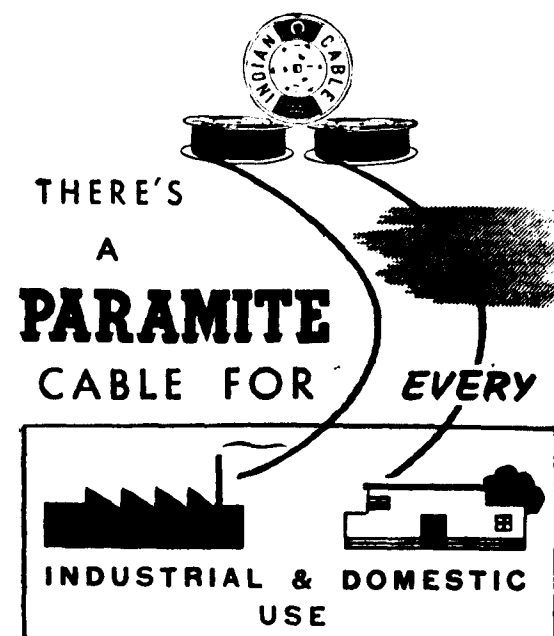
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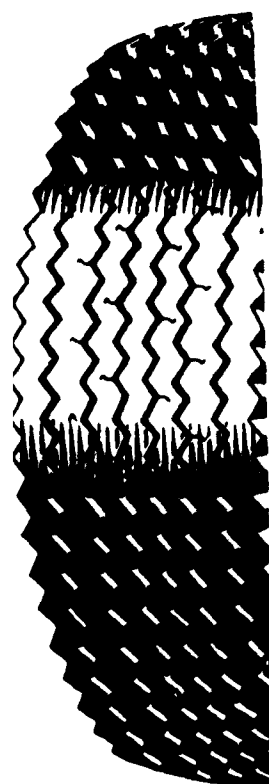
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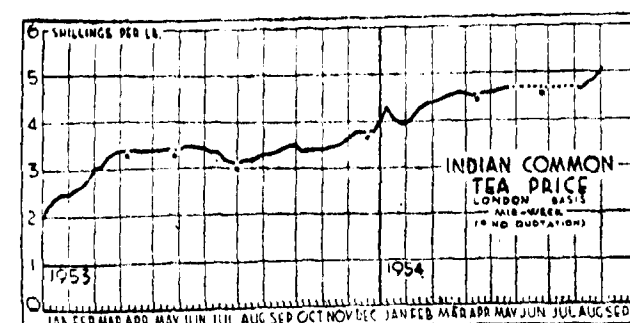
COMMODITY NEWS AND NOTES

TEA IN MINCING LANE

Indian tea reached a peak price of 5s. 2½d. a pound in London auctions last week. The main reason for this bullish trend is that Indian crop is expected to be smaller than was originally thought. North Indian crop now seems unlikely to be appreciably in excess of 500 million lb. The production in 1953 was 487 million lb. The South Indian crop is expected to be higher than last year's total of 120 million lb. but even then the aggregate of North and South Indian crops now seems unlikely to make a total of 650 million lb. as was thought earlier. At the end of July the output totalled 180 million lb. or one million less than the last year's figures. During August, however, this year's output recovered, bringing the total to 275 million lb. or over 9 million lb. more than during the same time in 1953. This is, even then, slightly less than the last three years' average.

The floods in Assam and Bengal are the immediate cause of this trend. Slight damage has occurred to tea gardens in the Dooars area of North Bengal. There are some inevitable difficulties in communications and movement of tea from flood affected areas to Calcutta. It will also be difficult to supply isolated estates with fuel and stores. Views exist that from some estates despatches may not be resumed until late October or November. Arrivals in Calcutta, therefore, are likely to remain very limited for at least some weeks more.

A strong buying for internal consumption from the export as well as internal catalogues is also given as a factor causing these high prices. Consumption of tea has positively gone up while the production has remained almost steady. The dearth of coffee too has been one of the contributory factors to this rising consumption. Greater production is required to keep the prices low, and until that is forthcoming, there seems scanty prospect of a substantial decline in the prices of tea in Mincing Lane.



Courtesy: The Financial Times, London.

INDIAN TEA EXPORTS TO NORTH AMERICA

India earned about Rs. 120 millions from her tea exports to the U.S.A. and Canada during 1953 and on the basis of the present indications the figure is likely to be stepped up to Rs. 150 millions in the near future. Indian tea industry shares roughly a third of total imports in America having the average for 1948-51 at 35½ per cent against Ceylon's 39 per cent. India has improved her position after the imposition of increased export duty in Ceylon. Trade figures for first six months of the current year indicate that while India has maintained her position, the 4 per cent decrease of Ceylon has been shared by Indonesia, East Africa and Formosa.

DAMAGE TO PAKISTAN JUTE CROP

A total loss exceeding one million bales is anticipated in Pakistan's jute production this year, according to the

Pakistan Commerce Minister. This figure was arrived at after taking into consideration such factors as unfavourable weather conditions at the sowing time, flood damages towards the end of harvesting, immature crop and persistent flood in July and August. The estimated production this year would be about 5.4 million bales including the carryover of 1.2 million bales from last year. The Commerce Minister anticipated a fairer price this year for jute-growers, as the demand from foreign countries other than India was estimated to be about 3 million to 3.4 million bales. India was expected to take about 1.6 million to 1.8 million bales according to the trade agreement.

PLANTATION INQUIRY COMMISSION APPOINTED

The Ministry of Commerce and Industry announced recently the appointment of the Plantation Inquiry Commission. After preliminary discussions with the interests concerned the Commission has since prepared 3 questionnaires for the tea industry. One questionnaire is intended for the special attention of Managing Agents and Companies (Private Limited and Public Limited) engaged in the production of tea. Copies of it have been forwarded to them and also to partnership concerns and individuals having tea gardens of 100 acres and above. The other two questionnaires are intended for answer by tea brokers, blenders, packers, wholesale dealers, Growers' Associations, Dealers' Associations, Chambers of Commerce, the Tea Board, and Governments of the tea-growing States. The Commission desires that replies to the questionnaires should be sent so as to reach the office by November 1, 1954. Questionnaires for the coffee and rubber industries have been prepared and they will be issued in the course of the next few days.

GOVERNMENT BID TO IMPROVE SUGARCANE YIELD

The Government of India is arranging large supplies of fertilisers for the standing sugarcane crop in order to improve the yield. A target area of 2,20,000 acres under sugarcane has been included in the scheme including some 1,00,000 acres in Uttar Pradesh and Bihar and 20,000 acres in the Punjab. Already 23,000 maunds of ammonium sulphate have been distributed free for demonstration purposes. The International Sugar Council, which met recently in London, had estimated 3,864,000 metric tons of sugar as free market requirements for 1954. Sugar experts from 40 countries are scheduled to meet in New Delhi in January-February 1955 to discuss technical problems concerning the sugarcane and sugar industry.

JAPAN'S COTTON GOODS PRODUCTION

Japan's cotton goods production and exports rose sharply during the first half of this year. The trade account for the period saw an unfavourable balance of \$99,644,000 as against \$93,983,000 during January-June, 1953 because of the increased imports of raw cotton. According to the Japan Cotton Spinners' Association, production of cotton yarn and cloth during the January-June period reached respective post-war highs of 1,211,237 bales and 1,535,000,000 square yards. Exports of cotton yarn and cloth during the period totalled 11,852,000 lbs. and 628,000,000 square yards, or 96 and 61 per cent more than during the same period last year. It is estimated that the monthly export average will remain at the 80 million square yard level. It is hoped to achieve the target of 1,100 million square yards for this year. Severe competition, however, is anticipated from India, planning to boost its cotton cloth exports to 1,000,000,000 square yards this year.

COMPANY AFFAIRS

ORIENTAL GOVERNMENT SECURITY LIFE ASSURANCE CO., LTD.

The results of working of the Oriental Government Security Life Assurance Co., Ltd., for the year ended December 31, 1953, show all-round progress. The total number of policies received during the year was 98,561 as against 89,631 in 1952 and 90,360 in 1951, while the number of policies issued aggregated 78,275 as compared to 71,359 in 1952 and 73,459 in 1951. Consequently, the total sum assured at Rs. 23.40 crores was higher than the corresponding figure of the preceding year by Rs. 2.18 crores. The annual premium received was also higher by a little more than Rs. 12 lakhs.

Regarding total business in force, the Oriental holds a unique position in this country. Total sums assured at Rs. 207.00 crores (8,80,165 policies)—the highest for any insurance company in this country—compare favourably with Rs. 200.07 crores in 1952 (8,54,929 policies).

The claims experience of the company continued to be satisfactory during the year under report. Ratio of actual to expected deaths stood at 41.7 as compared with 42.9 in 1952 and 46.6 in 1951. Total claims paid were Rs. 4.36 crores out of which Rs. 3.16 crores were for maturity and Rs. 1.20 crores for death.

Total income and outgo have both moved up. Income has improved from Rs. 11.32 crores to Rs. 11.76

crores while outgo has similarly advanced from Rs. 6.61 crores to Rs. 7.43 crores. Expense ratio has, therefore, increased slightly from 23.2 to 23.4.

At the end of the year, the total funds of the Oriental rose from Rs. 63.16 crores in 1951 and Rs. 67.90 crores in 1952 to Rs. 72.23 crores. The directors have maintained the dividend at Rs. 175 per share, free of income-tax.

The directors report that the average rate of interest realised during the year was 3.57 per cent after deduction of income-tax at the source, the rate realised during the previous year being 4.05 per cent. The difference is due to the fact that the accounts for 1952 had been inflated on the credit side by the receipt of two years' tax refund while in 1953 the refund received was for one year only. Had only one year's refund been received in 1952 the net rate of interest for that year would have been 3.58 per cent.

The triennial valuation of the company as at December 31, 1954, is expected to raise the rate of reversionary bonus appreciably as the average rate of interest realised during the years 1952 and 1953 is higher than the average of 1949-1951 by nearly one per cent.

The table below compares the working results during the last three years:

Year-ended 31st December	1951	1952	1953
Policies received (No.)	90,360	89,631	98,561
Policies issued (No.)	73,459	71,359	78,275
Sums assured (Rs.)	22,22,25,811	21,22,44,577	23,39,94,779
Annual Premium (Rs.)	1,26,14,065	1,18,64,821	1,30,68,224
Amount reassured (Rs.)	19,35,605	17,95,623	22,58,550
TOTAL BUSINESS IN FORCE:			
No. of policies	8,30,375	8,54,929	8,80,165
Sum assured (Rs.)	1,89,24,98,255	2,00,06,81,334	2,06,99,67,376
Claims (Rs.)	3,45,12,909	3,71,83,295	4,35,92,837
Claims by death (Rs.)	1,07,75,595	1,09,31,399	1,20,30,676
Claims by maturity (Rs.)	2,37,37,313	2,62,51,896	3,15,62,161
Ratio of actual to expected deaths	46.6	42.9	41.7
Total income (Rs.)	10,89,05,914	11,32,30,443	11,76,13,429
Total outgo (Rs.)	9,70,54,681	6,61,19,967	7,42,97,857
Expense Ratio	21.9	23.2	23.4
Total funds (Rs.)	63,15,74,407	67,89,74,430	72,23,22,839
Rate of interest earned during the year (after deduction of tax)	2.94	4.05	3.57
Dividend recommended per share (Rs.)	125	175	175

THE CHAMPDANY JUTE CO., LTD.

The working results of the Champdany Jute Co., Ltd., (Managing Agents: James Finlay and Co., Ltd.) for the half-year ended March 31, 1954, are very disappointing. As against a net profit of Rs. 3.72 lakhs in the half-year ended September 30, 1953, the profit and loss account for the half-year under reference shows a loss of Rs. 6.76 lakhs. Sales have, no doubt, advanced by nearly Rs. 7 lakhs from Rs. 119.58 lakhs to Rs. 126.87 lakhs and stocks have also been reduced by nearly 50 per cent, but higher manufacturing expenses have marred the working results very badly. There is a rise of nearly Rs. 10 lakhs in manufacturing expenses.

During the period covered by the accounts, the prices secured for the company's hessian manufactures just covered the cost of production and on rare occasions was it possible to secure profitable rates for the production of sacking goods. The net result is that the Directors have voluntarily foregone Rs. 1,00,000 from the remuneration accruing to them in the half-year under review and have passed over the dividend. Also no provision has been made for taxation.

To make up the debit balance, the Directors have drawn a sum of Rs. 5,71,726 as detailed below:

Jute stock reserve Rs. 1,50,000; rehabilitation reserve Rs. 1,30,000; provision on forward jute contracts Rs.

98,033; provision for taxation Rs. 1,93,693. Since the accounts for the period under reference were closed, a satisfactory improvement in the margin between sales price and costs of the company's manufactures has emerged with the result that the working of the company during the half-year ending September 1953 is expected to show an improvement over that of the half-year under report. The stock exchanges have also taken note of this. Whereas the ordinary share of the company was quoting at Rs. 143, on April 1, 1954, the current price stands at Rs. 180.

The table below details the progress made by the company during the last three half-years:

Half-year ended	31-3-1953	30-9-1953	31-3-1954
	Rs.	Rs.	Rs.
Net Profit*	+2,02,820	+3,72,359	-6,75,762
Provision for Depreciation	1,41,835	1,49,642	1,13,594
Provision for Taxation	45,000	1,82,000	Nil
Sales	1,36,82,438	1,19,57,762	1,26,86,839
Stocks	13,90,405	15,34,388	8,17,613
Manufacturing Expenses	97,51,806	78,98,259	88,43,153
Dividend rate per cent per annum	6	6	Nil

* After providing for depreciation but not for taxation.

COMPANY MEETING

RUBY GENERAL INSURANCE COMPANY LIMITED

Speech delivered by Shri B. M. Birla, Chairman, Ruby General Insurance Company, Limited, at the Eighteenth Annual General Meeting of the Shareholders of the Company on Tuesday the 14th September, 1954.

Gentlemen,

The Report of the Directors and the Audited Accounts for the year 1953 have been with you for some time and I expect you would permit me to take them as read.

The following figures will reveal the progress of the Company:

TABLE A—GENERAL INSURANCE

	1951	1952	1953
	Rs.	Rs.	Rs.
Fire	22,52,000	25,94,000	25,90,000
Miscellaneous	38,08,000	34,69,000	35,42,000
Marine	12,64,000	9,75,000	10,48,000
TOTAL	74,24,000	70,38,000	71,80,000

TABLE B—LIFE

	1951	1952	1953
	Rs.	Rs.	Rs.
New Business	2,59,00,000	2,49,00,000	2,63,63,000
Life Assurance Fund	1,68,39,000	2,02,78,000	2,39,91,000
Premium Income	55,97,000	56,07,000	57,67,000

There is a slight increase in the total premium income of the General Business, in spite of the fact that General Insurance has been passing through a difficult period during the last few years. The premium income in the General Department from the Overseas Market has substantially increased during the last year and the steady and cautious Overseas expansion policy of the Company is sure to bring beneficial results in years to come.

Marine Insurance business continued to face unhealthy competition due to rate cutting and increased demand for wider covers. The Marine Tariff cannot be adhered to because of keen foreign competition sometimes direct from London and unless the Insurance Association of India takes up this question seriously with the Head Offices of Companies in India and outside, there is no hope of maintaining any Marine Tariff structure in this country.

The Miscellaneous Department has been showing loss since the last several years mainly due to the unfavourable claim experience in the Automobile Section which has become a general feature all over the world. Your Company has been following a careful underwriting policy in the Automobile Section and has been developing other Miscellaneous Business, which, it is hoped, will improve the overall working of this Department.

The non-Tariff Companies are still very active in the Automobile Section in India and unfortunately most of them are working on unscientific and unorthodox lines. The activities of those Companies are likely to bring unfair name to the Insurance Trade. The Government should, therefore, implement their assurance they had given on the floor of the Parliament at the time of amending the Act that generally non-Tariff Companies would not be permitted to work in India.

The working of the Life Department shows a distinct improvement in all directions as is evident from the comparative figures given above. The Life Assurance Fund has increased by an amount of Rs. 37,12,996 as against Rs. 34,39,174 and the Premium Income has increased by Rs. 1,60,000 as against Rs. 10,000 in the previous year respectively.

As already known to you, your Company has shown a substantial Valuation Surplus amounting to Rs. 12,88,998. Out of this amount after providing for estimated income tax liability, an amount of Rs. 10,50,387 has been distributed as bonus among the Policyholders with immediate participation of profits, Rs. 72,000 has been allotted to the Shareholders and the balance of Rs. 15,262 has been carried forward.

The Life Department of your Company is probably the youngest among the bigger Companies, yet it has been able to work with satisfactory results within the same expense ratio as allowed to the bigger Companies. I would like to refer to the remarks made in my last year's speech that the present limitation of the same expense ratio for Companies having business in force of Rs. 10 crores and Companies having business in force of Rs. 200 crores is extremely unfair.

We have now several years' experience of the working of the new amendments to the Insurance Act. Certain modifications and adjustments both in the General and Life Sections now seem imperative and the Government should remove the difficulties which the Insurance Industry is experiencing so that there is no impediment to its steady growth.

The Report of the Taxation Enquiry Committee is still not out and I hope that Insurance Industry will receive due consideration of its case particularly in respect of the following aspects:

(1) The present limit of the Insurance Premium allowed as a deduction in the income tax up to 1/6th of the income is not sufficient and more so, when the Provident Fund Contributions are also taken into account. An increase in the present limit will encourage the insurance habit particularly among the salaried class people who constitute a large proportion of the insuring public. The appeal for insurance for the sake of social security alone is not enough to stimulate it to the desired volumes but more positive advantages have to be offered. A slight loss in the income tax revenue will be more than compensated by the resultant increased savings which have important bearing on our plans.

(2) The total amount of surplus reserved for or paid to the Policyholders in the Life Department should be allowed as a deduction instead of 80 per cent as at present.

(3) The statutory reduction of the period of Valuation of the Assets and Liabilities of Life Insurance Companies from five years to three years has resulted in an unfair treatment of the companies who were having Quinquennial Valuations. These Companies would not get 2/5th of the Income Tax Refund due to them on account of Tax deduction at source in excess of their Tax liability. The representations made in

this respect to the Government have not yet met with the desired result. I hope, the position will be carefully examined and the necessary relief granted at an early date.

In the modern world of very high technical and scientific development rapid industrialisation of the country is the only way to improve the standard of living and solve the problem of unemployment. The planning for small-scale or cottage industries should be on such lines that they fit in the bigger set up of industrialisation of the country. There must not be negative approach to our economic problems. The outdated and uneconomic production methods cannot stand in world competition today. There should be a continuous process of development and modernisation of industries and for this sufficient volume of credit to the private sector should always be available. The proposed Industrial Development Corporation is one of the steps in the right direction. The realistic appreciation by our Government of the importance of the industrial development in the private sector has resulted in a new outlook of co-operation and co-ordination which will bring definite advantages to the country. The success of the next five year plan would depend largely on the extent of co-operation between the Government, the industries and the labour. Each must play its proper part with a wider national outlook. Only a bold and clear-cut policy can put India among the highly industrialised countries of the world.

The Insurance trade has its own vital role to play particularly in tuning up the habit of savings. The rural population of India is beginning to realise the value of investing their savings in Insurance Policies. The Companies should now divert more attention to these unexplored potentialities and create an atmosphere of confidence.

The tendency of some of the States to have their own Insurance Departments or State Insurance Fund is not desirable. This is not in the national interest, on the other hand it looks parochial and as a desperate attempt, to raise funds for balancing their budgets. Moreover, Insurance industry which is highly organised is capable of giving better service at cheaper cost. The Central Government should, therefore, discourage this tendency.

The Insurance industry in India is in a position today to meet the growing demands of the various trades for all and new types of insurances and has fully justified the confidence reposed in it in the past. Insurance in the modern context has been recognised all over the world as a very important social and economic factor and people in our country should also give it the due recognition.

Before I conclude I wish to thank the Executives, Staff, Agents, Representatives and the field workers of the Company in India and abroad for their sincere co-operation and efficient services. It is due to this encouraging co-ordination of all of them, the Company has been able to make steady progress. I also convey my thanks to the Policyholders whose support has helped the Company to achieve this position.

Thanking you.

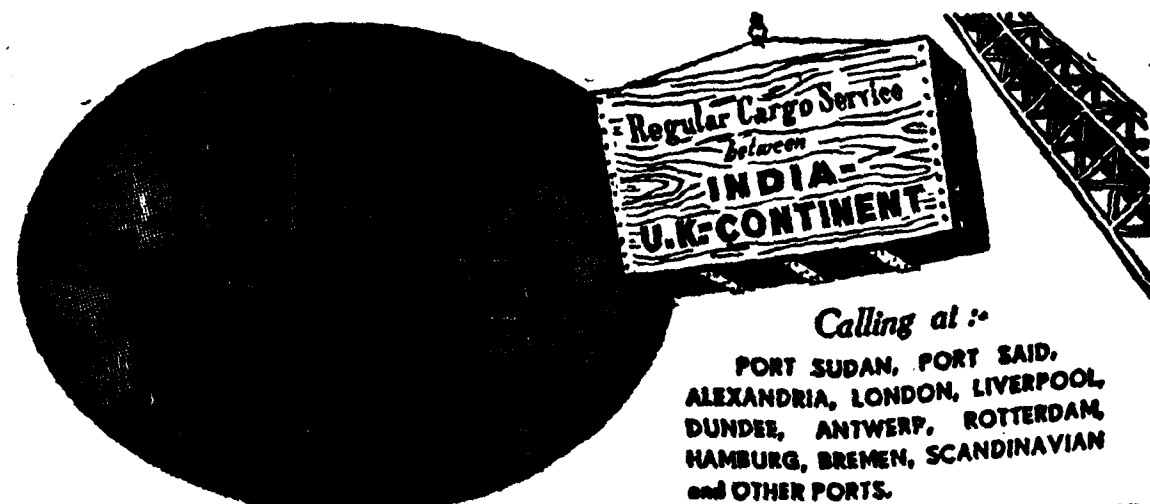
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CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48 ..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49 ..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50 ..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51 ..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52 ..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53 ..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54 ..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
November 1953 ..	378.0	441.4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December ..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954 ..	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February ..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March ..	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
April ..	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May ..	366.2	464.6*	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0
June ..	343.2	441.0	355.6	378.7	647.3	381.6	90.3	100.9	88.5	106.9
July ..	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6
August ..	362.4	420.9	351.9	375.7	608.9	382.5	90.8	100.6	89.4	117.4
Week Ending 31-7-1954 ..	360.6	416.3	352.8	375.2	620.3	381.5*	90.9	100.6	89.3	112.7
7-8-1954 ..	361.3*	416.5	352.0	376.0*	611.0	382.2	90.8	100.6	89.4	114.5
14-8-1954 ..	361.6	419.8	351.0	374.4	608.7	381.4	90.8	100.7	89.5	117.0
21-8-1954 ..	361.4	420.7	351.8	375.2	605.6	381.7	90.8	100.6	89.3	118.1
28-8-1954 ..	365.1	426.5	352.8	377.2	610.2	384.8	90.8	100.6	89.4	119.9

†Economic Adviser's Series.

††Reserve Bank Series.

*Revised.

WORKING CLASS COST OF LIVING (August 1939=100)

Period	Bombay			Delhi	Bengal	U. P.	Central Provinces		Madras	E.P.	Bihar	All India†
	Bombay	Bombay June 1934 = 100	Ahmedabad July 1927 = 100	Delhi†	Calcutta	Kanpur	Nagpur	Jubbulpore†	Madras June 1930 = 100	Ludhiana†	Jamshedpur†	
1939 (Aug.-Dec.)	103	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	349	434	372	153	325	165	145	139
1951	314	330	261	142	370	451	391	168	334	167	160	145
1952	321	337	250	143	351	441	380	150	370	151	154	142
1953	346	363	275	140	349	453	387	151	351	147	156	146
1953 July	355	373	288	142	375	465	394	160	355	148	158	153
August	358	376	285	144	373	469	397	157	352	149	160	153
September	353	371	283	145	366	464	391	154	351	150	163	152
October	350	368	282	144	349	457	389	153	352	150	162	149
November	344	361	280	144	339	453	385	148	353	149	155	146
December	342	359	268	140	329	438	380	146	350	149	145	142
1954 January	346	363	269	139	325	442	377	144	353	151	142	144
February	331	348	257	139	316	432	375	144	352	151	141	141
March	332	349	257	138	319	416	374	143	345	150	136	139
April	338	355	255	141	323	426	—	144	341	151	138	141
May	338	355	251	142	339	415	—	142	341	150	142	141
June	349	367	240	135	332	396	—	—	342	—	143	—
July	—	—	—	134	331	400	—	—	339	—	140	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED											
	11-9-1954			4-9-1954			28-8-1954			21-8-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola)	88-13	87-6	88-1	88-3	86-13	87-9	88-7	86-2	87-15	90-14	87-12	88-14
Silver (per 100 fine tolas)	157-10	155-5	156-0	155-11	153-7	154-1	156-0	153-0	154-11	157-0	154-2	155-2

RESERVE BANK OF INDIA
ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupee Coin	Rupee Securities	Total Assets
1938-39*	182.36	28.28	210.64	44.42	36.95	111.37	52.91	67.11	32.16	210.64
1947-48*	1,227.82	47.12	1,274.95	44.42	1,135.32	1,179.74	92.53	32.36	62.84	1,274.95
1948-49*	1,231.84	22.02	1,253.86	42.49	907.47	949.96	75.43	42.96	265.62a	1,253.86
	(5.58)	(—)	(5.58)				(90)			
1949-50*	1,128.94	24.00	1,152.94	40.02	647.04	687.06	59.59	50.53	415.36	1,152.94
1950-51*	1,163.21	17.19	1,180.40	40.02	624.70	664.72	56.31	57.21	458.47	1,180.40
1951-52*	1,189.84	27.78	1,217.62	40.02	625.27	665.29	54.64	63.98	488.36	1,217.62
1952-53*	1,114.84	27.87	1,142.72	40.02	564.40	604.42	52.89	80.22	458.08	1,142.72
1953-54*	1,133.95	23.03	1,156.97	40.02	594.02	634.04	54.80	92.83	430.11	1,156.97
Average of Fridays										
January 1954	1,151.24	15.34	1,166.58	40.02	610.15	650.17	55.73	95.03	421.38	1,166.58
February	1,174.68	16.14	1,190.82	40.02	635.65	675.67	56.74	93.80	421.35	1,190.82
March	1,190.15	12.48	1,202.63	40.02	648.15	688.17	57.22	93.12	421.34	1,202.63
April	1,220.24	13.08	1,233.32	40.02	674.15	714.17	57.91	97.81	421.34	1,233.32
May	1,220.26	25.62	1,245.88	40.02	688.15	728.17	58.45	96.49	421.22	1,245.88
June	1,196.24	36.20	1,232.44	40.02	679.40	719.42	57.96	96.80	421.22	1,232.44
July	1,163.71	35.09	1,198.80	40.02	638.15	678.17	55.82	100.31	421.22	1,198.80
August	1,149.93	32.78	1,182.71	40.02	618.15	658.17	55.65	103.42	421.22	1,182.71
Week Ending 30-7-1954	1,142.74	44.40	1,187.13	40.02	623.15	663.17	55.86	102.24	421.22	1,187.13
6-8-1954	1,157.62	28.83	1,186.46	40.02	623.15	663.17	55.89	102.07	421.22	1,186.46
13-8-1954	1,158.31	28.78	1,187.09	40.02	623.15	663.17	55.87	102.05	421.22	1,187.09
20-8-1954	1,146.42	31.62	1,178.04	40.02	613.15	653.17	55.45	103.05	421.22	1,178.04
27-8-1954	1,137.35	41.94	1,179.29	40.02	613.15	653.17	55.39	104.90	421.22	1,179.29
3-9-1954	1,149.51	26.69	1,176.20	40.02	613.15	653.17	55.39	104.81	421.22	1,176.20

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS*	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14.80	..	18.19	75	31.84	1.28	43.12	28.38	1.53	4.21	1.72	2	6.36	..
1947-48*	366.79	16.93	102.47	34.21	520.40	14.55	544.95	47.24	2.62	406.95	1.57	21	81.53	4.14
1948-49*	222.17	6.62	80.53	56.52	365.72	15.33	410.05	22.12	4.28	307.78	1.71	3.34	75.65	..
	(14.33)	(3.04)												
1949-50*	141.19	23.12	67.00	64.39	295.69	15.76	321.45	24.12	4.30	280.91	3.36	8.39	960.54	4.34
1950-51*	148.60	17.71	62.22	62.29	290.82	18.14	318.97	17.31	3.04	107.70	2.37	6.77	76.72	5.06
1951-52*	181.30	15.95	58.68	69.22	325.15	18.62	353.77	27.92	6.31	187.14	5.90	19.42	95.19	11.91
1952-53*	136.40	7.79	52.89	61.93	259.02	23.69	292.71	28.03	6.64	133.56	2.85	19.03	89.77	12.82
1953-54*	105.44	23.40	46.52	57.45	232.80	23.91	266.72	23.22	9.46	123.31	1.78	19.84	81.58	7.51
Average of Fridays														
January 1954	103.82	20.24	41.98	58.30	224.33	22.08	256.41	15.57	16.49	121.22	1.02	20.14	74.15	7.82
February	89.53	21.74	40.14	61.95	213.36	22.49	245.85	16.36	12.76	105.99	75	31.19	71.29	8.40
March	80.90	42.08	40.44	42.99	206.41	24.91	241.32	12.72	10.46	99.86	1.12	39.83	68.70	8.64
April	64.51	30.52	42.16	45.21	182.41	27.95	220.36	13.35	12.98	78.55	1.21	40.01	65.17	9.09
May	93.14	20.61	43.30	46.10	203.15	28.47	241.62	25.90	10.11	65.23	1.12	57.83	71.91	9.51
June	110.59	18.52	43.21	43.79	216.04	28.28	254.47	36.44	9.07	171.44	1.29	39.00	85.31	9.84
July	121.13	20.39	46.82	36.55	224.91	26.96	281.88	36.21	1.76	103.01	7	19.84	93.06	1.73
August	126.46	14.64	56.51	35.01	232.60	23.98	266.60	33.02	3.02	112.09	1.41	16.86	93.11	6.20
Week Ending 30-7-1954	120.80	20.86	49.70	36.56	237.02	26.67	273.69	44.60	1.43	109.07†	..	15.60	94.83	8.07
6-8-1954	122.33	15.46	50.40	35.85	224.04	27.22	261.26	28.99	2.01	109.82†	46	18.38	94.55	7.04
13-8-1954	124.32	12.28	50.96	36.27	223.82	28.58	262.40	28.97	3.52	108.87†	1.89	18.08	93.98	7.16
20-8-1954	121.11	13.71	60.02	34.04	228.88	28.05	266.94	31.89	3.08	117.83†	1.83	15.55	92.24	4.51
27-8-1954	138.08	17.11	61.65	33.86	253.69	12.08	275.79	42.21	3.45	116.42†	1.47	15.41	91.73	6.10
3-9-1954	132.75	14.83	64.82	34.55	246.95	12.27	269.23	20.66	4.18	116.58†	1.34	16.30	94.04	6.33

Note: Figures in brackets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid-up and Reserve Fund. *Average of Fridays.
† Includes cash and short term securities.

EARNINGS AND EXPENSES OF INDIAN SCHEDULED BANKS, 1949 TO 1953

(In lakhs of Rupees)

	1949	1950	1951	1952	1953
Number of Banks	73	71	72	73	68
EARNINGS					
I. Interest, dividend, commission and exchange earned on:					
a—Bills purchased and discounted	15,66.2	15,13.5	215.8	236.0	268.4
b—Loans and advances	..	..	1600.6	1791.6	1734.7
c—Investments					
(i) Government securities (Central and States)	799.9	811.0	674.8	684.3	754.3
(ii) Others	43.6	81.3	96.0	94.5	83.6
d—Deposits with banks	2.3	2.9	3.2	10.4	7.6
Reverses on assets previously written down and gains from other revaluation or sale of assets	94.9	13.2	6.9	6.9	7.6
3. Other sources (commission on bills for collection, T.T's and D.D.'s sold and service charges)	4,55.5	4,88.3	631.2	614.5	577.5
TOTAL ..	2962.4	2910.2	3228.0	3438.2	3433.7
EXPENSES					
4. Interest, commission and brokerage paid on:					
a—Deposits	643.5	626.6	677.9	785.3	890.6
b—Borrowings	58.3	48.4	69.5	104.6	60.2
c—Other Accounts	18.8	8.1	12.1	16.2	14.1
5. a—Establishment Expenses	1032.2	1124.8	1198.6	1284.3	1325.9
b—Other Working Expenses	334.7	339.2	396.4	400.0	406.5
6. Taxes and dues of the nature of operating expenses (Municipal charges on land and buildings, District Local Board rates paid, etc., but excluding taxes on profits)	24.4	33.4	34.7	40.0	36.7
7. Depreciation written off and loss incurred in sale of assets	62.5	71.3	87.9	64.1	48.0
8. Balance of net profit or loss (—) (Earnings minus items 4 to 7)	788.0	658.4	750.9	743.7	651.7
TOTAL ..	2962.4	2910.2	3228.0	3438.2	3433.7
Disposal of Net Profit And Accumulated Surplus.					
9. Sources of sums made available:					
(i) Net profit or loss (—)	788.0	653.4	750.9	743.7	651.7
(ii) Surplus or deficit (—) brought forward from preceding year	92.8	63.7	70.2	51.6	83.4
(iii) Taken from reserves	20.8	21.5	220.1	20.8	9.1
TOTAL ..	901.6	743.6	1041.2	816.1	744.2
10. Allocation of sums made available:					
a—Provision for taxes on profits	248.0	164.5	165.9	205.3	155.5
b—Carried to reserves	61.1	63.7	59.2	62.6	46.8
c—Dividend, bonuses, etc., to shareholders	238.4	245.9	250.2	256.3	255.8
d—Employees' share (bonus) in the profit	96.4	100.8	107.1	107.2	98.3
e—Allocated to other special purposes	189.7	116.0	440.5	157.0	116.3
f—Balance carried forward to next year's account	68.0	52.9	18.3	27.7	71.5
TOTAL ..	901.6	743.6	1041.2	816.1	744.2

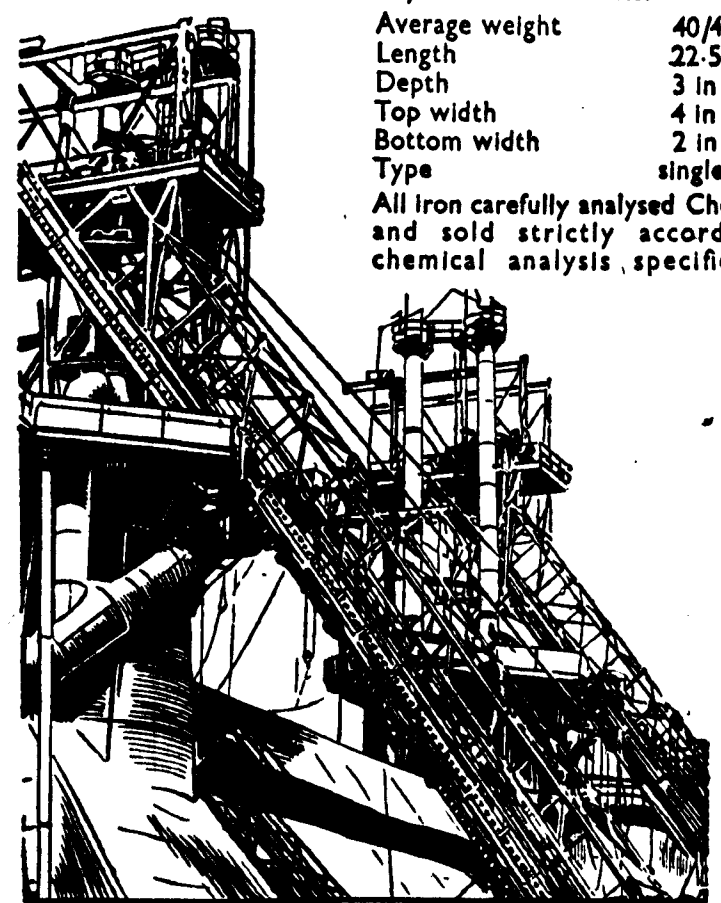
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THE Eastern Economist

OL. XXIII. NO. 13. NEW DELHI: SEPTEMBER 24, 1954. ONE RUPEE

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India and Indonesia

THE Indonesian Prime Minister, Dr. Ali Sastroamidjojo's arrival in New Delhi on Wednesday on his first official visit to this country brings again into sharp relief an old question of the strengthening of relations between India and Indonesia. Since India took the lead in championing the cause of Indonesian independence at the Delhi Conference of 1949, President Soekarno and Prime Minister Nehru have exchanged visits. An immense fund of mutual goodwill has always been taken for granted in both countries. In the main, this has been built around the fairly close similarity of approach of both countries to major world issues. Indonesia's independent foreign policy, which has moved on the whole on lines parallel to India's, has a status in its own right as the product of local reactions akin to India's. A close understanding between the two countries has, therefore, been readily assumed. But nothing larger has yet been built on the foundations of this understanding. This has been probably due to the manner in which an independent foreign policy of non-alignment has usually functioned in South-East Asia in the last few years. In the United Nations, it has been best seen at voting time. Elsewhere, it has largely been manifested in typical Asian reactions to international developments from time to time. Anything bigger or better, Indonesia could not find the distractions involved while her task of

internal consolidation exacted all attention. Those internal problems are not any the less urgent today for Indonesia. But the extension of her active interest in the larger problems of the world outside is partly a measure of the urgency with which world affairs impinge on the internal life of Asian countries. These countries have grown in their awareness of the necessity to take a more positive role in shaping their own destinies in a world which is becoming increasingly complex. Pakistan's acceptance of U.S. military aid is an example of the desire to stop drift and drop anchor somewhere, whatever may be the particular merits of that step. The Ceylon Prime Minister's visit to Delhi early this year and his initiative in convening the Colombo Conference was similar in purpose. The Geneva settlement on Indo-China gave credit to the Colombo formula far exceeding the optimistic expectations of its authors. That was also a great encouragement to more frequent Asian collaboration. Since then, however, the Asian picture has somewhat altered. On the one hand, the Chinese Prime Minister's visit to New Delhi and Rangoon in June—which gave publicity to the five principles of Asian, and indirectly of world, "co-existence" has somewhat altered perspectives on Asian problems. On the other, the SEATO Treaty concluded at Manila.

in disregard of all but one of the Colombo Powers, has posed new issues in which the independent reactions of individual Powers remaining outside SEATO could ill suffice. There is no likelihood that the search for something more positive would be immediately successful either in New Delhi or in a wider assembly of Asian and African Powers contemplated by the Indonesian Prime Minister. The Colombo Conference revealed that there were varying hues in the apparently similar colour of independent Asian neutrality. A still bigger conference of Asian and African peoples may reveal many further distinctions even when there are no differences on such general issues as colonialism or racialism. It may be greatly desirable to explore these differences and the nature of agreement that can be reached among them. But in the existing differences even on matters of regional interest in the Middle East and in South-East Asia, it is difficult to assign positive value to such a project.

There is, however, enough today in the South-East Asian situation for India and Indonesia to collaborate even without launching on these larger schemes. So far as SEATO is concerned, Indonesia has reacted in the same way as India. This was understandable, since distrust of Western policies there has often been deeper than in India. But whereas India and Burma have now reached an understanding with China at least on paper on the principles of co-existence, Indonesia remains in an uncertain state. Only the future can prove the value of the assurances now secured by Burma and India from China. Possibly Mr. Nehru's visit to Peking next month and Prime Minister U Nu's visit later will lead to more decisive steps by these countries for their security. Indonesia cannot fail to have an intimate interest in all these developments which have left her aloof. She would be entirely justified in pressing that her own anxieties should be fully taken into consideration by the two Prime Ministers in their discussions at Peking.

The reasons for the fears of Indonesian leaders are obvious. The existing political situation in Indonesia, in which there has been a compulsion on Government to have an uneasy alliance with the Communist party, is one which may hold out the maximum temptations to international Communism. Even when the conditions of "co-existence" are honoured fully by the Communist Powers, it is unlikely that they will be anxious to extend it to areas in which they are not sure that a wholly different democratic social system has come to stay. In India and Burma, the decline of Communist influence is an accepted fact. Not so in Indonesia, where the Communists still have a substantial hold on the Government. It is not likely that China will be in a hurry to assure peaceful co-existence when she can always gamble on the possibilities of a Communist ascendancy, through methods practised in Europe. The Chinese element in Indonesia has been as unassimilable as elsewhere in South-East Asia. Mr. Chou En-lai's recent assurance that China will not make use of her nationals resident in South Asian countries to create political trouble, may prove of little value when a local Communist element is also involved. If India and Burma should seek a way of achieving security and peace different from SEATO, Indonesia would be perfectly entitled to insist that satisfactory assurances for her should be made the test of Chinese professions of peaceful co-existence.

The central issue in the New Delhi talks will thus concern the most immediate anxieties of Indonesia. It would be inappropriate to credit Indonesia with any larger aspirations at the moment because of her far from happy internal situation. There has been a mark-

ed disparity in the manner in which India and Indonesia have faced their internal problems. Indonesia had faced physical destruction and dislocation during the Japanese war and her violent struggle for national independence did not conclude until the end of 1949 by which time India had concluded the phase of political consolidation and constitution-making. Indonesia has lacked a reliable army, a competent civil service and a well-knit political party—all of which gave political stability here. The parallel was closer with the Burmese situation. But while in Burma independence was complete and unequivocal, the Dutch-Indonesian Union of 1949, the question of West New Guinea and the suspicion of Dutch influence in the sporadic revolts continued to divert more attention to the remnants of colonialism than to the task of consolidation. In this context, Indonesia's more famous leaders, instead of stepping forward to provide leadership, around which the entire country could be rallied, retreated to neutral positions and successive cabinets have thus lacked the strength to provide the foundations of political and economic progress.

Indonesia's concern with international affairs will thus arise primarily out of the need to seek security against external threats while her domestic tasks receive attention and of the need, at the same time, to provide sufficient cohesion among the different political groups within. The recent agreement at The Hague has gone a long way towards meeting the demand for the abolition of the Union and changing the less than equal status accorded to Indonesia under it. The transfer of the question of West New Guinea from an item of political agitation to one of debate in the United Nations Assembly might put away another source of discord. Dr. Ali Sastroamidjojo and his Foreign Minister, Dr. Sunarjo, can justly lay claim to much personal credit for clearing the deck in this manner before turning to economic reconstruction. If an understanding with Japan—delayed all these years by the unfortunate developments over Indonesia's participation in San Francisco Treaty—is possible, it would mark yet another step towards securing this assistance from all quarters. To achieve these relatively non-controversial objectives before the first general elections in Indonesian history are held, would constitute a worthy record of achievement. Anything more forward or positive in shaping foreign policy must ultimately arise from a Government which can more confidently reflect the sentiments of the 78 million people of the Indonesian archipelago, as the result of their expressed will. The only safe recipe for Indonesia till then is the pursuit of a policy which is not too controversial to be disruptive in the domestic sphere.

Interpreted thus the problems of Indonesia are not materially different from Burma's. The latter's attempts at Colombo last April to raise the issue of economic co-operation proved unsuccessful. Indonesia can now take up the threads where they were left off at Colombo. The problem is not predominantly one of resources but of their right use. The Korean boom provided the whole area with sufficient resources for development, but India alone among the countries had plans ready to put them to full use. Elsewhere, as in Indonesia, they were frittered away. The experiments in India have many lessons for these neighbours and India's acceptance of foreign aid may give a lead and lessen distrust. Our interests in Indonesia cannot merely stop with finding there an echo of our own present thoughts on international affairs. Dr. Sastroamidjojo's visit would become purposeful if it concentrates attention on these other responsibilities involved in restoring stability in Indonesia.

The Race: Profits and Wages

THE race is on, and it seems that so far as political controversy is concerned, it is an interesting one. Recent studies of the movement of profits leave no doubt that in money terms profits today in Indian industry are higher than they have been at any time since Independence. At the same time it is no less true that the course of money wages is steeply upward. Workers naturally point to the rise of profits. Employers point to the rise in wages. Each leaves it to be assumed merely by indicating one side of the picture that it could have a better deal, and up to now no comparison has been made with the rates of rise of real profits and real wages, at least sufficiently to lead to any conclusion as to which party has got the better of the deal. On the eve of the second Five-Year Plan where much more will depend on industrial peace and on the efficiency of the private sector than has rested on the first Five-Year Plan, things cannot, however, be left in this uncertain state.

It is necessary to examine the level of money profits and deflated profits for the years 1944 to 1953. The index for profits is the Economic Adviser's index which is the only official available figure over the years in question. Money figures deflated by the series of wholesale prices, also prepared by the Economic Adviser, will give a figure of real profits which is that indicated in the graph below. With a base 1944 = 100 the real earnings of labour in the official indices (except for the year 1953 where the figure has been estimated) are compared with deflated profits! The results will show that between the years 1945 and 1953 profits have fallen by something like 30 per cent while real earnings have risen by something like 40 per cent. If these figures are broadly true, they contain the best answer that has been given to the argument of labour that Indian managements have bettered their position in relation to earnings of individual workers.

This picture is not a total one. It shows that individual workers in employment have improved their position relative to concerns which are in the position of making profits. But each factor leaves some portion of its own universe out of account. For example, while the average worker in employment has benefited in his real wage by something like 40 per cent, almost nothing significant has been done for the worker out of employment. It is to be remembered that the volume of employment in organised industry today is lower than it was in 1945. This, if anything, is a failure of private enterprise. It has paid out consistently larger total wages bill and has improved the standard of living of workers in employment by a figure which is probably four times as large as that of the average rise in real income over the country as a whole. But it has made no substantial contribution to the volume

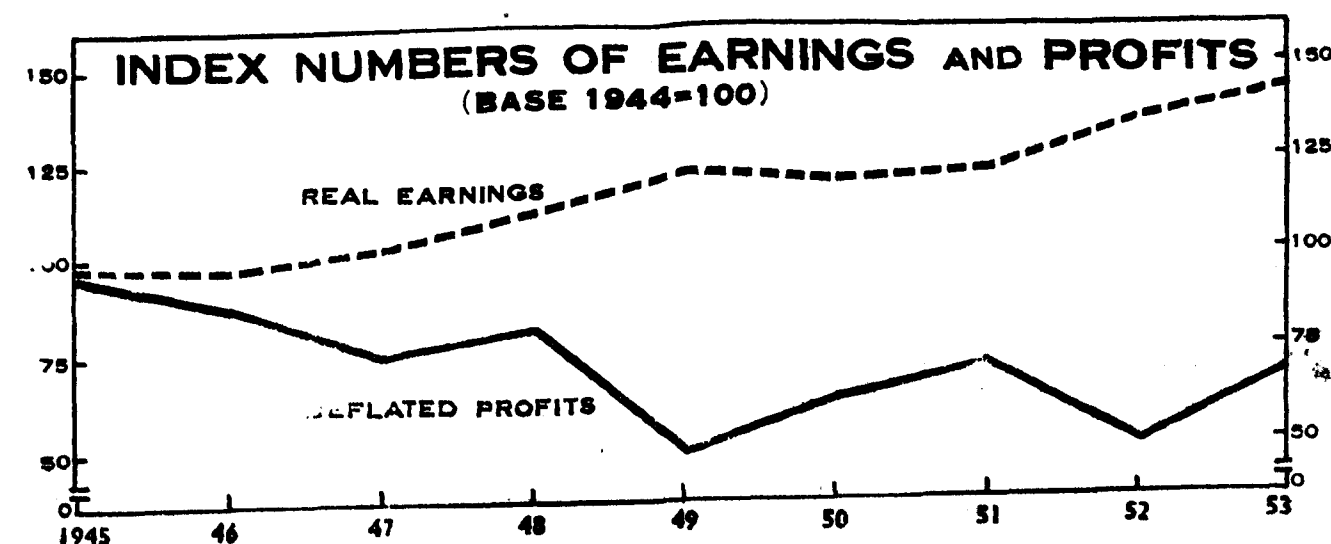
of employment in organised industry.

There is no doubt that a part of the explanation for the unfortunate result is the fact that labour has sought, and in the main attained, this high standard for workers in employment to the callous neglect of those unable to get a job. In other words, it is not a failure of employers that the range of employment has been so rigidly controlled. If the average earnings had been constant there is the prima facie indication that employment of 40 per cent more might have been obtained. Or, in the alternative, if it had not been obtained, profits would have been more likely to have been in real terms what they were in 1945 and the financial capacity of Indian industry to expand might possibly have been 30 per cent higher.

In other words, in the race between profits and wages in real terms, it is the employed and not the employers who are winning. This may be only as it should be, because it is in the spirit of our age that the lower brackets should benefit more than the recipients of profits who are certainly in the upper income groups. The question that needs to be asked is not whether the direction is right, but whether the gap has not already become excessive and needs now to be narrowed down.

In "The Eastern Economist" last week it was pointed out that a Reserve Bank study shows Indian company finance in a fairly healthy condition. Good health, however, is a relative term. It cannot be assumed that, merely because comparison with past years' profits is satisfactory that Indian business can finance itself in preparation for the targets of the second Five-Year Plan. The level of wages and profits today must be interpreted in terms of future obligations and not merely in terms of past needs. The widening gap unhappily is an illustration of the extent to which a movement is taking place in the wrong direction.

And thus the situation is paradoxical. While the bias in favour of a rise of real wages is to be welcomed in the interests of social justice, it is unhappily not to be welcome in terms of the demands placed on Indian industry to finance itself to the greatest possible extent in the second Five-Year Plan. It is obvious, therefore, that there are limits beyond which the present preference should not go. One of the first questions to be formulated in the second Five-Year Plan is the point at which the widening gap between real earnings and real profits should be narrowed. Surely, the Reserve Bank which has started well on its analysis of profits should be devoting equal time to the study of the manner in which other components of the industrial system are restricting themselves under Central and State Government policies.



Fertilisers for South India

THE application now under consideration made by the Fertilisers and Chemicals, Travancore, to the Government of India for the expansion of its plant raises the whole question of the demand and supply position of fertilisers in South India. It has become clear in the last two years that the consumption and need of nitrogen fertilisers in the whole country has increased considerably. Expert opinion now holds that by the end of 1960 the demand for fertilisers will be at least four times the present productive capacity of the country. It is believed that a Committee, which the Government of India appointed specially to go into the FACT application, has indicated that the consumption of fertilisers in South India is much more than in the North. The fact that total consumption is rapidly increasing and that the South is at the present time served only by the totally inadequate factory of Fertilisers and Chemicals Travancore Ltd., would itself require that urgent attention should be given to increased productive capacity of ammonium sulphate in South India.

As with many other industries, productive capacity can be increased most economically by the expansion of existing units. It requires no great technical knowledge to indicate that there are economies in concentrating production in the existing unit of the Fertilisers and Chemical, Travancore, and it is believed that the Committee appointed by the Government of India has recommended the expansion of this plant by the production of an additional 35.6 tons of ammonia per day by installing electrolytic cells for making hydrogen and an air liquefaction plant for obtaining nitrogen. Even, however, with the addition of this equipment the cost of production at FACT must be considerably higher than at Sindri, the main reason for this being not only, as is supposed, because of the use of firewood in this plant in place of coke, but because of the very limited capacity. Now with the rapid rise in the demand for ammonium sulphate the true solution can be found not merely by doubling of FACT's capacity but by a multiplication to any length at which technical limitations do not operate. Prima facie, there is a case for quadrupling ammonium sulphate capacity of this particular factory so that its capacity of 50,000 short tons of ammonium sulphate is raised to 200,000 tons. At that level it would appear that, notwithstanding the firewood complication, FACT would be competitive with Sindri for supply to the South.

In view of the change in the demand for fertilisers and the possibility that FACT at a considerably higher level of production might produce at less than Rs. 300 per ton of ammonium sulphate, one wonders whether the Committee's terms of reference which were framed in the light of an application made nearly two years ago are adequate for the solution of the pressing problem of raising fertiliser capacity in South India. Initial indications are that while everything is to be said for doubling the capacity, this alone will never provide a long-term solution for the demand for fertilisers in South India. Economic running of a factory must be distinguished from the meeting of the needs of the country. The primary object of the Government of India should be different from that of the company authorities. The Government of India must be concerned primarily with the extension of capacity to meet agricultural needs in full. The company's case can well be met by a relatively small production at a relatively higher price.

The danger in the present case is that planning will be timid and not imaginative enough for the pre-

sent situation. In Madras State alone there is a current demand for 1.5 lakh tons of ammonium sulphate, and Travancore-Cochin requires 25,000 tons while mixing firms require 25,000 tons. The following table for Madras will indicate the breakdown of this demand in so far as actual figures are available up to 1951-1952 and estimates up to 1953-1954. Figures are also given for superphosphates to show that the use of superphosphates is rising steeply with the use of ammonium sulphate.

TOTAL QUANTITY OF FERTILISERS ACTUALLY USED FOR FOOD CROPS IN MADRAS STATE

Year	Ammonium Sulphate	Superphosphate
1946-47	47,000 Long tons	3,200 Long tons
1947-48	38,000 ..	2,800 ..
1948-49	51,000 ..	4,000 ..
1949-50	54,000 ..	14,000 ..
1950-51	83,000 ..	14,000 ..
1951-52	80,000 ..	14,000 ..
1952-53 (Estimated)	1,20,000 ..	34,000 ..
1953-54 (Estimated)	1,30,000 ..	34,000 ..

Against the demands in Madras State and Travancore-Cochin, this factory's total production since inception amounts to about 1.74 lakh tons (long tons), including the quantity likely to be produced during the remaining period of 1954. The following figures show annual production from 1949.

	Long tons		Long tons
1949	25,927	1950	25,738
1951	18,492	1952	20,142
1953	27,520	1954 Estimated	32,500

There have been special difficulties such as shortages of power which have interrupted production in these years. But the broad fact remains that it is not merely the failure to utilise the capacity which is responsible for the company's losses. Broadly speaking, this company has been administered as well as could be expected under prevailing conditions. Its management has been both cautious and enterprising. The real difficulty has been the scale on which the original lay-out was planned.

Since with the Government of India's assistance both finance and sales will provide no conceivable difficulty, there appears to be no bar to the consideration now of an entirely different scale of operations. Now that the target for cement is being placed at 10 million tons by 1961 and that of steel at 6 million tons, it would be petty to quibble about a fertiliser target of 2 million tons for the whole of India and at least half a million tons for South India by 1961. The expansion of FACT must be looked at both by the Government of India and the company in terms of the large canvas against which the second Five-Year Plan is being drawn.



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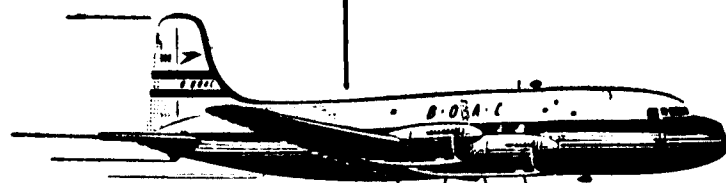
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Guest Editorial

THE TRUTH ABOUT COMMUNISM

By
ODYSSEUS

INDIA plays no part in the gladiatorial struggle between the free world under American and Commonwealth leadership, and the totalitarians under the domination of the USSR. She enjoys a front seat on the arena. Officially her sympathies are not engaged. She is neutral. But it is impossible for any audience to watch a fight for long without its sympathies being aroused one way or the other. As I write this, India's sympathies, on the whole, seem to be veering towards the USSR and China.

This is understandable in a people who have just thrown off Western imperialism and who have not experienced the Eastern imperialism that has sprung out of the USSR and China. It is understandable among people who have not taken a couple of hours off to investigate the claims of Communism and to compare Communist theory with its practice. There has just been published a book which assembles all the facts. It is true that this book "The History of the Communist Party in India" (D. Verschoyle, London, 1954. Price 18sh.) is written by a man who is anti-Communist, but he is at pains to cite a documentary source for every statement that he makes, so that the reader can verify the facts from the original sources himself, and draw a different conclusion if he wishes. By enabling the reader to do this, the author has lifted his book out of the arena of party polemics into the realm of scholarship and intellectual honesty. This admirable author is Mr. M. R. Masani, sometime secretary of the Congress Socialist Party, Mayor of Bombay (1943-44), Member of Parliament in New Delhi (1945-51), and Chairman of the UNO Sub-Commission for the Protection of Minorities.

Fascinating and shocking is the story that Mr. Masani has assembled from official Communist Party documents and speeches. He makes two facts clear which are brought to the fore from time to time when some unhappy Soviet citizen like Igor Gouzenko or Vladimir Petrov seeks shelter in the free world and gives us a glimpse of Communism from the inside with the mask off, but which are soon forgotten by the mass of ordinary citizens understandably scared by the tensions between the nations and anxious only for peace and goodwill on earth.

TWO FACTS TO REMEMBER

These two facts are:

(1) The Communist parties in all countries form part of an international revolutionary organisation, with headquarters in Moscow, that seeks to overthrow by force the governments of all countries and to instal Communist regimes in their places; and

(2) The Communist parties of all countries, as part of their normal strategy and tactics, maintain that all methods to achieve the world-wide revolution are legitimate. With the aid of Communist documents, Mr. Masani demonstrates that it is Communist routine to take advantage of legal and constitutional bodies, such as the UNO or the Indian federal or state parliaments, as platforms from which to publicise political and economic programmes carefully drawn up to appeal to as wide a public as possible. These aims need not

necessarily be Communist, and, by promoting bourgeois interests, may help to re-assure nervous middle class voters. Their primary object is not to promote the public good by progressive legislation but is essentially to publicise the Communist Party, and, by re-assuring public opinion as to its constitutionalism and harmlessness, to enable the party to infiltrate all walks of public life as widely as possible.

At this point some reader may ask impatiently whether all political parties do not draw up programmes calculated to appeal to as wide an audience as possible? Do they not all seek to re-assure the unattached, nervous, or "floating" voter that his interests will be safe with them? Does not the Congress Party, for example, use the parliamentary platform to publicise itself and to try to pervade (or infiltrate) all walks of public life with its ideology? What's wrong with that?

Yes, but the Congress Party of India or the Socialist Party of Britain have each only one programme, namely, that which they publicise in parliament and press before the electors. But the Communist Party of India and the Communist Party of Britain have two programmes—the one which they proclaim to the world, and the other for which they work secretly. To them, the important programme is the secret programme. The public programme is camouflage designed to capture votes, to re-assure the frightened, and to confuse public opinion. By comparison with the Communist parties of all countries, the Congress and other genuinely constitutional parties work under a big handicap: the principles for which the constitutional parties stand may be hammered out in confidential party committees from which press and public are excluded, but the proposals made in these confidential committees are submitted to the party conferences and congresses where they are debated, adopted, modified, or rejected, in the full blaze of press and radio publicity, so that the whole country knows for what principles each party stands, what its true aims are—and votes accordingly.

WELL-MEANING DUPES

But the policy of the Communist Party is debated in secret, and after it has been agreed upon, only so much of it as it is considered to be helpful to the public aims of the party is released to the press. In many cases, the supreme party bosses do not even reveal the full party directive to their own rank and file. All those, such as Arthur Koestler or the late M. N. Roy, who have resigned from the Communist Party, are agreed that recruits to the party are given a thorough and progressive vetting, and are only gradually admitted to the party's secrets, if and when they have proved their trust-worthiness. This means that no sympathising Left wing "fellow-traveller" really knows to what principles and aims he is giving his allegiance, and he often realises what they are when it is too late to withdraw.

Too late to withdraw? What nonsense! Why, anyone can resign from a party if he finds himself in disagreement with it. Yes, if it is a legal party, like the Congress. But all the really important activities of the Communist Party of India, as of all other countries, are underground and illegal, and in many cases an

innocent recruit wakes up one day to realise that he is entangled in a web of illegal activities from which he cannot withdraw without the possibility of black-mail or of arrest and perhaps prison.

The secret aim of the Communist parties of all countries is to hasten the Communist revolution. This is achieved by taking every opportunity to promote the dislocation of the existing political and economic framework. Parliamentary methods are used to sabotage parliamentary government, to make it work with the maximum inefficiency, so as to discredit it with the masses. Economically the welfare of the workers is not promoted, as you might suppose, by securing improved conditions and wage increases. That is "reformist deviation". This is highly dangerous because, if successful, it encourages the workers to be content with their lot. Not rising contentment, but rising discontent, throughout industry and agriculture, is the secret aim of the Communist parties of all countries.

I have left the most important difference between the Communist Party of India and the constitutional Congress Party to the last. This is that the Congress Party is a national party that considers all proposed policies, whether internal or foreign, from the viewpoint of what it conceives to be India's national interest. In foreign affairs, the party has accepted membership of the Commonwealth, not for love of the British, but because it considers membership to further India's interests. In domestic affairs, it passes legislation in hopes of creating better conditions for Indians. The Communist Party of India does nothing of the kind. It considers all proposed policies first from the viewpoint of the "workers of the world", of furthering the victory of Communism throughout the world. Since the USSR is (a) the fountainhead of Communism, and (b) the strongest Communist state in the world, able to promote the Communist cause by its power and financial resources, it follows that the interests of the workers of the world, and of a Communist world victory, must, for all practical purposes, be identified with the interests of the USSR.

Nor is it left to the leaders of the Communist Party in each country to make up their own minds as to what the interests of the USSR are: they take their orders from Moscow, from the Cominform (the body created in 1947 to replace the old Comintern which had been allowed to lapse in 1943 as not required for the time being, when all the brains and strength of the USSR were needed in the struggle for existence against Hitler). The Communist Party of India's leaders go to Moscow to get their directives, and are also visited by foreign non-Indian representatives of Moscow, who sit in on their deliberations here and scold them like naughty children when they deviate. The orders of Moscow must be obeyed by any Indian Communist leader who wants to retain his post—otherwise he is excommunicated—slung out on his ear. To get back into favour he has to eat humble pie, to crawl to his foreign masters. It is astonishing that any self-respecting Indian can be found to kow-tow to foreigners—and Europeans at that. It is astonishing that people who have just emerged from a long struggle for freedom from foreign overlordship should be willing to tolerate a party which seeks to impose another foreign yoke. It is understandable that such people will be sensitive to any suggestion of British interference in its affairs and will keenly resent, for example, the recent British note trusting that India would commit no aggression against Goa, but the spate of virulent editorials that greeted this demarche must have puzzled every true Communist in India—accustomed as he is to receiving not diplomatically conveyed expressions of hope, but curt and strongly worded orders from a foreign power.

To be entangled unawares in the Communist Party's secret subversive activities was the danger to which all earnest-minded, young Leftists were exposed in the early years of Communism. Today, however, there is no need for anyone to be deceived by Communist Party propaganda, peace conferences, and soft sops for the middle classes, because too much authentic information has become available in the course of the years. This information comes from three sources: (1) official USSR and Communist Party press releases and publications, many of which are extremely revealing under analysis and betray the contradictions and opportunism that any intellectually dishonest group must display; (2) revelations made by former Communists who found Communist dishonesty more than they could stomach and who have revealed the Party's secret programmes and methods; and (3) secret Communist documents which have from time to time fallen into non-Communist hands. Such were the secret minutes of the proceedings of the third Communist Party of India Congress (December 27, 1953 to January 3, 1954) which were published under the title "Communist Conspiracy at Madurai" by the Democratic Research Service of Bombay (Popular Book Depot, Bombay 7, price Rs. 1-12). The Communists denounced these as forgeries but, when challenged, did not dare to sue the publishers for libel, the constitutional remedy ready to their hands.

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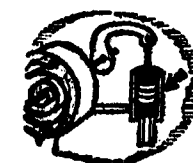
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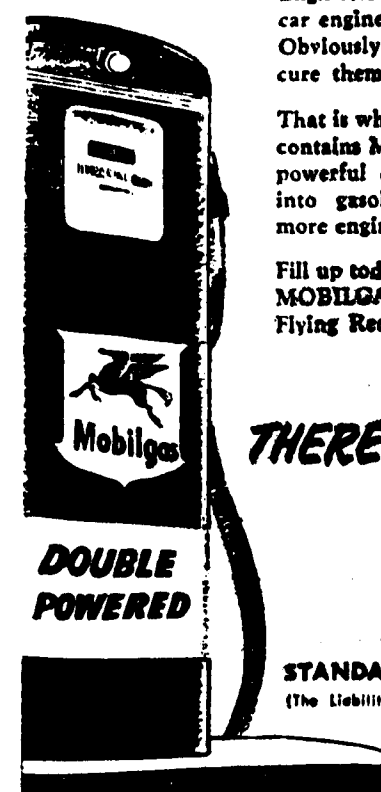
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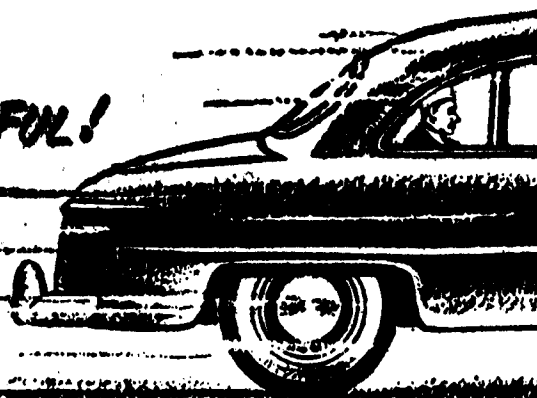


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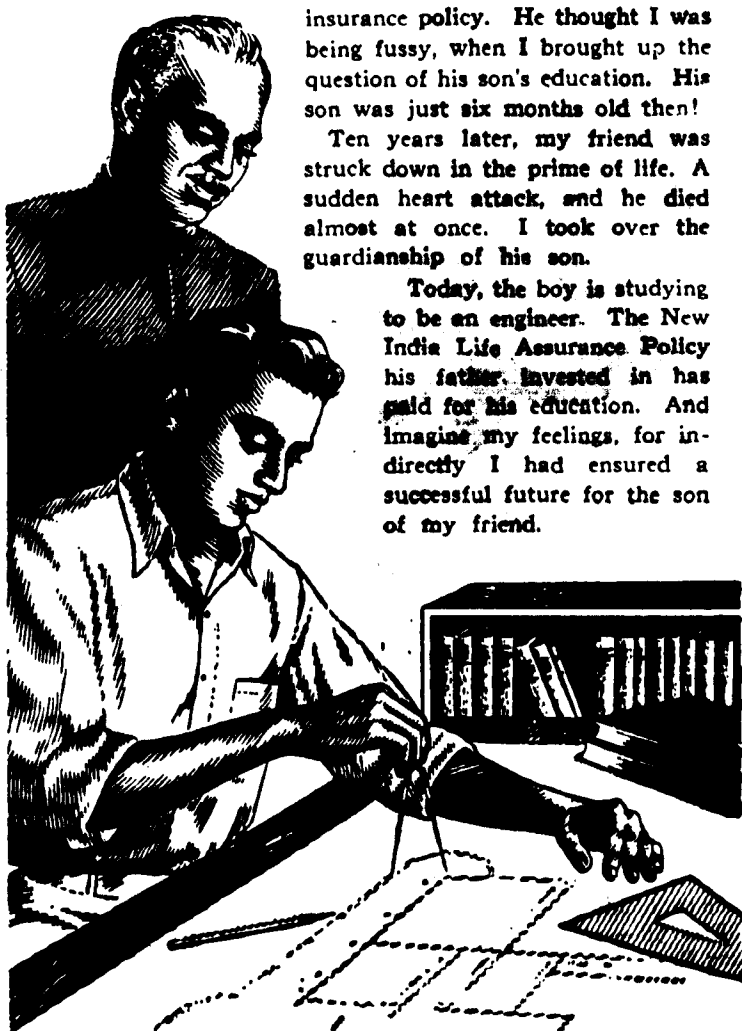
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THE WEEK'S NOTES

WESTERN EUROPE MINUS FRANCE?

Mr. Eden's flying visits to the West European capitals—Brussels, Bonn, Rome and Paris—and Mr. Dulles's dramatic dash to Bonn reveal the Western anxiety to cover the breach in the European security plans caused by French rejection of the EDC. The British communique eludes as usual, mention of specific results of Mr. Eden's discussions on the Continent but it is believed that he has achieved substantial progress. The proposed nine-Power conference next week will consider all these developments. It would be safe to predict that there would be much excitement and controversy over the manner in which German rearmament should be brought about. In this matter, the conference is bound to present a contrast to the complaisance shown at Manila by the SEATO Powers. There is extreme irritation in Washington over French attitudes, but it would be difficult to achieve anything in Europe without French acceptance. It is believed that the French Government will accept German entry into NATO if certain conditions are satisfied which would assure the French that their position will not be weaker. The French desire agreement on arms procurement, on the maximum and minimum size of contingents and the maintenance of substantial British forces on the Continent. To most Europeans who can understand French fears, these conditions may not seem unreasonable and the British Government may be prepared to go a long way towards allaying many of them.

Much would depend on the American attitude which has moved closer towards Germany mainly as a reaction to the French rejection of the EDC. Mr. Dulles flew direct to Bonn, without halting at Paris and this has even been interpreted in some quarters as a snub to France. Any proposals for modification of German sovereignty with a view to placating French opinion may thus get short shrift even if the British are favourably disposed. At Bonn, Mr. Dulles declared that his purpose was to bring Germany "as an equal partner into the society of the free". He also added that the post-war Federal Republic has "consistently followed such enlightened policies that its views must now command great respect".

DISCORD IN INDO-CHINA

There has been disturbing news this week from both Viet Nam and Laos. In Viet Nam, nine ministers were reported to have resigned this week, as a sequel to the Prime Minister's response to the contumacious attitude of the Chief of Staff, Gen. Nguyen Van Hinh. It is probable that the General, who is backed by the army and a considerable section of public opinion will prove the winner. Whether Bao Dai will dismiss the Prime Minister or whether the latter will be compelled to resign, the exit of Prime Minister Ngo Dinh Diem seems certain. These developments have probably no large significance in terms of Viet Nam's stability as they are the outcome of many internal dissensions and personal rivalries. If they eventually lead to the emergence of a strong personality around whom the nationalist forces can rally, some advantage may be derived from them. It is too optimistic at this stage to expect such new dynamic leadership. The immediate beneficiaries can only be the Viet Minh who will not fail to exploit the weakness in the opposite camp.

In Vientiane in Laos, the Minister for Defence, Mr. Kou Voravong, has been assassinated by terrorists, who it is alleged belonged to a group of "Nationalist Laotians." They were not affiliated to the Viet Minh or its Laotian subsidiary, the Pathet Lao, but were fanatical nationalists who simply are against the Government. The outrage was intended as retaliation against the

Government's firm action in June last against persons who had planned a coup d'etat. They had little personal grudge against the victim of their attack and their fierce hostility to all foreign influences—such as the retention of a French military mission and French military bases to which even the Communists had consented at Geneva—is likely to make the position of the Government more difficult. Here again, local intrigues may provide fertile ground for Communist activity to undo the gains of Geneva.

MARRIAGE MODEL FOR COMPOSITE COMMUNITY

The Special Marriage Bill which was passed by the House of the People last week signifies different things to different persons. For its sponsors, it is the beginning of the reform which may, in time, mould the Indian social structure to produce a composite Indian society, eliminating social distinctions. At the other extreme, to the orthodox critics who are happily fewer today, it is the beginning of the end of all that they have known to approve. In between are those who see the necessity for a progressive marriage law for the benefit of those who wish to come under it. The Bill will formally go before the Upper House once again to secure approval of the changes made by the Lower House, but the party whip, which has been wisely kept in abeyance so far, will operate to prevent any further changes causing delay.

For all outward purposes, the Bill is nothing more than a revised version of the law first passed in 1872 to provide for a civil form of marriage before Registrars to those who preferred that form (and who were not governed by any other special laws applicable to Muslims, Christians, Parsees or Jews). The numbers who have availed themselves of the facilities under the Act for registration and for divorce have been too small. The purpose of the re-enactment of this measure in revised form is not merely to bring it up-to-date but to widen its scope as an optional method open to those who wanted a modern system of marriage.

It was left to the Prime Minister who intervened at a late stage in the debate in the House last week to clarify the true position. He pointed out that the Bill sought to provide a method for those who seek to escape from their personal law and adopt a civil code, while retaining their individual religious beliefs. The present Special Marriage Act will make marriage a completely secular social institution to those who want to make it so. This choice is not restricted only to those who will marry in future; all existing marriages solemnised under sacramental or customary forms may also be registered under the Act for securing the benefits of its provisions. These benefits are severance from the joint family, succession under the Succession Act and facilities for divorce, which will be relatively easier, even when divorce is extended to other kinds of Hindu marriages under the law proposed separately.

The provision for divorce by mutual consent has proved the most controversial of all; the Lower House which was expected to veto it succeeded only in providing for a period of delay of one year in taking action on applications for divorce based on such consent. This has been criticised as making divorce so cheap as to tempt irresponsible persons to secure collusive severance of marriage, without making honest attempts to work it. In theory, there has always been a case for some such simple provision for divorce, which would make it unnecessary for parties who wish to separate to resort to marital offences, real or specially arranged, to create grounds for divorce.

For a long time yet, the Special Marriage Act may continue to apply only to limited groups, even though their number will be an expanding one. Some of the very advanced ideas on which this law is based will not fail to affect the Hindu Marriage Bill when it comes up before Parliament soon.

CHAINS OF STEEL?

In the last few days, the Russian offer to build a steel unit in India has attracted a great deal of attention. Obviously, its political implications are uppermost in the minds of those who have not relished this development. There is clearly no room for any uneasiness. So far as India is concerned, there is great interest in steel development and India's policy has been to accept offers of assistance from all quarters. If the Soviet Union is willing to implement its offer, it would not be unwelcome, so long as all other conditions are satisfactory. It has been feared that the Russians may be able to quote specially favourable terms for purposes of political propaganda. There is substance in this belief but the people and the Government of India are confident that the Soviet Union can be prevented from making any political capital out of it in this country. The Russians are probably aware of this too. If they are merely seeking the general prestige of being as obliging to the countries seeking development as the Western Powers, they are entitled to seek that ambition by translating their offers into actions.

In any case, there is no warrant for causing great excitement over it. A steel project is a long-term affair, even if it is true that the Russians can complete it faster than the others. It would suit India, which has waited for six years for offers of participation in her steel projects, to stimulate a healthy rivalry in speed of execution, especially when she has plans for several plants during the next decade. But if past experience were to be a guide, there would be no undue enthusiasm over this offer. Russian offers of wheat for India and capital goods for backward countries have rarely matured in a significant way, though the benefits from propaganda would probably have been greater than they would be now. Moreover, it is now reported that Russian aid to China in steel will amount to the supply of equipment and technical knowledge for establishing new capacity of 4.4 million metric tons in the six years ending 1959. This, if true, is a considerable task. If speed were the Russian watchword, China would already have established a capacity much in excess of her present 2 million tons. Some scepticism may thus be not out of place. But if the improbable still comes about, there is little need for anxiety. There is no need for any potential entrepreneur, Indian or foreign, to be deterred by this development since the country has room enough for several patterns of development.

COAL SAVING THROUGH NUCLEAR REACTORS

A rough idea of the saving in coal that could result from the establishment of large numbers of nuclear reactors was given recently by Sir Christopher Hinton, Managing Director of the Industrial group of the Atomic Energy Authority at an international Congress of Chemists held in Brussels. The British development programme envisages the building of large numbers of nuclear reactors operating at relatively low temperatures such as the two now being built in Cumberland. They will be harnessed to conventional electric generators and it is expected that the electricity thus generated within the next 20 to 30 years by these plants would save about 20 million tons of coal a year. Sir Christopher said that at present scientists did not know any other way of drawing off atomic power except by means of the heat generated during the reaction; that heat was drawn off and used to drive conventional generating plants.

According to Sir Christopher, the chief limitation in reactor development for many years to come was

in designing a fuel element that could operate at high enough temperatures for the heat generated during the reactions to be drawn off at the greatest efficiency. This is more an engineering than a scientific problem. The problem of disposal of waste was another serious one. A really substantial contribution towards the public supply of electricity, according to Lord Citrine, Chairman of the British Electricity Authority, will not be possible for another 15 or 20 years. The peacetime uses of atomic energy are therefore still undeveloped. This news would not, however, depress those who already possess energy resources in the shape of coal or hydro-electric potential.

W.H.O. REVIEWS ITS WORK

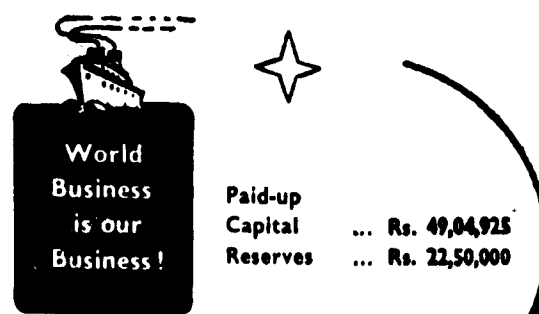
Detailed proposals for the 1956 programme of the World Health Organisation throughout S.-E. Asia and a country-by-country review of projects assisted by WHO in this region during the past 12 months were among the most important items on the agenda of the seventh session of the WHO Regional Committee inaugurated in New Delhi this week by the Prime Minister. This is the third time that India has acted as host to annual meetings of the WHO Regional Committee, earlier sessions having taken place in New Delhi in 1948 and 1949. The Regional Committee's sixth session was held last year in Bangkok.

The participants had before them the 1956 programme proposals as the basis of their discussion.

Funds to finance international aid to the various projects throughout the region will come chiefly from three sources, viz., the WHO regular budget, the UN Children's Fund (UNICEF), and the UN Expanded Programme of Technical Assistance. The amount required from all three sources to finance the entire proposed programme would be just over \$4.7 million. In terms of money or of publicity for particular projects the work of the WHO does not appear to be spectacular. But all these schemes executed at such low cost is an example of unobtrusive service rendered by international agencies.



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WORLDGRAM

TRADE

Economy of Denmark Faces Crisis: Denmark proposes to combat the balance of payments crisis by: (1) a cut of Kr. 100 million in public works and a similar reduction of private investment in building, (2) direct and indirect taxation to yield Kr. 400 million in 18 months, (3) encouragement of savings through tax concessions, and (4) stimulation of exports through an extension of the export credit scheme. Danish imports during the first seven months of 1954 exceeded exports by Kr. 875 million (Kr. 485 million in 1953). The fall in foreign currency reserves of the Central Bank in eight months of 1954 amounted to Kr. 412 million leaving a net foreign currency deficit of Kr. 86 million. The Bank has dollar reserves amounting to Kr. 700 million and EPU drawing rights totalling Kr. 250 million. Next month, however, repayment of Kr. 150 million foreign loans is to be made.

Higher Volume of U.S. Exports in Half-Year: Exports of non-military U.S. goods in the first seven months of 1954 totalled \$7,361 million against \$7,104 million in the same period of 1953. Exports of military goods in this period totalled \$8,979 million against \$9,466 million in the corresponding period of 1953. Exports of cotton in the first half of 1953, amounted to \$429 million (\$273 million); fats and oils \$219 million (\$117 million); wheat and flour \$207 million (\$346 million); other grains \$170 million (\$227 million); tobacco \$98 million (\$139 million); automotive shipments, including light trucks \$567 million (\$521 million); chemicals \$468 million (\$380 million), and special types of industrial machinery \$409 million (\$386 million). Metal working machinery and machine tools dropped from \$156 million to \$110 million; tractors from \$166 million to \$144 million; construction, mining and oil industry machinery from \$266 million to \$224 million; iron and steel from \$267 million to \$253 million and textile manufacture from \$326 million to \$310 million.

Setback to India's Bidi Exports: India's bidi exports have received a serious setback as a result of Pakistan's bid to become self-sufficient in bidis and bidi-tobacco. Pakistan has increased the ad valorem duty on Indian bidis from 10 per cent to 50 per cent, simultaneously reducing the excise duty on local-grown tobacco. As a result of this, Indian bidi exports to Pakistan fell from 2.4 million lbs. in 1952-53 to 88,300 lbs. in 1953-54. Total exports during 1953-54 were only about 2.4 million lbs. valued at Rs. 97 lakhs as compared with 4.2 million lbs. valued at Rs. 2.29 lakhs in the previous year. Ceylon, however, has increased her offtake from 1.73 million lbs. to 2.22 million lbs. in 1953-54, and Afghanistan, 7,900 lbs. of bidis in 1953-54, as against 2,500 lbs. in the previous year.

Mexico's Favourable Trade Balance: The Mexican Government expects to build up a favourable current account trade balance of \$100,000,000 in the second half of this year representing a swinground of \$150 million from the \$50 million deficit which arose in the corresponding period of 1953. Much of this improvement is due to the Mexican devaluation earlier this year, rating 12.5 pesos to the dollar as against 8.65 before the change was made four months ago. Good weather has also helped send exports of agricultural products soaring. Foreign investments, withdrawn before devaluation are expected to be pumped back shortly.

AGRICULTURE

Increased Acreage for Egypt's Cotton: The cotton acreage in Egypt for the 1955-56 season has been raised; Upper Egypt's allotment is raised to 40 per cent of the

total cultivable area, while that of Lower Egypt is raised by 33 per cent as against last season's comparative figures at 34 and 30 per cent respectively. The area under cotton is estimated at 1,579,427 feddans as against 1,324,304 feddans last season. Carryover is privately estimated at about 300,000 bales, against 465,947 bales last season.

UNECE on European Forest Products: The UN Economic Commission for Europe reports that the European marketing of forest products this year appears to be more or less stable. The main exporting countries of Northern Europe had, by the end of June 1954, disposed of about 80 per cent of their sawn wood, available for shipment in 1954. The market for wood pulp and pulp products was favourable. Soviet production of sawn softwood improved by 5.8 per cent from 60.5 million in 1952 to 64 million cubic metres in 1953; the volume of sawn wood exports increased by about 85 per cent, from 131,800 to 244,100 standards.

International Statistical Training Centre: The Food and Agriculture Organisation of the United Nations, in co-operation with the Government of India have decided to conduct an International Statistical Training Centre in India, on Experimental Designs and Survey Techniques for a period of 3½ months with effect from September 20, 1954. The Centre will be located at the Indian Agricultural Research Institute, New Delhi, for a period of three months from September, and thereafter at the Indian Veterinary Research Institute, Izatnagar, for a fortnight. About 40 agricultural, animal husbandry and statistical officers from 12 countries in the Middle East and South-East Asia will attend the courses.

More Welfare Extension Projects for Second Five-Year Plan: One hundred and twenty more Welfare Extension Projects covering about 2,400 villages and a population of about 24 lakhs are to be launched in the various States. It is disclosed that out of 27 States, 23 have set up State Boards, functioning under the guidance of the Central Social Welfare Board.

Replanting of Indonesian Rubber Estates Planned: Smallholders' rubber estates in North Sumatra will shortly be replanted with rubber saplings, it is learnt from the Association of Indonesian Small-holders Rubber Estates. As a first step towards the achievement of this aim, rubber seeds of a better quality have already been planted. According to the plan, Smallholders' Estates in East Sumatra, Atjeh and Tapanuli will be replanted with a total of 200,000 rubber saplings spread over the acreage of 500 hectares in each region.

World Production of Almonds: The total world production of almonds during 1953 has been estimated at 111,582 tons. Details of production for various countries, according to the figures released, are 36,287 tons for the U.S.A. and 34,654 for Italy. The U.S. Department of Agriculture has, however, pointed out that the American figure relates to the quantities of almonds in the shell produced in America, plus shelled-almonds from other countries. If, therefore, allowance is made for deducting the shelled-almonds of foreign origin on the most favourable basis of 45 per cent, then the U.S. production of almonds in the shell drops to 16,000 tons, classifying third after Italy and Spain.

FINANCE

Soviet Loans for Private Housing: It is reported that 200,000 private houses are under construction in the Soviet Union. About 28,000 private homes have

already been completed this year. The construction target of houses with another 4 million square metres floor space by the end of 1954, represents a 33-1/3 per cent increase in private home construction, above the period of the Fourth Five-Year Plan, 1946-50, during which 5,000 million roubles were loaned for the construction of private homes with a floor space of 15 million square metres.

More U.S. Aid for Iran: Another \$10 million of U.S. emergency aid has been granted to Iran making a total of \$70 million in free aid, apart from the \$22 million received as Point Four assistance. This new instalment is intended to tide Iran over the next three months pending inflow of oil revenues. It is reported that Iran is negotiating with the U.S. Import-Export Bank for a \$50 million loan to finance some development projects.

British Personal Expenditure Sets New Record: Preliminary details of personal expenditure on consumers' goods and services during the 2nd quarter of 1954 are estimated at a total of £935 million.

(Figures in £ million)

	Jan-Mar. 1954	April-June 1954	Oct.-Dec. 1953	April-June 1953
Food	853	935	921	889
Footwear	39	54	56	50
Housing*	208	227	212	217
Other clothing	202	241	256	221
Household goods	202	212	241	201

* Rent, rates, water charges and expenditure by occupiers on repairs and maintenance.

Record Australian Savings Deposits: Australian Savings Bank deposits now total £(A) 1,010,100,000 according to official figures. This is an increase of £(A) 82,600,000, or 6.6 per cent during the year ended June 30, and an increase of £(A) 259,900,000 or 14.4 per cent over the past five years. The total is equal to an average of £(A) 112-14 a head of population, or £(A) 149-10 in each account.

U.N. Technical Assistance to India: To amount of technical assistance received by India so far, in terms of money, under the United Nations Technical Assistance Administration Programme includes (i) obligations incurred up to 1952—\$240,873, (ii) obligations incurred in 1953—\$164,085, and (iii) and amount approved for 1954—\$188,800. Assistance was received in the form of services of experts, training facilities, and equipment ancillary to the services of the experts.

Imperial Bank's Branches: In pursuance of the recommendations of the Rural Banking Enquiry Committee, the Reserve Bank of India made arrangements with the Imperial Bank of India, whereby the latter agreed to open 114 branches during its five-year expansion programme beginning July 1, 1951. In the period July 1, 1951, to August 30, 1954, 48 branches had been opened by the Imperial Bank of India in Part 'A' and 'C' States. The remaining 66 branches are to be opened by June 30, 1956. It is not known how many of these would be opened during the rest of 1954-55.

Industrial Investment Corporation: According to the Finance Minister, the Government have received the draft constitution of the proposed Industrial Investment Corporation and are considering it. Representatives of prospective investors in the Corporation are expected to have talks covering all aspects of the Corporation, with the International Bank next month in Washington. A representative of the Government of India will be associated in these talks.

Financial Resources of States: The State Governments raised about Rs. 29 crores by way of additional taxation during 1951-54. In 1954-55, the cumulative additional yield from measures of taxation adopted in the first three years as also from the measures proposed for the current year is estimated at about Rs. 27 crores. On present indications, the additional revenues secured by State Governments through fresh taxation might amount to Rs. 80 crores over the five-year period. State Governments would receive about Rs. 80 crores over the Plan period as a result of the Finance Commission's award. In addition, their receipts from public loans were expected to bring in Rs. 25 to Rs. 30 crores more than the targets initially defined.

Redemption of India Government Stock: At the request of the Government of India, the Secretary of State for Commonwealth Relations has given the requisite three months' previous notice of the redemption of the outstanding amount of Government of India £3 10sh. per cent stock, 1954-59, on the earliest date provided in the prospectus, namely December 15, 1954. The stock, for £10,000,000, was issued in November 1953. In February 1941 the holdings of residents in the United Kingdom were compulsorily purchased under Treasury Vesting Orders and transferred to the Government of India for cancellation. By this means, and by purchases in the market for cancellation under the Government of India's debt repatriation scheme, the outstanding amount of the loan has been reduced to about £274,000. This is held entirely by non-residents.

East Africa Loan Subscribed: Lists for the £4,000,000 offered for public subscription in the United Kingdom of the £5,000,000, East Africa High Commission 4 per cent loan opened recently. The loan is intended for the improvement of transport and communications in East Africa. It is redeemable in 1973-76, and the principal and interest are guaranteed by the Governments of Kenya, Tanganyika, and Uganda. A sum of £500,000 has been reserved for subscription in East Africa, and £500,000 has been taken up on behalf of Colonial Government funds.

Recovery of Loans by Rehabilitation Finance Administration: The total number of cases where loan was actually advanced and remained outstanding with the Rehabilitation Finance Administration up to the end of 1953, was 9,670. Out of this instalments fell due for repayment in 5,766 cases and rebate was allowed to about 1,000 of these loanees. The actual effect of the reduction in the rate of the interest on the recovery position could not be assessed at present. Most of the loanees from East Pakistan, having verified claims, were holding back payment following the decision of the Administration to postpone coercive measures for recovery of loans up to 1/10 of the assessed claims of such borrowers.

MISCELLANEOUS

Employment Statistics for Austria: Employment statistics report a figure of 2,051,865 employed in Austria as on September 1, 1954. Some 98,494 are still registered as seeking employment; 41,617 (42.3 per cent) are men and 56,877 (57.7 per cent) are women. This marks the first time in many years that the unemployment figure has fallen below 100,000. The nine Austrian provinces report the following figures of persons seeking employment for their respective areas: Vienna 47,393; Lower Austria 16,715; Styria 11,881; Upper Austria 11,787; Carinthia 3,408; Tyrol 2,987; Burgenland 2,116; Salzburg 1,551, and Vorarlberg 658.

NEWS IN BRIEF

INDIAN

Voluntary contribution of labour have been made in all the Community Project Blocks. The money value of contributions from October, 1953, to March 1954, amounted to Rs. 115.4 lakhs.

During the period January-June, 1954, the profits remitted abroad by foreign firms and companies operating in India amounted to Rs. 9.10 crores. The largest amount, viz. Rs. 7.82 crores, was transferred to the United Kingdom.

The Reserve Bank is conducting a census of foreign investments in India, which when complete will give the position up to the end of December, 1953. The census will reveal whether foreign capital has been increasing or decreasing since 1948.

Of 88 ex-prisoners of war from Korea, 53 have opted for Mexico, 1 for South Korea, 33 for India and 1 for China. The last one has already been repatriated. Those opting for India are receiving vocational training at various centres.

The Government of India intend to convene a conference on atomic energy in Delhi sometime in November 1954. The main subject to be discussed at the conference will be development of atomic energy for peaceful purposes in India.

About Rs. 5.34 lakhs had been placed at the disposal of the Displaced Harijans Rehabilitation Board which has now ceased to exist. About 1,140 bighas of agricultural land and 882 houses were also made available to this Board for allotment.

A sum of Rs. 4,500 has been presented by the TWA Management and Employees to the Prime Minister's Flood Relief Fund. In addition TWA recently flew, free of charge, several tons of relief supplies to India from Red Cross Societies in Geneva and Rome.

Ten months of the Women's Savings Campaign have yielded Rs. 27,19,115, of which only Rs. 85,000 came from ornaments surrendered for conversion into loans to the National Plan. An expenditure of Rs. 66,000 has been incurred in this connection.

During 1954-55, 1,500 social welfare organisations will receive Central Government aid. The sum earmarked for the purpose is Rs. 75,00,000. During 1953, 620 institutions received grants totalling Rs. 20,21,000.

A survey of Nepal's forests reveals that out of a total area of 50,839 square miles, nearly 25,000 square miles of Nepal are forests. Nepal is rich in sal, conifers and oaks.

The Government of India, it is learnt, have invited Soviet specialists for further discussions on the Soviet proposal to construct a steel plant in India. The Soviet Union is to provide financial and technical aid for the steel plant.

Dumex Limited have donated 5,000 lbs. of Dumex Baby Food and 500 unbreakable feed-bottles valued at about Rs. 20,000 towards the relief of the flood stricken in Bihar, Bengal and Assam.

FOREIGN

A Twentieth Century Fund study indicates that manufacturing supplies about a third of all non-farm wage and salary jobs in the U.S.; transportation, communications, trade and finance combines another third; and all other activities, including Government another third.

It is estimated that Britain has invested between £400 and £500 million in South Africa between 1946 and 1953. Substantial investments were made to finance and develop uranium production; indicating British confidence in the future of South Africa.

The population of France, according to preliminary findings of the National Institute of Statistics, is reported to number 42,700,000. The population in 1946 was estimated to be 40,502,513.

New Zealand vineyards are producing nearly a million gallons of wine annually. Wine making is becoming one of the country's major industries both for local consumption and for export.

The East German Premier recently announced price reductions for consumer goods, equivalent to half-cent-an-hour wage or between 20 and 45 per cent. The announcement was made at the annual Leipzig Fair.

The Government of the Chinese People's Republic and the People's Bank have allocated 1,494,000 million yuan to help flood-stricken peasants to make production come back in the Yangtze and Huai River Valleys.

The 19th Congress of the International Co-operative Alliance at Paris voted down a move to include East Germany, Albania, Poland, and Hungary in the membership of the organisation which consists of credit unions, insurance companies and agricultural and other co-operatives.

Heavy rain and wheat rust have delayed harvesting and maturing of the Canadian wheat crop, resulting in a considerable deterioration, since early August in the grain prospects. This drop has been tentatively estimated to be as high as 85 million bushels.

Under an agreement, the U.S.A. will give Libya \$5 million this year and \$2 million for the next twenty years, and will also give aid annually for economic development. This year Libya will receive 24,000 tons of wheat, and equipment for her army, all in return for the use of air bases by the U.S.A.

The Central African Airways, the national airline of the Federation of Rhodesia and Nyasaland, has borrowed £1,750,000 from Britain's Colonial Development Corporation to purchase aircraft for replacements.

South Africa's industrial yield had grown from £200,000,000 in 1939 to £774,000,000 in 1953. South Africa is seeking foreign markets for secondary industrial products, which had been given impetus during the war.

Official statistics reveal that Thailand will export about 1,000,000 tons of rice this year out of an estimated exportable surplus of 2,000,000 tons.

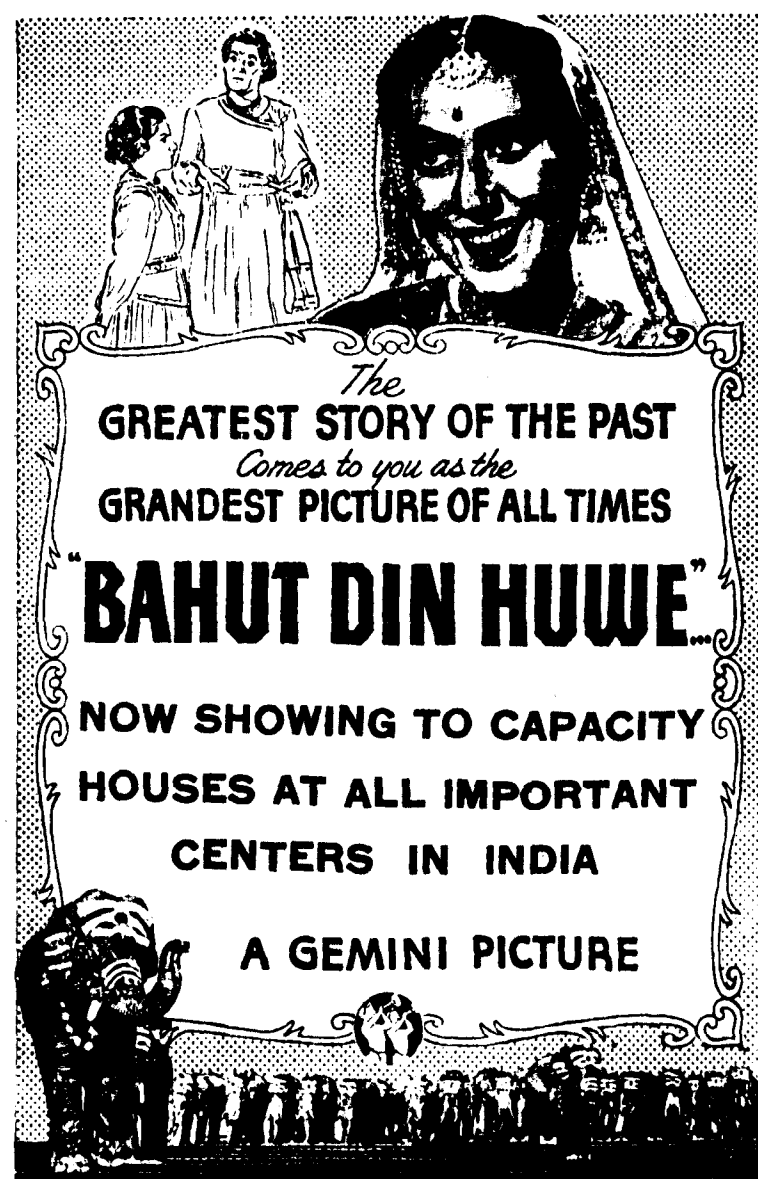
BOOK REVIEW

Social Security in India: By B. M. L. Moorthy: The Popular Book Depot, Lamington Road, Bombay-7: Price: Rs. 3.

Although it is some years since the two important enactments that mark the foundation of social security in India, namely the Employees' State Insurance Act, 1948, and the Provident Fund Act, 1952, were passed, it is rather surprising that, until the publication under review saw the light of day, there had not been a single book explaining the implications of the two Acts. Accordingly, as Mr. L. S. Vaidyanathan, General Manager of the Oriental Life Office, Bombay, has observed in his foreword to this publication, the author's attempt "has removed a want that has been felt for some time". Mr. B. M. L. Moorthy has certainly enhanced the value of the book by also including in it a comprehensive survey of social security schemes in force in other countries. The up-to-dateness of the publication has been ensured too by the addition at the last minute, as it were, of the two ordinances amending the Industrial Disputes Act, 1947, and the Employees Provident Fund Act, 1952.

In an introduction to Mr. Moorthy's book, Mr. Naval H. Tata has raised the issue whether it is right to implement such schemes in relation to only a particular section of the community and that too a small

section at that. Although he hastens to add that the needy must get prior attention, he has apparently not reconciled himself, it would seem, to the state of affairs prevailing in India wherein legislation on social security has all along been confined to factory workers (numbering about two millions) alone, regardless of the vast number of workers (133 millions) who toil outside the realm of factories. It is also his belief that, in a thickly populated poor country like India, as it is presently situated, even a modest scheme of social security is enough to take away the entire budget of the country. He, therefore, suggests the building up of a social security system that will stand the test of time by stages and, in the meantime, it is his view that, to survive, the nation must restrict its wants to the barest minimum. While this is understandable, the stark fact remains that those who are in urgent need of social security today in this country are the least able further to curtail their wants, as there is no scope whatever left for it. It thus follows that the others who can afford, relatively speaking, must undergo sacrifices for the benefit of the needy. But, in practice, even this may not go very far unless the country's economic resources are fully exploited and the national income is raised appreciably. Nevertheless, the author's statement that "the scheme of social security for which foundations have been laid by the present Government undoubtedly heralds the coming of a new era" cannot be challenged.



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A Window On The World

THOSE MADDENING FOREIGNERS

By
ODYSSEUS

CAN THE NATIONS ever agree? Is "international goodwill" merely a diplomatic illusion, carefully cultivated to make smooth the path between one war and another? Will any nation ever be able to see itself as others see it? These were the questions that I found myself asking after reading the Political Diary conducted in the "Hindustan Times" by my brother columnist, Insaf, who is always as stimulating as he is well-informed. Here are the passages that particularly caught my eye in Insaf's column of August 31, in the course of which he recorded his impressions of a recent ten weeks' tour of Europe.

"...Nehru in the European's mind is an individual who is pro-Communist and anti-American, and not a statesman of world stature. A small section in the chancelleries of the various West European governments dealing with foreign affairs, of course, appreciate India's foreign policy... By and large, India's Prime Minister is thought of all over Europe as unfriendly to the democratic West. This belief is largely inculcated by the manner in which news from India, and about India, is presented to European readers by news services and syndicated features which emanate from American, British, French and Swiss sources.... Anyone reading accounts of the happenings in Geneva in the Indian press would believe that our Prime Minister's special envoy there played a significant, almost a key role, in bringing about a settlement of the Indo-Chinese issue, but his name hardly figured in the European press, which confined its tributes to Mr. Eden and M. Mendes-France for bringing about the settlement. The main interest that an average European has is to find out why Indians do not realise that Communist China is on the march, and that if Indians do not join the democratic bloc they will be over-run by Communist hordes."

HOW WE LOOK TO FOREIGNERS

Since, for the time being, my window looks out on to the European world, I can confirm the accuracy of Insaf's impressions. The obvious question to ask is, therefore, what, if anything, can be done to remove, or to minimise, such misunderstandings, and the answer that most people give is to assert the necessity for bigger and better Indian propaganda abroad. Now, while government Information Services have a useful role to play in distributing texts and facts to editors, commentators, and other interested people, it is essential to remember that it is not propagandists who, but policies which, influence foreign opinion, and the mere multiplication of Information Officers will achieve little. The average foreigner no more builds up his picture of India from what the Indian Information Services in London, or elsewhere, tell him, than does the average Indian form his opinion of America from what the U.S.I.S. in India tells him. The average foreigner's picture of India is built up from a composite mass of different factors, which include the history of the relations between his country and India, so that the reactions, for example, of a Pakistani, an Englishman, a Portuguese, an American, a Ceylonese, a Burman, a Nepali, a Japanese, a Chinese, or a Soviet Russian, to a speech by Pandit Nehru will not, as you might at first be tempted to think, be either the same as yours, or even as each other's—they will, on the contrary, all differ profoundly, because each of them will interpret the Prime Minister's speech in terms of his own

country's policies, hopes, fears, and past experience of relations with India. In each case, the picture of India will differ as the various foreigners interpret the aims and motives of India's policies in relation to their conception of their own national interests.

Those who are concerned about foreign policy and international goodwill are apt to be people who, from the positions that they occupy in government, trade, commerce, or like Insaf, in journalism, are exceptionally well-informed in foreign affairs. Because it is usually part of the job of such people to study the day-to-day developments in the international situation, they often forget that the average man, in all countries, is far too busy earning his living to keep himself abreast of all but the headlines. His newspaper reading is done in a hurry over breakfast, while at the back of his mind he is already beginning to think of his office problems for the day, and, if he takes up his paper again, it is at the end of a tiring day, when he is more in a mood to look at the film reviews or the sports pages, than the political speeches and the latest world crisis. Years ago, I had a long conference with my editor over the current political situation. We were finding it difficult to decide what was the right line of policy for the paper to take. At long last we reached a carefully considered decision, but, as I was rising to go, the great man looked over his spectacles at me, and said: "You and I think all this of great national importance. Don't fool yourself. What we write about it doesn't matter a damn.... What sells the paper is what the Sports Editor puts in his page."

K. MENON, M. FRANCE, OR A. EDEN?

Insaf lays his finger on another important factor that makes international understanding more difficult when he points out that anyone reading accounts of the Geneva conference in the Indian press would have believed that Mr. Krishna Menon played an outstandingly important role in it, whereas his name hardly figured in the European press. The omission of Mr. Krishna Menon's activities by all but a handful of Western reporters was not, as some unacquainted with newspaper technique might suspect, deliberate suppression in bad faith, but arose because a foreign correspondent's report has to compete for space in his paper with all the rest of the news, domestic and foreign. His main preoccupation is therefore to keep his dispatch as short as possible, and to concentrate on those aspects of the news that he judges to be of greatest interest to his own readers. A French correspondent will naturally lead off his message with the views and deeds of M. Mendes-France, and French readers will be liable to get the idea that the conference revolved round the French Prime Minister. A British correspondent will devote his space to Mr. Eden, and, like his French colleague, mention anyone else's activities as fill-up at the end, which passages are the first to be cut by a harassed sub-editor, trying to fit 25,000 words of news from all over the world into a page that will only take 7,000. And, of course, the Indian correspondent sticks Mr. Krishna Menon right into his first paragraph, and weaves as much of his story of the day's happenings around him as possible. And when a correspondent comes across a fact, or an argument, or a sentiment, advanced by a foreign representative, which he judges will be unpalatable to his own national opinion, he is but human if he soft-pedals it,

waters it down, minimises its importance, or inserts a rebuttal in his report as he goes along. If he does not do this, he runs the risk of creating the impression in the minds of his readers, if not of his employers, thousands of miles away, that he has been abroad too long, that he has lost touch with the (Indian, British, or other) national viewpoint, that he has become "pro-foreign".

Does all this seem wholly negative and pessimistic for the future of international friendship? I think that Insaf shrewdly spotlights another vitally important point when he notes that those in the chancelleries of Europe who specialise in foreign problems do understand India's foreign policy. Now, any foreign policy is made up of a thousand complicated and complicating considerations of national interests, and true understanding of it will only be found among the aforementioned handful of diplomats, Chamber of Commerce specialists, commentators, and so on. The masses have neither the time, inclination, nor the intelligence for such matters.

If this is agreed, I draw the conclusion that what is important is that the specialists should not only understand the problems that they study but should also be at pains to expound them to those among their own public opinions who count. Above all, I believe that one of their most important responsibilities is to set an example of international good temper in the face of foreign "misrepresentation", and while, by all means, taking important foreign opinion seriously, to laugh indulgently at those sections of foreign opinion which carry no weight at all in the formation of national policy. They need to explain, for example, that the first preoccupation of a popular newspaper, like the British "Daily Express" or "Daily Mirror", or the American "Time", is to maintain its mass circulation. This, it believes, cannot be done by means of carefully balanced reports and intellectual discussions of the news. It believes that it must simplify, reduce everything to black or white. That such a paper concludes that Pandit Nehru is anti-democratic and pro-Communist is indeed regrettable, but not remotely surprising. What is important, I suggest, are not the views about

India, America, or the U.S.S.R., held by a "Daily Express" reader whose influence on Britain's foreign, or (for that matter) domestic, policy is precisely nil, as has been proved when the "Daily Express" has tried to influence the voting in General Elections and been ignored by the electors over and over again—what is important are the views and attitudes of the responsible newspapers, like the "Times", "Manchester Guardian", "News Chronicle", or "Scotsman", among the dailies and the "Economist", "Spectator", "New Statesman", or "Time and Tide", among the weeklies (I cite the British press only by way of example). Such papers, being edited by human beings, cannot free themselves from all national prejudices and will from time to time publish views or comments that will upset, or even enrage, informed opinion in India or elsewhere, but at least these newspapers are (a) trying to report the truth as they see it, and (b) always ready to publish authoritative letters and articles representing a different viewpoint.

The basic point is, I submit, to bear steadily in mind a picture of the fundamental national interests of one's own and of other countries. Where these interests coincide, you may be unable to avoid short-run spells of irritation and friction (which all sensible leaders of public opinion will naturally try to dispel), but in the long run you will find understanding and support in the informed foreign circles that count. (It is, in parenthesis, no more use getting mad with a British "Daily Express", or an American "Times", reader than it is with a child for making embarrassing noises in company. Where, on the other hand, fundamental national interests clash, you may, in the short run, have spells of mutual back-slapping and conducted tours, but in the long run, you'll be up against irreconcilable facts. In this case, one can only keep one's temper cool, and one's powder dry, and help oneself by helping one's friends, despite their (and our!) maddening ways. It is because I believe that India's fundamental political and economic interests coincide with those of the democracies, and of the Commonwealth that, greatly though I deplore the present spell of irritation, I doubt that it will prove fatal to democracy, or to India.

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VISIT MYSORE

A DELHI DIARY

A TONGUE-TWISTER

INTERNATIONAL visits, both present and future, have filled this week. The Indonesian Prime Minister, Dr. Ali Sastroamidjojo, and Mrs. Sastroamidjojo arrived on Wednesday morning and received an appropriate welcome. The Indian people do not yet have the same interest in Indonesia as they have in Burma or Ceylon; but I believe interest is growing, and can certainly be made to grow faster by visits such as this. But we still find some Indonesian names quite difficult, and, frankly, although I have tried to mouth the Indonesian Prime Minister's name several times, I cannot yet deliver it without hesitation both before and after—before, because of the necessity of a supreme mobilisation of all my faculties, and after, because I am anxious that the effect on listeners should be evaluated. I do not know whether other Indians have this difficulty. There is a theory that, being good at languages, we can take any name in our stride. I doubt if this is true, and must observe that throughout Wednesday and Thursday, I did not notice a single effortless mention of the Prime Minister's name. I noticed in particular that there was frequent evasion of the dilemma by the reference to Dr. Sastroamidjojo as the Indonesian Prime Minister!

It is believed, though this has naturally not been confirmed, that the Indonesian Prime Minister's visit to Delhi has been carefully timed to precede our Prime Minister's visit to Peking next month. It is now confirmed that on his way to Peking, Mr. Nehru will be visiting Dr. Ho Chi Minh, President of the Democratic Republic of Viet-Nam, otherwise called Viet-Minh. The dates of the Prime Minister's visit to China have also now been fixed. He will leave Calcutta on the 16th October, arriving at Peking on the 19th, and he is expected to stay in China for ten days, mostly in Peking. There is no doubt that greater interest will be shown in the People's Republic in the coming years by many South-East Asian countries. I prophesy, however, that at the end of it all—as down the centuries—it will be the Indian approach which will be more acceptable to South-East Asia than the Chinese. History in our time is showing how good it is at repeating itself.

I look upon the increasing association with China, therefore, with no concern of any kind. India, and I believe South-East Asia, is adult enough to look a danger in the face and protect itself against it. I have never favoured the view that because there is a Bamboo Curtain on the other side, we should erect a curtain of our own to prevent the microbes from behind the Bamboo Curtain infecting our people. Delegations (mostly of women!) have been going back and forth between Delhi and Peking. I regret to say that most of these distinguished ladies are unknown to me, but (greatly daring!) I propose to cultivate them on their return!

THE RUSSIAN STEEL PLANT

Just as I am not concerned about contamination from behind the Bamboo Curtain, I am not concerned about the entry via a new steel plant of a host of Russian technicians. The Russian proposal has certainly excited great attention, not least from the leading embassies in New Delhi. For the moment, the Russians have everyone guessing; this is so much their usual diplomatic line that I suppose it was only to be expected. But this happens to be a new experience for

the Indian Press; it seems to be able to get authentic information from nobody. And the truth seems to be that there is not yet any precise proposal on the basis of which any opinion can be formed on the value of this proposal. Being unable to obtain any information at all, I quote (for what it is worth!) a report received from a journalistic friend. With it I must utter a caution which dates back to Plato that a copy of a copy may be twice removed from the truth!

According to this report the plant proposed is in the first instance to have a capacity of half a million tons. It is now standard practice, it seems, to begin with half a million tons and allow for expansion up to one million tons, though this does not seem to be precisely an optimum unit. The cost of the new plant has not been estimated, but it is stated that this will be lower than the cost of the Hindustan Steel Plant and will be more modern. It is also claimed that it will be erected within eighteen months of the selection of the site. Finance has been left discreetly vague. There is talk of a sale "on credit" at 2½ per cent interest, the credit to be reduced in ten annual instalments. Assuming that this involves a payment of Rs. 10 crores per year one wonders why it is necessary to take a loan at a time when the utilisation of our sterling balances is causing much concern. However, my source of information even goes further to say that India would probably wish an extension of the period. I take this as evidence at long last that the Planning Commission has got projects ready which can utilise our foreign exchange. For the last twelve months this evidence has been sought in vain!

Is there any political slant on this potential deal? My researches have failed to indicate that there is any suggestion that this offer has anything to do with the conclusion of SEATO or with the United States pact with Pakistan. There is no doubt that the political implications of these proposals have tended to weaken India's enthusiasm for the West but there is no indication of any kind whatever that India's foreign policy has undergone any change. It has always been India's foreign policy to accept technical assistance without strings from whatever sources that assistance came. The linking of the acceptance of the technical assistance with the leaning on this or other side of the Cold War is without any foundation. Indeed, the tendency generally is for the acceptance of economic aid to produce a (psychological!) leaning on the other side. Thus, it may well be that in order to display our independence of the Russians we may be a little more enthusiastic about Western co-operation. However, this is not an issue on which I would care to lay any bets.

BEER IN DELHI

Amidst the excitement in international affairs now going all around us I must give high tribute to a Delhi paper which, retaining its sense of perspective, drew attention on its front page to the increased consumption of beer in Delhi. In answer to a question in the State Assembly on Monday, the Chief Minister said that in 1953 the average daily consumption of imported beer was 258.3 gallons as against 180.3 in the previous year. In 1952, 90.4 gallons of Indian beer were consumed daily but in 1953 the figure rose to 96.1 gallons. Is this the result of international tension or can it be that at long last, people in Delhi are beginning to develop sophisticated tastes in the purely domestic field?

ARGUS.

SPECIAL ARTICLES:

TRENDS IN TEA CONSUMPTION

The high prices for Indian tea in the London auctions early this month and the consequent rise in retail prices must prompt the question whether the long-term effect would be a discouragement to more tea consumption or a shift to other beverages like coffee. On September 6, the price of Indian common tea in London auctions reached a new peak of 5sh 3d a pound. This was due to a temporary shortage of supplies but it is also an indication of the strength of the demand. Tea blenders consider that retail prices will have to increase by eight pence per pound. It is believed that the market can take this rise because the quality of tea this year has improved and because the price of coffee is high. Tea still remains the cheapest beverage in the areas in which it is consumed, which is due mainly to the highly competitive nature of the trade. The growth of the tea habit is an interesting study as the results of a consumer survey initiated in the U.K. summarised below will indicate.

The Fourth Consumer Survey by the U.K. Tea Bureau follows a period of sharply rising prices, unlike the previous survey in April 1953, which followed six months of derationing. Some 2,000 interviews were made of a cross-section of the public in six regions of the U.K., including Scotland and Wales, and ranging from industrial areas to the remoter districts.

The Bureau contacted: (i) the upper, well-to-do people in higher professions such as the wealthier chartered accountants, lawyers, doctors, and owners or directors of business, all of these invariably having telephones, cars and employing domestic help. (ii) The middle and upper middle class including the professional people not included in the upper group, salaried clerical workers, qualified teachers, managers of medium and large shops and non-manual supervising grades in factories, many having telephones and owning cars. (iii) The lower middle and working class being the largest group, and covering, with the exception of the very poor group, the remainder of the population. (iv) Those without regular jobs, unskilled workers, or those living solely on the Old Age Pension. Housing conditions in this class are poor and this group has money only for necessities.

A comprehensive questionnaire was prepared and has been published by the U.K. Tea Bureau along with the findings of the survey, in the form of a little booklet. In comparison with the April 1953 survey, the average consumption of tea per household-week appears to have risen from 10.4 oz. by 1 oz. to slightly over 11 oz. Consumption per head now works out at an average of 3.3 oz. compared with 3.1 oz. in 1953. This increase, however, is not the outcome of a larger amount of tea used or in the number of cups of tea consumed by the housewife. Indications are that the increase is probably the result of a combination of factors such as the greater amount of tea taken to work, and the increased use of caddy spoons, and maybe lesser concern with the precise amount of tea being used per brew.

BANK EMPLOYEES IN SIX COUNTRIES

SALARIED employees in different ranges of occupations and professions have evoked considerable attention in the recent past. Their conditions of work and scales of pay have become objects of enquiry in not a few countries. Since statistical investigations

Housewives are holding slightly larger stocks of tea now than they did a year ago, although these stocks represent just under one week's supply per household, at the present slightly higher level of consumption.

Shopping habits of consumers show no appreciable change, 75 per cent housewives buy their tea from the usual grocer and amongst those who do not do so the reason "doesn't stock favourite brand" shows a further decline in importance. As against 35 per cent in 1953, this year 41 per cent are buying more than 1 lb. of tea at a time. As indicated by the previous surveys the cheapest teas (1s. 2d. per 1 lb. or under) still find relatively greatest acceptance in the N.E., the more expensive teas being least widely purchased in the South.

In spite of price increases since the last survey, there is no evidence of a general change-over to cheaper grades or brands. This particular conclusion, however, must be cautioned against for it may not entirely be true. For a large number of housewives, about 84 per cent, the recent price increases have had, so far, no apparent effect either on the frequency of preparation or the strength of tea made. No change is indicated in the figures over the previous year showing the past increases in the number of spoonfuls of tea used for two and for four persons. The average number of cups of tea drunk by the housewife herself on the day before the survey remained stable at 6.8, indicating that the occasions on which the housewife took tea are largely unchanged. There is, however, an indication of more tea drinking early morning and during the afternoon and less in the evening and before going to bed. The average number of occasions the housewife had tea at home again remains unchanged, at four.

The downward trend in recent years in the consumption of coffee by the housewife at home has been arrested. The figure of 31 per cent having coffee on the day before the survey shows an apparent increase over the 1953 findings. The comparable figure for the drinking of coffee away from home remains unchanged at 5 per cent.

Through detailed charts and tables the findings of the survey show the split-up of purchases made, consumption, and stocks kept of tea by the various classes of consumers. Purchasing habits, the frequency and amount of purchase, prices paid per unit of purchase and consumer preferences are recorded against previous years, making possible a fairly accurate measurement of the trends observable in the U.K. A fall in the percentage of people satisfied with the present quality of tea is indicated from 92 per cent in 1953, to 89 per cent this year. Finally, the last section dealing with coffee is an attempt to measure to what extent coffee drinking has benefited or suffered from the encroachments of tea drinking. Largely it can be said that coffee consumption is on the increase, though the difference is little.

were conducted into their salaries independently with the specific object of revising their scales of dearness and other allowances in order to relate the total emoluments in a rational manner to the cost of living, statistical studies in this new field of wage problems are

being progressively advanced. This new interest that is being keenly evinced has received prompt recognition from the International Labour Office. Its annual data of internationally comparable statistics of prices and wages collected for the month of October in each year now includes the monthly rates of the emoluments of salaried employees obtaining in October, 1953.

These salary data, which are available for the first time in the Statistical Supplement to the International Labour Review for August, 1954, relate to seven occupations and professions and cover industrial, commercial and financial avenues of employment. Because of the variations in the stages of development and emphasis on different industries and trades in individual countries, the seven professions selected for statistical information are bound to represent varying degrees of importance, but the selection on the whole accords with the criterion of a fair measure of importance in national employment. The great virtue of the ILO statistics is their arrangement on an internationally comparable basis and for this purpose differentials arising from factors of service seniority, experience, varying grades of skill required within the same occupation have been eliminated to the extent practicable. The choice of the starting rates of salaries has been made deliberately to eliminate the differentials and it has been practicable in a very large majority of the statistics collected. In the field of financial activity, the ILO statistics have selected salaries of two categories of bank employees as representative and international comparisons in the scales of pay of employees in these two classes would prove interesting. Of these two classes, tellers who deal with the receipt and payment transactions of clients constitute a very important class of employees, while accounting machine operators who are employed on a fairly large scale in the advanced countries of Europe and America are engaged in other countries only at the head offices of banks.

The table at the end of this article sets out the starting rates of the selected classes of bank employees in nineteen different countries expressed in terms of their national currencies. In so far as money wages are concerned, they certainly possess a basis of broad comparability. The figures relating to India are incorporated in this table on the basis of the prevailing scales of pay. Of greater interest than the comparison of these scales of salaries on an international basis would be the comparison of these categories of bank employees in other occupations and industries in their own country. A relation of the trends in consumer prices to their purchasing power would also yield interesting facts. Comparisons with the wages of technically skilled or semi-skilled employees in other industries and occupations, at a national level, are now rendered possible in view of another novel feature of ILO's annual statistics. For the first time again, these statistics include the hourly wages of employees in forty-one occupations.

Six countries are selected here for a comparison in general terms between the salaries of bank employees, on the one hand, and certain monthly paid employees as well as employees on other rates of pay in technically skilled occupations, on the other. For the convenience of comparison the hourly rates of wages of the latter are converted into monthly rates. The United States is a typical instance of a country where the wide diversity of avenues of employment has deflated the importance of white-collar professions. A

female operator of an accounting machine in a bank in the U.S. gets almost the same salary as a stenographer-typist in a wholesale grocery shop. Since the employment of women as machine compositors in the printing industry is non-existent, a strict comparison between the emoluments of an accounting machine operator and a machine compositor in the printing industry is possible only as between male employees. But with a remuneration of \$460 per month a machine compositor would come higher than the accounting machine operator in the bank. The consumer price index (base 1948=100) which stood at 112 in October 1953, keeps the real earnings there at a relatively high level. In Hong Kong, the bank teller who gets a monthly pay of \$350 is much better off than a grocery salesman at \$300 p.m., but his salary is more than double that of a skilled worker like a carpenter or painter. The prevailing higher levels of salaries in the professions are illustrated by the difference of over \$140 in the earnings of a machine compositor and bank accounting machine operator drawing a higher monthly salary of \$400. In real terms, however, the Hong Kong employee's income is reduced because of an appreciable increase in the consumer price index (1948=100 and constructed for clerical and skilled technical workers) at 135 in October 1953. The food group index was steeper at 154.

In India, the accounting machine operator in the bank at Rs. 150 p.m. gets even less than a machine compositor in the printing press with his monthly remuneration of Rs. 340. The starting salary of a bank teller in this country does not register an appreciable margin of excess over the income of a carpenter or truck driver of junior standing. In Pakistan very much the same conditions prevail with this vital difference that the starting pay of a machine operator in that country is rated lower at Rs. 90 per month.

Western Germany presents a picture where the skilled occupations do not at present bring salaries comparable to the emoluments of salaried employees in the professions. A bank teller with a monthly salary of 460 marks stands much above workers in some skilled occupations—a carpenter at 375 marks, painter at 360 marks and truck driver at 230 marks. The machine compositor in a printing press, however, with a monthly remuneration of 400 marks, is above the accounting machine operator by a margin of 25 marks. But the latter is happily placed in relation to the stenographer. If the food group of the consumer index was somewhat high at 121 in October 1953, the general consumer index was held at 107. The real value of wages has not declined there substantially since 1948. In Australia the female operator of an accounting machine in the bank with a monthly salary of £44 is slightly better off than a female stenographer. But the bank teller earning a monthly salary of £66 gets £5 more than a machine compositor in the printing industry and £3 more than a painter. But the margin between his salary and the monthly earnings of a book-binder or truck driver is larger at £10. Inflation has cut heavily into the earnings of the Australian income-earner. The new interim index for consumer prices (1952-1953=100) shot up to 187, but it is still more significant that the food component of this index rose much higher at 215 in October, 1953.

The broad inference which these wage trends suggest is that the margin between the earnings of professional employees and of skilled workers in occupations has not contracted appreciably in recent years.

MONTHLY RATES OF PAY OF SALARIED EMPLOYEES IN BANKS, OCTOBER 1953

Country	Unit of Currency	Teller	Accounting Machine Operator	Country	Unit of Currency	Teller	Accounting Machine Operator
Africa:							
Algeria	Franc	23,000	23,000	Syria	£	300	200
Tanganyika	Shilling	670	440	Viet Nam	Piastre	3,200	2,500
America:				Europe:			
United States (New York)	\$	..	210(f)	Austria	Schilling	1,500	1,100
Argentina	Peso	947	821	Belgium (Principal Cities)	Franc	4,700	3,800
Guatemala (Guatemala City)	Quetzal	220.0	172.0	Germany (Federal Republic)	Mark	460	374
Jamaica (Kingston)	£	30.00	25.00	Italy	Lira	73,645	64,925
Asia:				Spain (Principal Industrial Regions)	Peseta	655	1,134
China (Taiwan)	\$	426	412	Oceania:			
Hong Kong	\$	350	400	Australia	£	65.8	44.0(f)
India	Rupee	129.5	150	New Zealand	£	37.8	37.8
Pakistan	Rupee	100	100				

NOTE: (f) Indicates female clerks. India has been added independently

Source: International Labour Review, Statistical Supplement, August 1954

THE BUSINESS WORLD

WHAT BUSINESS MEN THINK

BY
CROESUS

I always make it a point never to miss meetings of commercial and industrial bodies, because invariably, the occasion provides an opportunity to know the lines along which the business men and industrialists are thinking at a given moment. After reading the debate on the Union Minister for Industry, Mr. T. T. Krishnamachari's Bill to amend the seventh schedule of the Constitution in order further to vest the centre with power to control production, supply and distribution of certain essential commodities in the Lok Sabha and of noting, in particular what Mr. Tulsidas Kilachand of the Independent Parliamentary Group from Bombay said in support of the Bill, I expected the President of the Indian Merchants' Chamber, Mr. Chimanlal B. Parikh, would make a reference to the question at the second quarterly general meeting of the Chamber last week. Sure enough, he did make a reference and the reference touched not only on the proposed amendment but also on the issue of amendments to the Constitution generally. From the observations made by Mr. Parikh, it is evident that the Chamber is not so much opposed to the amendment of item 33 in the concurrent list, in that he was content merely to explain the position as it is at present and as it is sought to be amended. But the I.M.C. President was very definite and categorical when he touched on the broader issue of amendments to the Constitution and also the proposed amendment to Article 31 of the Constitution relating to compulsory acquisition of property.

"In the considered view of the Committee", declared Mr. Parikh, "amendments to the Constitution generally become necessary either when the interpretations of the existing provisions are found to be at variance with the intentions behind such provisions or in the case of glaring inconsistencies or lacunae that may be detected in the course of the working of the Constitution". Applying this criterion, the I.M.C. Chief felt that some of the proposals (he was referring here generally to amendments to the Constitution proposed by the sub-committee of the Congress Working Committee) could not be justified on the ground of absolute necessity. Like Mr. Tulsidas, Mr. Parikh also agreed that the objectives of hastening the economic development might necessitate the co-ordinating authority at the centre with the necessary powers. But, before doing so, he wanted the public to be fully satisfied as to whether the objectives were not such as could be realised within the existing framework itself of the Constitution.

Referring to the proposed amendment of Article 31, which seeks to enlarge the scope of the Article so as to cover any law providing for temporarily taking over possession or control of any property for purposes of its preservation or better management or supervision, or for purposes of employment, production, or prices, and to ensure that the amount of compensation or the principles on which the compensation is determined and given are not challenged before any Court of Law, Mr. Parikh declared that such would seriously affect the right of the individual to property. He particularly criticised the vagueness and lack of precision in regard to the provision for temporarily taking over possession or control of property. "For instance", he said, "it is not definite as to what would be considered a 'temporary period' for purposes of taking over an undertaking. Besides the ostensible purposes for which an

undertaking may be taken over, viz., employment, production, or prices, are not quite clear as to their implications. These three combined will arm the executive with omnibus powers for employment, production or prices over a wide range of economic activities. It is further not clear as to who would be responsible for the loss or damage to the property during the period of temporary acquisition". These are all important aspects of the matter, wherefore he was naturally worried that the powers proposed to be taken would leave wide scope for arbitrary action by the executive. "Here is an Article", he went on to point out, "which was incorporated in the Constitution after a good deal of deliberation on all the relevant aspects", and he felt that frequent recourse to constitutional amendments for meeting a situation created by judicial decisions, however desirable in particular cases, might prove to be "a dangerous course of action in the long run".

Mr. Parikh was vehemently opposed to the other part of the amendment to the same Article which he said "seriously encroaches upon the right of the individual to seek redress from a Court of Law in case he is aggrieved in regard to compensation that is paid to him for compulsory acquisition of his property or in regard to the manner in which such compensation is determined". He rightly maintained the knowledge that an individual has a right to go to a Court of Law in case he feels that the compensation paid to him for acquiring his property is not just and proper to be a factor which would induce in the executive authority a sense of responsibility while considering the individual's compensation and so he declared: "If Article 31 is amended so as to take away the right of the individual to challenge before any Court of Law the amount of compensation or the principles on which the same is determined and given, it may lead to arbitrariness on the part of the executive authority and the individual will be denied any redress in the matter".

It is needless to labour the point that these are all important aspects affecting the fundamental rights of the citizen and the Government would be well advised, therefore, to give more consideration before rushing through the proposed amendments.

While on this point, one cannot help drawing pointed attention to the charge of Dr. Ambedkar that simply because it has obtained a majority, the Congress Government assumes that it has not only the power to make any law but also to amend the Constitution "without notifying their intentions to the people". This may not be quite correct, inasmuch as the statement of objectives and reasons of the Bill makes it clear to all who care to see what the intentions of the Government are. But it would be desirable, as Dr. Kunzru rightly pointed out, whenever it is sought to amend the Constitution, to elicit the opinions of all parties. Maybe, because of its majority, the party in power today can carry out any amendment after fully satisfying the legal procedure for amending the Constitution as laid down in Article 368. But it should not be forgotten that this ignores the fact that the Constitution was framed by all the parties in the country and, in the interests of creating healthy conventions, especially in an infant democracy like ours, it is not only desirable but also imperative that, as far as possible, the widest measure

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of approval of the people of the country must be secured to any amendment of the barely five-year Constitution of this country.

Another topic of all-India importance that the I.M.C. President touched upon was the hardships and difficulties caused to dealers both in the sphere of inter-State sales tax and internal sales tax. It is a pity that, notwithstanding the Interim Scheme of Recovery and Collection of the Inter-State Sales Tax evolved by the Officials Committee for adoption by the States (as announced by the Union Finance Minister in February last), there has been hardly any improvement in the by him. Mr. Parikh pertinently observed, therefore, position, judging from the several anomalies instanced that mere tinkering with the problem in this way was no good, and he did well too to demand "a permanent solution of the problem in an effective manner".

Mr. P. M. Chinai, the I.M.C.'s Vice-President, I think, did even better in devoting the greater portion of his address on the occasion to dwell at length on, and explain the significance of, the refreshing change in the attitude of both the All-India Congress Committee and the Government of India towards nationalisation of industries and the private sector. The relevant extract from his address should go on record for future reference. Here it is:

"From the position of grudging admission of the importance of the private sector contained in the Policy Statement of April, 1948, there now appears to be a growing sense of realisation that it is not in the larger interests of the country to attempt to undertake the development of the whole field of industries by nationalising the existing units. Whereas previously the trend of thought centred round the emphasis on the public sector availing itself of the opportunity of taking over industrial activities, wherever possible, the same now appears to be that the public sector must concentrate on the task of putting up new industries and the development of

existing industries should be left in the hands of private enterprise. The basic objectives of the Economic Policy, as defined in the A.I.C.C. Resolution, are maximum production, full employment, and social and economic justice. The emphasis on production at this stage, when plans for formulating proposals for accelerating the pace of economic development through rapid industrialisation are under active consideration, is heartening enough. The recognition that the private sector is both important and necessary in the scheme of industrial development of the country and as such should be afforded adequate freedom to develop within the limits of the National Plan and subject to the conditions laid down by it should particularly inspire a measure of confidence".

It seems to be the considered impression of Mr. Chinai, as of many others, that the Indian film industry has had a raw deal at the hands of the Government of India. He was accordingly critical of the way in which the authorities have dealt with the recommendations of the Film Inquiry Committee. I am aware of the great pains this Committee took in collecting data about the Indian film industry, and whatever may be the Union Government's views on other recommendations of the Committee, I find it difficult, therefore, to appreciate its reluctance to set up a Central Statutory Council and a Film Finance Corporation. The main headache of the film industry is finance, and, unless something is done to provide sufficient funds to this industry at reasonable rates of interest (the capacity of film financiers is known to all), it cannot be expected to make any headway or to fulfil the important role that is expected of it in a country where the opportunities for exploiting the potentialities of visual education are unlimited. We all think of running to film artistes whenever collections for a cause like flood relief have to be made in a really big way, but what a return gesture to them it is that, when these very artistes approach the authorities to help them further their industry, the response they receive should be anything but big?

S.Q.C. TRAINING COURSE

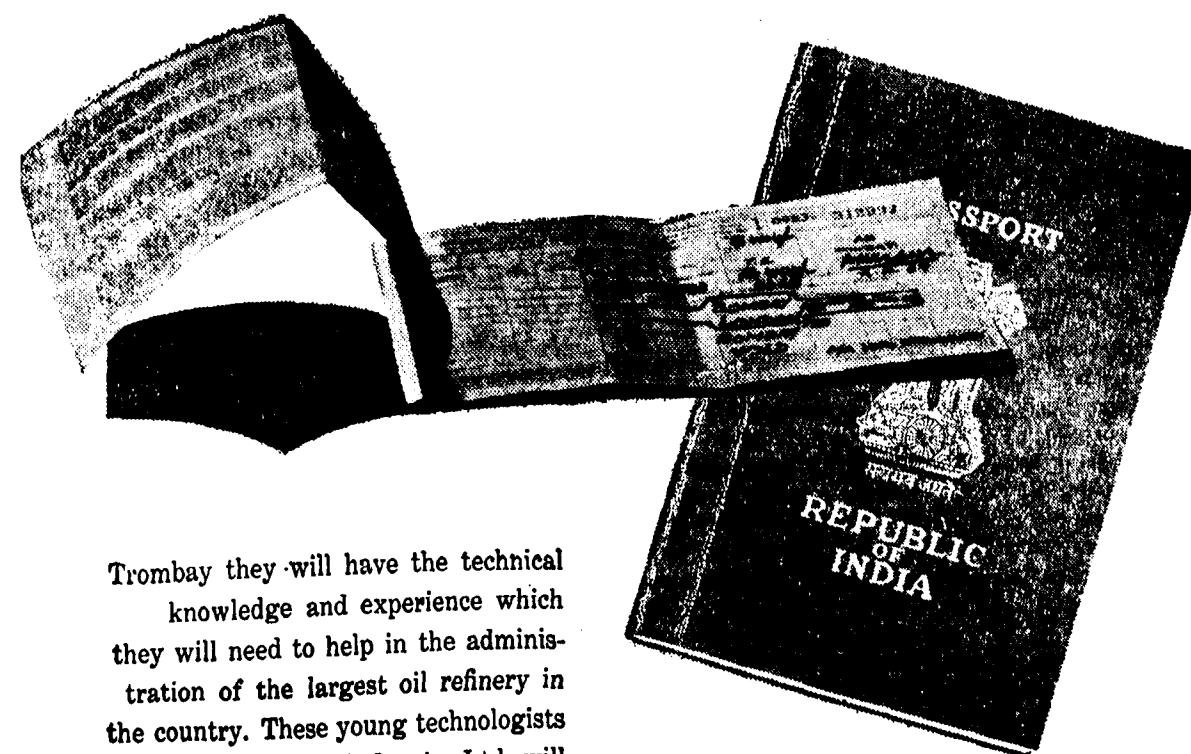
By
CROESUS

Even after the reassuring speech the other day of Dr. (Miss) S. P. Vaswani, Head of the Training Course in Bombay, that the theory of S.Q.C. (short for Statistical Quality Control), would be taught by the use of gadgets rather than by the use of complicated mathematics, I am not bold enough fearlessly to approach the subject. Perhaps this inhibition stems from the fact that I don't happen to have been a student of mathematics, much as I would have liked to. Be that as it may, S.Q.C. has come to stay and the September-December, 1954, training course organised and started by the Bombay S.Q.C. Unit of the Indian Statistical Institute, I understand, is to be but a forerunner of many more to come. Indeed, it is to become a regular feature, which only goes to prove the wisdom of the Policy Advisory Committee (headed, as it is, by the Union Finance Minister and comprising India's leading industrialists such as Mr. Kasturbhai Lalbhai, Sir Shri Ram, and Mr. G. D. Birla) in having decided upon locating the unit in Bombay in the first instance. The credit for starting the movement in Bombay goes, in the main, to Dr. Sastry, Director of Research of Statistics of the Reserve Bank of India, but the distinction of

having popularised it must go to Dr. Vaswani. For, as Dr. Sastry remarked in his welcome address at the function that was arranged to inaugurate the S.Q.C. unit's training course in Bombay, recently, "the fact that what some of us and even foreign experts could not do for six years has been achieved in less than a few months by the head of this unit, speaks volumes for her persuasive ability supported by her good work". Her greatest achievement, I must say, is in having won over an adherent so difficult to get as Sir Vithal Chandvarkar, Chairman of the Millowners' Association, Bombay. Inaugurating the training course after his conversion, of course, Sir Vithal not only complimented the head of the S.Q.C. unit but also assured her of the "co-operation of millowners and all those interested in honest management". It is a great thing for the S.Q.C. movement to have extracted from the B.M.O. Chairman the admission that he is convinced that S.Q.C. can be of great help in improving quality and increasing industrial production. Sir Vithal, however, added, by way of a post-script, that industrialists in India have always played an important role in scientific research.

Travel is an exciting business which—
ever way you look at it. New
places, new faces, new experience and—
most important—a valuable opportunity of seeing how the other chap gets things done. We are sending to Europe for a year's training just over thirty young men from this country. They all have high qualifications in their own particular field and enough working experience to flavour their theory with practice. Nothing has been left to chance. Their courses of study at Shell refineries in the U.K. and the Netherlands have been carefully mapped out. When they return to

Further studies



Trombay they will have the technical knowledge and experience which they will need to help in the administration of the largest oil refinery in the country. These young technologists in Burmah-Shell Refineries Ltd. will be very much in India's life and part of it

BUSINESS NOTES

HINDUSTAN SHIPYARD

Hindustan Shipyards is making its way steadily towards stability, though it is too early to say when its organisation as a compact unit will be fully achieved. The features in its structure which hamper economical working are being eliminated and vital gaps are being filled. The final result of the accounts for the year 1953-54 which discloses a net loss of Rs. 7.66 lakhs must be interpreted in the context of the special liabilities which the yard had to incur. These liabilities were payment of Rs. 7.26 lakhs paid as retrenchment benefits and Rs. 1.31 lakhs paid towards wages for the strike period in terms of the Mediator's Award.

One major problem that strained the financial resources of the yard has been almost solved with the removal of the burden of idle labour. From the high level of Rs. 16.45 lakhs in 1952-53, the expenditure on idle labour shrunk to Rs. 4.44 lakhs in 1953-54, whereas the current year starts with no liability on this score. This result has been achieved by providing alternative employment to workers whose services were rendered unnecessary in their trades. This certainly implies loss of skills acquired by some of these men over the past years and it could not be prevented. It is far from clear what was the precise nature of the alternative jobs, but the chances of the re-absorption of the skilled or semi-skilled workers, who have now been placed elsewhere, in their original trades are remote.

The Rs. 2-crore expansion programme includes competition or implementation of essential schemes. One berth has been constructed and one more is under construction. Extensions to machine shops and smithy which account for one-fourth of this outlay await deliveries of equipment which is a matter of short time. The order book of the yard is full for two years for construction on behalf of the shipping companies and besides there is the work emanating from the Navy. With regulation of overheads and some economies in other items of expenditure, the financial management is assuming an orderly pattern. The target of six ships a year is within reach soon. Absence of dry dock facility, which at present compels recourse to the costly arrangement of sending ships to Calcutta for dry-docking, will persist for some more time, but at long last provision has been made for an interest-free loan on a long-term basis to finance this project. Even so, the cost structure of the yard will contain rigid elements fostering inflated values until ancillary industries are built up. Since the ships at present being built in the yard are intended mostly for the Indian coastal trade, reduction of their types to a minimum of two or three can bring further economies in construction costs. Similar standardisation for ships plying the distant trades may have to be searched for at a subsequent stage. The process of rationalisation of the yard involves adjustment over a period of several years.

QUALITY CONTROL IN ACTION

Quality control of cotton textile exports has got off to a good start. It is heartening that the time-lag between a general consensus on the desirability of quality control and putting a concrete apparatus of control has been ended and the apparatus has been put into operation now that export promotion has become a pressing necessity. The scheme of supervision and certification of quality of cotton textiles intended for export abroad has been set up under the aegis of the Cotton Textiles Fund Committee.

The beginning is being made with Bombay and Ahmedabad. Representatives of the inspectorate which has been set up for this purpose have been authorised to check up the goods earmarked for export on the two tests of variety of the fabrics and their quality. The fifteen specifications which have been evolved to begin with as standard varieties will be extended over a wider coverage later in response to demand. A certification trade mark, which has been duly registered, together with the standard quality number, will convey a guarantee of the variety of cloth as well as of its quality. Outside requests, emanating either from exporters here or importers from abroad, for inspection of the cloth will be accepted and the check will be carried with reference to the terms of individual contracts of shipments. Goods of this category will bear the certification trade mark but not the quality number. Since the binding authority of the control organisation rests on voluntary acceptance, all doubts raised during the discussion on the establishment of the scheme that possible surreptitious breaches by a section of exporters would involve dealers of integrity in disrepute should be dispelled.

BURMAH-SHELL'S DEBENTURE ISSUE

The largest debenture issue in the history of Indian company finance was subscribed in record time. Burmah-Shell Refineries' issue of debentures which was formally thrown open in the market on September 17, was fully subscribed in a matter of a few hours and the list was closed the same day. In a sense, this is an understatement because so great was the enthusiasm of investors that payments were made to the company's bankers in advance. On the day of issue it was quoted in the market at a premium of As. 14 to Re. 1.

Burmah-Shell Refineries' debenture issue which was originally fixed at Rs. 6 crores was subsequently raised to Rs. 8 crores. At this figure it is higher by Rs. 3 crores than the previous record debenture issue. Subscriptions came largely from the institutional investors and this is in keeping with the characteristic of the capital market. The debenture stock has been classified as approved security in terms of S. 27A of the Insurance Act. The issue was made at par and redemption has been fixed in 1965-69. Apart from the lucrative rate of interest of $5\frac{1}{2}$ per cent per annum which was without doubt a powerful point of attraction, the fact that this biggest of the oil refineries planned for this country at present holds assured prospect of prosperity and also enjoys immunity from the irksome provisions of the Industries (Development and Regulation) Act as also from nationalisation imparted great attraction to the loan. The redemption yield is estimated to be 3.87 per cent which is expected to maintain market quotation at a premium as on the first day. As against the issued ordinary capital of the company of the order of Rs. 23 crores, the estimated capital cost of the refinery is placed at Rs. 25.5 crores to which has been added an extra outlay of Rs. 5.5 crores for expansion. The proceeds of the debenture, it is stated, are to be utilised to meet the rupee expenditure on construction of the refinery.

The success of this bold issue should set a new tone for the capital market. Now that the Government has stepped out of the market with the closure of the National Plan Loan subscriptions, other flotations of loans, including reportedly those of local bodies, it is to be expected, would benefit from the new mood of the market.

INDUSTRIAL PLANNING: CENTRE AND STATES

The Planning Commission's last week's circular to the State Governments on the issue of preparing draft plans in the State sector for industries to be included in the Second Five-Year Plan is not only confusing but it betrays lack of co-ordination between the planning activities of the Commission and of the State Governments. It is confusing in the sense that the entire tenor of this circular is to define a demarcation in responsibility for industrial development as between the State Governments and the Central Government. It aims at restricting the sphere of State responsibility to cottage, small and some medium industries, reserving the field of large-scale industries for the Centre.

The reasons for this abrupt demarcation, as disclosed in the circular, are anything but convincing. Intimate knowledge on the part of the State Governments of local resources and of potentialities of development of small industries does not certainly preclude them from launching appropriate schemes for large industries. In fact, State Governments have been allowed this latitude at present. Any such schemes they prepare must eventually secure approval of the Planning Commission. There will also be the restraining hand of the Central Government inasmuch as the State Governments' shares in the proceeds of the National Plan Loan are to be determined by the Centre according to the Reserve Bank's estimate of what those Governments could have actually raised by floating separate loan issues. This departure towards a rigid demarcation ought to be reconsidered.

The lack of co-ordination in planning activity is clearly evidenced by the case of the Punjab Government. On September 15, a meeting of the Punjab Cabinet issued a directive to the Minister for Industries to draw up a list of heavy industries for inclusion in the Second Five-Year Plan. The Cabinet's sense of urgency in this matter is borne out by the action of the Minister in convening a meeting on September 22 of his departmental officials to take up the subject for active consideration and get off to a start with preparing the financial estimates, in particular for a newsprint plant (a mixed government-cum-private enterprise) and cement and calcium carbide enterprises. It is imperative that no issue of the so-called jurisdiction should be made. The projects must be examined and approved on merit.

NIL PROFIT MARGIN

It seems to be the same story about profit margin in the air transport industry in all the countries in the sphere of international traffic. Profit margins are fast dwindling, vanishing in several cases, while in not a few there is the emergence of the minus sign. If this financial plight is not cured and health restored to the air transport industry in the international domain, the only way to push up its progress will be government subvention. But even this tempting solution is more illusory than real because governments all over the world find it handy to draw larger revenue from air transport.

The brink on which air transport finances stand was the central theme of Sir William Hildred's inaugural address at the recent session of the International Air Transport Association at Paris. His statistical estimates, based on the consolidated financial results of the member airlines of forty countries, may admit of margins of variation; but the overall picture that they represent bears out the average case—and in a genuine representative manner. In terms of his assessment, 13 per cent of the revenues of the airlines are mopped up by the tax collector which leaves a mere one per cent for payment towards interest, dividend and appropriation to reserves. Is it the implication that as much as 86 per cent is absorbed in other expenditures

including opening costs? Air transport is a highly expensive industry and its cost structure is further worsened by the acute competition among international operators vying for traffic on identical or parallel routes. The solution to its financial health is to be sought at both the ends—revenue as well as expenditure. Sir William has exhorted the airlines to direct their campaign for higher incomes to cargo traffic which has not been exploited intensively. It is, however, a matter for speculation how far air transport can divert cargo traffic from other forms, especially sea transport. Apparently the scope for this diversion is not large, at any rate for some years to come, and transport of cargo by air will continue to be determined by consideration of urgency. On the expenditure side, economies in administration and operation costs need not be ruled out, but the standards of service and amenities that have been set do not admit of sudden and large changes. The cost structure of air transport has assumed a rigidity which leaves marginal room for manipulation of rates and fares to attract any substantial additions to traffic. Sir William's practical prescription, therefore, lays stress on fair relief from taxation. This course need not necessarily involve a net loss inasmuch as it can reasonably be expected to be offset by invisible gains from more intensive traffic.

RATIONALISATION OF BANKING

If banking has caught the spotlight in the recent past and continues to do so at present because of the controversy over the modification of the Appellate Tribunal's Award, other developments in banking which will go to revitalise its structure in the long run ought not to be allowed to pass with scant notice. Their importance lies in the valuable contribution they are bound to make to the rationalisation of the banking system in this country.

The information supplied in the Rajya Sabha last week by the Deputy Finance Minister, Mr. A. C. Guha, about the progress of licensing of banks undoubtedly goes to establish that the progress of this vital reform cannot be judged by the number of licences issued so far by the Reserve Bank to existing banks. If in the last five years the progress of issuing licences to all the scheduled banks could not be completed in terms of the requirements of the Banking Companies Act, it demonstrates not so much the inadequacy of the inspection apparatus at the command of the Reserve Bank as the searching probe which is being carried out by the central bank to safeguard issue of licences after satisfactory proof of sound banking practices and financial resources. The time inevitably taken by banks to qualify themselves for the licences is an important factor which explains the delay. The thorough nature of the probe made by the Reserve Bank in the operation of banks is evidenced by the patient labour of analysis of quarterly reports called for from as many as 289 banks and of monthly exports required from 20 banks. The screening is well worth the final result—licensing of banks run on sound principles—and time need not be regarded as a very vital factor.

Out of this process of licensing has emerged one important fact which has a close bearing on the reform of the banking system. The lack of experience of banking as well as of background knowledge of the theory and practice of banking, on the part of the supervisory and inspecting personnel, has contributed in no small measure to the weakness of the banking system. This verdict which bears the endorsement of Sir B. Rama Rau, Governor of the Reserve Bank, constitutes a reflection, in part at least, on the methods of recruitment to the official cadres of banks in the medium range. It was to remove this defect that the Bankers' Training College was opened at Bombay last week. Technical Aid under the Colombo Plan has made it easier to procure the services of two British banking experts, Mr. F. H. Hayne, and Mr. T. H. Harvey, to

conduct the college in the initial stage, the former assuming responsibility as Principal of the College.

Restriction of admission to the college only to the supervisory or inspecting personnel of banks or of employees who are eligible for these ranks and limitation of the duration of the training course at the college to eight weeks underline the pronounced practical bias of the instruction that will be imparted in this institute. While this arrangement is of great value to banks, it does not go far enough. Two months is too short a period for a lecture course covering adequately the essentials of the theory of banking, knowledge of which would be an undoubted asset. The gap can be filled if more universities follow the lead of Baroda University and start post-graduate courses of training for those who desire to choose the banking profession as a career.

VOLTAS LIMITED

Voltas Limited, a new concern jointly sponsored by Tata Sons and Volkart Brothers, was registered in Bombay as a joint stock company on September 6, 1954. The authorised capital of Voltas Limited is Rs. 5 crores while the issued capital is Rs. 1½ crores of which Tata Sons will take up together with their nominees 55 per cent and Volkart Brothers the remaining 45 per cent. Mr. J. D. Choksi, Director of Tata Sons Limited, is the Chairman of the new company and Mr. R. H. Schuepp its Managing Director. Voltas Limited has taken over the activities and representations of the Engineering and Import Division of Volkart Brothers throughout India. Its main activities will lie in the selling, erecting and servicing of electrical, mechanical, mining, agricultural, construction, air conditioning, refrigeration and textile machinery and accessories and in partial manufacture of certain items, as well as in the distribution of pharmaceutical specialities, antibiotics, bulk vitamins, chemicals, typewriters, and so forth. For this purpose Voltas Limited owns extensive workshops in Bombay and other places, where the servicing, assembly and manufacture of various equipment is being conducted.

The foundation of Voltas Limited signifies a new and substantial participation of Indian enterprise in an essential sector of the country's import trade. Volkart Brothers will continue as part of their international organisation their business in cotton, cotton waste, coffee, produce, etc., and as shipping and insurance agents.

THE DOUBLE-POWERED MOBILGAS

Full-page advertisements flashed in the papers of September 17, proclaimed the arrival on that day of Standard-Vacuum's new double-powered mobilgas in the Indian market. This advertising display will be matched by the display of the performance of the double-powered mobilgas. Standard-Vacuum's management has absolute confidence that the new mobilgas must prove a more complete gasoline than any that has ever been put on the Indian market and they can take legitimate pride in their ability to offer it to their consumers without any surcharge. The switch-over from ordinary mobilgas to the new double-powered mobilgas cannot be in doubt. There cannot also be any doubt that the miracle of competition will work its way and induce other suppliers to line up. The net beneficiary is the consumer.

The new mobilgas is double-powered in the sense that it combines two improvements—improvement in the refinery processes leading to greater purity and improvement in chemical additives. The motorist who will be supplied the double-powered mobilgas without change in price has been assured of better engine performance in diverse ways—speed as well as smooth and by far greater flawless operation. This most complete gaso-

line which cures more engine troubles than any gasoline assures him also of balanced car performance.

EXPENDITURE ON RAILWAY ROLLING STOCK

In a written answer to a question in the Lok Sabha on September 17, Mr. O. V. Alagesan, Deputy Minister for Railways and Transport, stated that out of Rs. 400 crores planned for expenditure on the Indian Railways under the Five-Year Plan, Rs. 185.26 crores have been planned for expenditure for replacements and additions of rolling stock during the first four years, and the programme for 1955-56 is now being drawn up. According to a statement laid on the table of the Lok Sabha by the Deputy Minister, during the first four years of the Plan orders for 1,682 locomotives had been placed, including 557 for which orders were placed in India. Out of these, 510 locomotives had been received up to the end of July 1954, including 176 out of orders placed within the country. During the same period, orders had also been placed for 1,280 complete coaches (862 within the country) and 950 body shells to be furnished in railway workshops (including 500 ordered in India). These figures exclude about 1,850 complete coaches expected to be constructed in the railway workshops during the same period. During the first four Plan years, orders had been placed for 48,813 wagons, out of which 29,393 wagons had been received up to July 31, 1954.

RAW SILK

The lack of any improvement in the last year in the price and production aspects of domestic raw silk continues to be the headache of the silk industry. In the high prices of raw silk ruling in this country must be read a warning against the future development of the silk industry and the implications of that warning in the long-term prospect for the industry are of a grave magnitude. Mr. Swaminathan, the outgoing Chairman of the Central Silk Board, has rightly sounded a note of caution that the gravity of these implications can be underestimated only at the risk of the future prosperity of the silk industry. The elasticity of demand for real silk fabrics is a weak spot of the industry and this vulnerability has become all the more sensitive to the fall in the purchasing power. The danger from the competition of substitutes is potential. It will not stop with the inroads of mixed fabrics with silk warps or cotton. Synthetic fabrics will divert quite a substantial part of the demand, if the growing popularity of art silk fabrics is to be correctly interpreted.

Domestic production of raw silk has not registered any mentionable improvement and the estimated output in 1954 will be in the neighbourhood of 2 million lbs. of mulberry silk and 0.8 million of non-mulberry silk. The additions to the total supply by way of imports in 1953 were 235,000 lbs. of raw silk valued at Rs. 55 lakhs. The statistical position of imports for the five months of this year till the end of May (102,000 lbs. valued at Rs. 22 lakhs) discloses a slightly improved annual rate of 245,000 lbs. valued at Rs. 53 lakhs. The marginal liberalisation of the import quota for the second half of 1954, permitting actual users to import twice the quantity of their purchases of home-produced flature silk, need not be grudged. The object of this liberalisation, which is to counter the unhealthy trend in prices of indigenous silk, is calculated to prevent the demand for silk fabrics from deteriorating. The Board's grant-in-aid to the States this year is slightly raised to Rs. 15 lakhs. But the root problem is to stimulate home production and reduce the prices for the end-user to lower the cost of silk manufactures. The remedies proposed in this behalf are now well accepted—co-operative marketing of cocoons and silk as well as modernisation of flatures. For these purposes this year's proposed grant of Rs. 25 lakhs by way of loan will be of considerable help.

NORTHERN RAILWAY

NOTICE REGARDING CHANGES IN THE TIME TABLE

The salient features of the changes in the Time Table which will take effect from 1-10-54, are as follows:

- (1) **New Trains to be introduced**

Train No.	Station from	Dep:	Station to	Arr:
2 NJ Shuttle	Jullundur City	9-45	Nawashahr Doaba	11-44
1 NJ Shuttle	Nawashahr Doaba	12-5	Jullundur City	14-10
- (2) **Trains Extended**
 - (i) Nos. 527 Dn/ 528 Up Banda-Kanpur passenger trains will be extended to and from Lucknow.
 - (ii) Nos. 1 MGN (Old No. 1 MB) and No. 2 MGN (Old No. 2 MB), Moradabad-Bijnor passenger trains have been extended to and from Najibabad.
- (3) **Existing Trains Cancelled**
 - (i) Nos. 109 Dn/ 110 Up between Kanpur Central and Lucknow.
 - (ii) No. 111 DN/ 112 Up between Kanpur Central and Lucknow.
 - (iii) Nos. 12 AP/ 9 AP between Amritsar and Patti.
 - (iv) Nos. 9 BQ/ 10 BQ between Batala and Qadian.
 - (v) Nos. 8 JN/ 7 JN between Jullundur City and Nakodar.
 - (vi) Nos. 1 URJ/ 2 URJ between Ambala Cantt and Rajpura.
- (4) **Additional Train Halts Provided**
A number of additional train halts have been provided and a few halts cancelled.
- (5) **Amalgamation of Trains to Run as a Through Train**
Nos. 1 MS/ 3 BRN and 2 BRN/ 2MS now running between Meerut City and Saharanpur and Saharanpur and Nangal Dam respectively, will be amalgamated to run as a through train between Meerut City and Nangal Dam and will be renumbered as MSN/ 2 MSN respectively.
- (6) **Diversion of Trains**
 - (i) Nos. 63 Up/ 64 Dn. Toofan Express between Delhi and Howrah will run via Patna instead of via Gaya.
 - (ii) Nos. 67 Up/ 68 Dn. Delhi-Sealdah Express between Delhi and Sealdah will run via Gaya instead of via Patna.

Jakhal-Hissar Section					
Daulatpur Punjab					
(8) New Through and Sectional Services to be Introduced:					
Departure from	Time	Arrival at	Time	Trains to which attached	Accommodation
BROAD GAUGE					
Banaras Cantt.	17-55	Bhagalpur	8-18	50 / 330	III
Bhagalpur	19-20	Banaras Cantt.	8-20	329 / 49	III
Delhi	10-20	Gomoh	10-00	64 / 68	II, Int., III
Delhi	6-40	Howrah	17-15	68 / 64	Int, III
Delhi	21-10	Moradabad	8-53	304	II, Int
Gomoh	17-16	Delhi	17-00	67 / 63	II, Int III.
Howrah	10-50	Delhi	20-35	63 / 67	Int, III
Kalka	21-35	Pathankot	7-00	307 / 305	II
Moradabad	3-50	Delhi	7-40	303	II, III
Pathankot	18-30	Kalka	6-8	306 / 308	II
METRE GAUGE					
Bhatinda	15-00	Bikaner	7-43	3 BBB / 1 BHB / 3 BBB	III
Bikaner	20-25	Bhatinda	7-52	4 BBB / 2 BHB / 2 BSB	III
(9) Through and Sectional Services to be Cancelled:					
Departure from	Time	Arrival at	Time	Trains to which attached	Accommodation
BROAD GAUGE					
Allahabad	17-5	Patna	6-46	2 MA / 68	II, Int III
Amritsar	12-47	Pathankot	16-10	311	II
Delhi	18-30	Ludhiana	7-10	341 / 3 LJH	III
Delhi	10-20	Patna	6-46	64 / 68	Int, III
Jhansi	7-10	Lucknow	24-00	521 / 111	III
Lucknow	4-10	Manikpur	17-30	112 / 521	III
Ludhiana	21-5	Delhi	9-5	2 LJH / 342	III
Pathankot	12-40	Amritsar	16-8	312	II
Patna	20-31	Allahabad	9-00	67 / 1 MA	II, Int. III
Patna	20-31	Delhi	17-15	67 / 63	Int. III
METRE GAUGE					
Bikaner	20-25	Hanumangarh	8-20	4 BBB / 2 BHB	III
Hanumangarh	18-35	Bikaner	7-40	1 BHB / 3 BBB	III

(10) For full details reference may be made to the new Northern Railway Time Table and Guide which would take effect from 1st October, 1954, and is available for sale at all Railway Bookstalls. Hindi and Gurmukhi editions of the new Time Table will also be available for sale at Railway Bookstalls shortly.

CHIEF OPERATING SUPERINTENDENT,
NEW DELHI.

Industrial Finance Corporation of India

Speech delivered by Shri P. C. Bhattacharyya, Chairman, the Industrial Finance Corporation of India, at the Sixth Annual General Meeting of the Shareholders held on the 18th September, 1954.

As the necessary quorum is present, we may now commence the proceedings of the meeting.

2. The first item on the agenda is the consideration of the Annual Accounts and the Report of the Board of Directors on the working of the Corporation for the year ending 30th June, 1954. Printed copies of the Accounts and the Report are before you. These have also been circulated to all shareholders. I shall, if you agree, take them as read. I would, however, make some observations on a few points.

3. Even though the gross receipts on account of interest, discount, commission, etc., for the year were higher, the net profit carried to balance sheet at the end of the year has been lower than that of last year. This is due to the Directors' decision not to charge in the Accounts further interest on the advances to the Sodepore Glass Works Limited, and not to take to the Profit and Loss Account the interest on some other advances where defaults in payment of interest and principal have taken place. The Directors also decided to provide a sum of Rs. 5,00,000 as Reserve for Doubtful Debts. The net effect of all these decisions is that the Corporation would have to call upon Government for a sum of Rs. 4,06,363-14-0 to make up the guaranteed dividend for the year. The Corporation would have thus drawn, up to date, a sum of Rs. 30,95,490-2-6 from Government as subvention to meet the guaranteed dividend, and the total reserves of the Corporation would stand at Rs. 19,62,150.

4. The decision of the Directors to start an additional Reserve Fund to provide against doubtful debts will, I am sure, meet with your approval. The nature of the business the Corporation handles is such that it cannot hope to escape a certain amount of bad, doubtful or frozen debts. The risks assumed by the Corporation are greater than those in commercial banking. The security against which the Corporation advances money goes down in value if the management of a debtor company fails to make a success of its scheme. Nor is such security readily saleable in such circumstances. The Corporation also considers its duty to ensure that the schemes which it finances come to eventual fruition, whatever may be the obstacles in the way. All these limit the freedom of the Corporation in disposing of the assets mortgaged to it when it finds that a debtor concern has shut down its factory. The Corporation has to be patient with the debtors and thus expose itself to greater risks, which is not the case with a mere financing agency.

5. You would have noticed from the Report that out of a sum of Rs. 1,52,98,214 which is the total amount of interest to be received by the Corporation up to 30th June, 1954, on the loans since its inception, a sum of Rs. 1,33,79,118 was actually received. There have been some defaults in payment of instalments of principal also. This again illustrates the nature of the work of the Corporation. It is dealing with companies which are establishing new industries or expanding or modernising their plants of diverse nature. Some of them met with adverse factors in the course of the implementation of their schemes which could not have been foreseen initially. The units to which the Corporation grants loans are also widely dispersed all over the country. Adverse natural conditions in some parts of the country or breakdown of transport in another part may thus easily upset the programme of some of these concerns. The Corporation has to watch such cases carefully and extend its assistance with sympathy and courage during such periods. The figures of defaults in payment of interest or instalments should not, therefore, be taken as indications of bad or unsatisfactory debts. Rather, they should be considered as

indications of the solicitude of the Corporation for the successful implementation of the schemes.

6. Appendix 'E' to the Report brings out the proportion which the amount sanctioned as loans by the Corporation up to the year ended 30th June, 1954, compares to the total paid-up capital of the units to which the loans have been granted. I think we can safely claim that the Corporation has made a significant contribution to the development of industries in the country during the last six years of its existence.

7. The position as on 30th June, 1954, regarding the Sodepore Glass Works Limited has been explained in detail in the Report. The Board of Directors has set up a Committee to negotiate with likely parties, for bringing the factory into production at the earliest possible date on mutually satisfactory terms and certain negotiations are in progress.

8. I shall now turn to a few points of a general nature. Firstly, I would wish to convey to Sir Shri Ram who was the Chairman of the Corporation since its inception, the thanks of all of us for his work in putting the institution on a sound foundation. I am glad to be able to say that even though he is no longer holding the office of the Chairman, his guidance is still available to us both in the Board and in the Executive Committee.

9. In the last Annual Meeting, my predecessor had referred to the recession that had hit the country in the year 1952. I think it would be correct to state that the economic situation has changed for the better since. This should give more scope to the Corporation to assist industries. Our resources are, however, limited and the field of operation is vast. I, therefore, welcome the establishment of the two new Corporations, viz., the Industrial Development Corporation and the Industrial Investment Corporation, under the auspices of the Ministry of Commerce and Industry. In the increasing tempo of industrialisation in the country, one cannot have too many of such institutions, and the Corporation shall be happy to work in close collaboration with them.

10. Last year, my predecessor had also referred to the Committee of Enquiry set up to enquire into certain allegations against the Corporation. The Resolution of the Government of India on the Report of this Committee has been reproduced in Appendix 'F' to the Report. I am glad to state that the findings have vindicated the working of the Corporation. This should not, however, engender in us any sense of complacency. It would be the endeavour of the Corporation to strive continually to improve its operations so as to eliminate all causes for complaint from its clientele as well as others, in respect of its procedure or otherwise.

11. I would be failing in my duty if I did not, before resuming my seat, convey my thanks to my colleagues in the Board of Directors for their co-operation and guidance in all our deliberations. They are eminent people in their own spheres, and we should all be grateful to them for sparing a considerable amount of their time to help the affairs of the Corporation.

12. Finally, on behalf of the Board and on my own behalf, I would like to convey our thanks to the Managing Director and the staff of the Corporation, both here and in the branches, for their loyal and devoted work. The Managing Director in particular has had to bear the brunt of the work relating to the Enquiry Committee. We all know what a burden this was on him. His unfailing devotion to work and integrity have been of great assistance to the Corporation.

13. I shall now invite any questions you would like to ask regarding the Balance Sheet and the Profit and Loss Account.



In a situation
like this...

In a game of cards, the rarest of all plays is a Grand Coup. It involves the ruffing of good tricks in order to reduce declarer's trumps to precisely the same number held by the adversary.

This calls for wit, patience and keen concentration. Nothing is more appropriate to a situation like this than a nice cup of tea.

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COMMODITY NEWS AND NOTES

THE OPENING OF WOOL SALES

The first London wool auctions of the 1954-55 selling season opened on September 8, 1954, with a lower level of prices. The fall was quite expected in view of the prevailing price trends in Australian market. During a week of sales it seemed that the drop was going to stay, but it was not uniform in all qualities. Compared with the end of last season, price of 'merinos' has come down by about 12 per cent while that of crossbred wool by only 5 per cent. Any type of recovery is not expected as sufficient quantity of wool is being offered for auction all over the world, and the fall may soon be determined more exactly.

The factors that are really going to matter in the long run are the prospects of stocks, production and consumption. Production in 1951-52 was 2,351 million lb. which jumped to 2,512 million lb. in 1952-53. In 1953-54 production was 2,515 million lb. Although it was not much above the previous year's production, it resulted in higher stocks. In 1952-53 consumption was 2,540 million lb. being quite above the previous year's figure, and partly compensated the abnormal receipts from South America. Consumption in 1953-54 was 2,500 million lb., a figure not very low, but not high enough to absorb the production completely. So the stocks taken over to 1954-55 are highest at 902 million lb. Production estimate of 2,550 million lb. for 1954-55 is only slightly higher than last year. So consumption in 1954-55 is of more significant importance, as far as prices-to-be are concerned.

America is not likely to raise her imports, if there is no actual decrease from that side. The wool acquired under the commodity stockpile remains unsold. It has been officially proposed to replace the present method of support by direct payments to producers, thereby avoiding an accumulation of government financed stocks. It is reasonably expected that Europe will be a substantial buyer of the commodity. Japan is, at present at least, comparatively cooler in her buying, though views exist that her this attitude is not going to last long, and she will soon join the buyers. Russia, due to the present strained relations with Australia, has not entered the market, but it can very well be imagined that she cannot go without it; she may, however, buy through some other country, say Poland. So the over-all picture is not in any way very gloomy, though it is not bright at all and coincides fairly with the prevailing bearish trend of prices.

Then the synthetic fibres for blending with wool or as an alternative to it, are becoming available in ever wider range of markets. These fibres cannot fail to exert a gradually increasing influence on the market for wool goods, especially when substantial cuts were made in the prices of a number of fully synthetic staple fibre, both in the United States and the United Kingdom.

India exported 38 million lb. of raw wool in 1952-53 and about 21 million lb. in 1953-54. Export of carpets and rugs was 7 million lb. and 8 million lb. in these years. India's imports are more of wool tops—about 8 million lb. in 1952-53 and 10 million lb. in 1953-54—and raw wool was imported to the extent of 2.4 million lb. and 4.6 million lb. in these years.

FINAL ESTIMATE OF DRY CHILLIES

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India final estimate of dry chillies for 1953-54 puts the current year's area and production at 1,328,000 acres and 310,000 tons respectively as against the partially revised estimate of 1,235,000 acres and 284,000 tons for 1952-53. This shows an increase of 91,000 acres or 7.4

per cent in area and 26,000 tons or 9.2 per cent in production during the current year as compared to last year. The increase in area has mainly occurred in Andhra, Hyderabad, Rajasthan, the Punjab, Mysore and Madhya Pradesh due partly to favourable weather conditions and partly to high prices at the sowing time. The increase in production has taken place mainly in Andhra and Madras and has been attributed partly to increase in acreage and partly to better climatic conditions during the period of growth.

FIRST ESTIMATE OF SESAMUM

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India first estimate of sesamum for 1954-55 puts the current year's acreage at 3,706,000 acres, as against 3,663,000 acres in the adjusted first estimate of 1953-54, thereby showing an increase of 43,000 acres or slightly more than one per cent in area. The increase in acreage under sesamum during the current year has been shared mainly by Rajasthan, Saurashtra, Bombay and Madras and has been attributed to favourable weather conditions at the sowing time. This increase in acreage has, however, been offset to some extent by the decreases recorded by some of the States, especially Hyderabad, due to poor sowing in most of the important districts, particularly Nanded, Adilabad and Karimnagar as a result of scanty rainfall. The information given in this estimate covers the period generally up to the end of July 1954. Till then, the condition of the crop was reported to be generally satisfactory.

INCREASE IN OUTPUT OF IRON ORE MINES

The estimated total output of the iron ore mines in India increased from 306,545 tons in June 1954, to 315,632 tons in July 1954, according to statistics released by the Chief Inspector of Mines in India. Returns received from 60 mines for the month of July 1954, show despatches totalling 276,640 tons to the iron and steel plants, and 44,682 tons to the export market. The reported stocks at the end of the month amounted to 939,418 tons.

INCREASE IN WHEAT CROP IN PAKISTAN

There has been an increase in the acreage and yield of wheat crop in Pakistan. The final forecast of the yield and area under the crop for 1953-54 is 3,683,000 tons and 10,652,000 acres as against 2,438,000 tons and 9,508,000 acres respectively in 1952-53. This shows an increase of 12.0 per cent in acreage and 51.1 per cent in yield. Except in East Bengal and Khairpur State, there has been a general increase in the acreage and yield of the crop in the country. The increase, both in acreage and yield, is attributed partly to favourable weather conditions, timely rainfall and adequate supply of water at the time of sowing, and partly to the Grow More Food Campaign.

PAKISTAN PRELIMINARY ESTIMATE OF JUTE CROP

The Preliminary Estimate of the total area under the jute crop for the year 1954-55 is 1,304,000 acres (Olitorious and Capsularis varieties 299,000 acres and 1,005,000 acres respectively) as against 789,000 acres Olitorious and Capsularis varieties 222,000 acres and 567,000 acres respectively) reported in the preliminary estimate of the previous year, and shows an increase of 65.3 per cent. The acreage reported in the final estimate of last year was 780,000 acres (Olitorious and Capsularis varieties 188,000 acres and 592,000 acres respectively). The period covered in this estimate is from the date of sowing, i.e. February up to the end of June, 1954.

COMPANY AFFAIRS

RUBY GENERAL INSURANCE CO., LTD.

The audited accounts of the Ruby General Insurance Co., Ltd., for the year ended December 31, 1953, show a profit of Rs. 1,72,510 together with the amount carried forward from the preceding year. The directors have provided a sum of Rs. 27,500 for doubtful debts, Rs. 25,000 for the taxation reserve and Rs. 1,00,000 for paying a dividend of As. 4 per share, free of income-tax (3-1/8 per cent per annum). The balance of Rs. 20,010 is proposed to be carried forward.

The Life Department received 7,974 new proposals during the year but only 6,395 policies were issued as against 7,142 in 1952. The total new business underwritten at Rs. 2,63,62,918 compares favourably with Rs. 2,49,08,444 in the previous year. The total premium income during the year, after deducting reinsurances, amounted to Rs. 57,67,086 as against Rs. 56,07,162 in the preceding year. The Life Assurance Fund now stands at Rs. 2,39,91,416—Rs. 37,12,996 above last year. The claims by death to the value of Rs. 3,69,010 and matured claims to the value of Rs. 2,75,343 were intimated and provided for or paid during the year as against Rs. 5,52,122 and Rs. 1,28,832 respectively in the previous year.

The net premium of the Fire Department amounted to Rs. 25,90,042 as compared with Rs. 25,93,856 in 1952. The net claims paid and outstanding came to Rs. 6,98,179 and the commission and expenses of management amounted to Rs. 11,64,205. The Fire Insurance Fund at Rs. 10,36,017 is 40 per cent of the net premium.

The net premium of the Marine Department amounted to Rs. 10,48,429 as compared with Rs. 9,74,660 in the previous year. The net claims paid and outstanding came to Rs. 7,45,420 and the Commission and the expenses of management amounted to Rs. 4,55,710. The Marine Insurance Fund at Rs. 4,45,582 is 42½ per cent of the net premium.

The net premium of the Miscellaneous Department amounted to Rs. 35,41,530 as compared with Rs. 34,69,304 in the preceding year. The net claims paid and outstanding came to Rs. 21,74,091 and the commission and expenses of management amounted to Rs. 17,90,664. The Miscellaneous Insurance Fund at Rs. 14,16,612 is 40 per cent of the net premium.

The funds of the Company increased by more than Rs. 38,00,000 as a result of the year's working and the financial position of the company on December 31, 1953 is outlined in the table below:

	Rs.
Paid-up Capital	32,00,000
General Reserve	8,00,000
Exceptional Loss Reserve	6,15,000
Fire Insurance Fund	10,36,017
Miscellaneous Insurance Fund	14,16,612
Marine Insurance Fund	4,45,582
Life Assurance Fund	2,39,91,416
Investment Reserve	1,86,000
Reserve for Doubtful Debts	1,09,000
Profit and Loss Appropriation Account	1,45,010
TOTAL	3,19,44,637

THE TITAGHUR PAPER MILLS CO., LTD.

The working results of the Titaghur Paper Mills Company Ltd., for the half-year ended March 31, 1954, show a drastic decline in total sales from Rs. 281.31 lakhs for the half-year ended September 30, 1953, to Rs. 92.66 lakhs, owing to a strike in the mills during the half-year under review. The figure for stocks has also gone down to Rs. 2.01 lakhs as compared with Rs. 5.71 lakhs. The directors report that production of both the mills was adversely affected by the prolonged stoppage of work which took place during the

period under review; the tonnage of paper produced was only 30 per cent of that produced during the previous half-year. The bill for salaries and wages shows a decline of Rs. 23.86 lakhs over that of the last half-year, while there is a gross loss of Rs. 5.24 lakhs as against a profit of Rs. 60.09 lakhs during the preceding half year. The Directors have transferred Rs. 7,00,000 from the dividend equalisation reserve and Rs. 5,00,000 from the taxation reserve to the credit side of the profit and loss account and have provided Rs. 3.47 lakhs for depreciation. No provision has been made for taxation. The Ordinary Dividend rate has been declared at 15 per cent per annum, as compared with 20 per cent per annum during the previous half year.

The working of the company during the last three half-years is summarised below:

	(In lakhs of rupees)		
Half-year ended	31-3-53	30-9-53	31-3-54
Sales	284.32	281.31	92.66
Stocks	4.56	5.71	2.01
Manufacturing Expenses	162.92	163.61	62.11
Salaries and Wages	49.78	52.19	28.33
Gross Profits	63.90	60.09	5.24
Provision for Taxation	21.00	20.00	Nil
Provision for Depreciation	10.49	6.70	3.47
General Reserve	3.00	3.00	Nil
Reserve for labour quarters and labour welfare	2.50	2.00	Nil
Reserve for taxation contingencies	1.75	1.90	Nil
Reserve for replacement and development	9.50	9.50	Nil
Reserve for dividend equalisation fund	+1.00	+1.00	-7.00
Ordinary dividend rate per cent per annum	20	20	15

Capital and Liabilities: Capital Rs. 1,42,92,300; Capital Reserve Rs. 76,30,000; Surplus and Reserves Rs. 2,05,85,510; Current Liabilities and Provisions Rs. 69,37,591. Total Rs. 4,94,45,401.

Property and Assets: Net Block Rs. 2,04,41,500; Block Suspense Rs. 34,52,377; Investments Rs. 69,95,687; Current Assets Rs. 1,95,55,837; Total Rs. 4,94,45,401.

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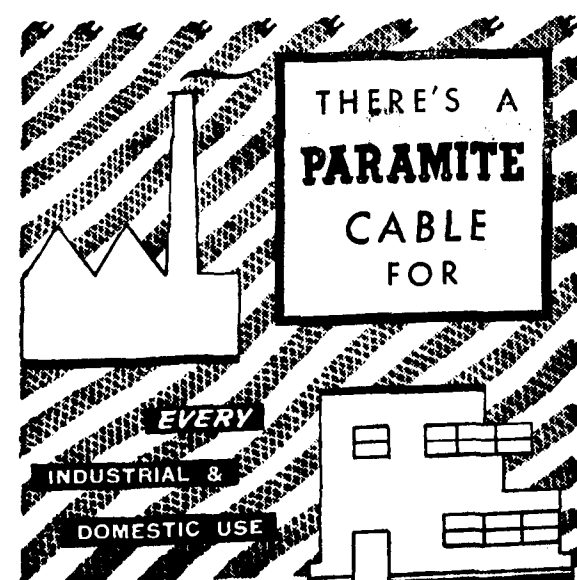
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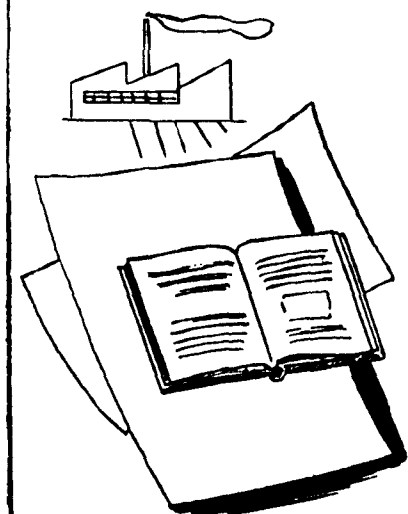
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CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

		Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
		Food Articles	Indus. Raw Materls.	Semi-ma- nufactured Articles	Manufac- tured Articles	Miscel- laneous	General Index	Govt. and Semi- Govt.	Deben- tures	Prefer- ence	V. D. I.
1947-48	..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49	..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50	..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51	..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52	..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53	..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54	..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
November 1953	..	378.0	441.4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December .. c	..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954	..	381.5	481.1	361.5	364.3	708.8	398.5	90.3	101.7	87.7	98.2
February .. c	..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March .. c	..	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.8
April .. c	..	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May .. c	..	366.2	464.6*	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0
June .. c	..	343.2	441.0	355.6	378.7	647.3	381.6	90.3	100.9	88.5	106.9
July .. c	..	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6
August .. c	..	362.4	420.9	351.9	375.7	608.9	382.5	90.8	100.6	89.4	117.4
Week Ending											
7-8-1954	..	361.3*	416.5	352.0	376.0*	611.0	382.2	90.8	100.6	89.4	114.5
14-8-1954	..	361.6	419.8	351.0	374.4	608.7	381.4	90.8	100.7	89.5	117.0
21-8-1954	..	361.4	420.7	351.8	375.2	605.6	381.7	90.8	100.6	89.3	118.1
28-8-1954	..	365.1	420.5	352.8	377.2	610.2	384.8	90.8	100.6	89.4	119.9
4-9-1954	..	364.6	428.6	352.6	377.7	616.6	385.2	90.8	100.6	88.7	119.9

* Average of weeks.

* Revised.

† Economic Adviser's Series.

†† Reserve Bank Series.

WORKING CLASS COST OF LIVING (August 1939=100)

Period	Bombay		Delhi	Bengal	U. P.	Central Provinces		Madras	E.P.	Bihar	All India†
	Bombay	Bombay June 1934 = 100				Nagpur	Jubbulpore†				
1939 (Aug.-Dec.)	103	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	134
1949	292	307	248	132	348	478	377	151	323	164	138
1950	298	313	257	132	349	434	372	153	325	165	139
1951	314	330	261	142	370	451	391	168	334	167	145
1952	321	337	250	143	351	441	380	150	330	151	142
1953	346	363	276	140	349	453	387	151	351	147	146
1953 August	358	376	285	144	373	469	397	157	352	149	153
September	353	371	283	145	366	464	391	154	351	150	152
October	350	368	282	144	349	457	389	153	352	150	149
November	344	361	280	144	339	453	385	148	353	149	146
December	342	359	268	140	329	438	380	146	350	149	145
1954 January	346	363	269	139	325	442	377	144	353	151	142
February	331	348	257	139	316	432	375	144	352	151	141
March	332	349	257	138	319	416	374	143	345	150	139
April	338	355	255	141	323	426	—	144	341	151	141
May	338	355	251	142	339	415	—	142	341	150	142
June	350	367	240	135	332	396	—	—	342	—	143
July	340	366	—	134	331	400	—	—	339	—	140
August	—	—	—	135	—	—	—	—	336	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED											
	18-9-1954			11-9-1954			4-9-1954			28-8-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola)	88- 1	86- 7	87- 5	88-13	87- 6	88- 1	88- 3	86-13	87- 9	89- 7	88- 2	87-15
Silver (per 100 fine tolas)	155-14	154- 0	155- 4	157-10	156- 6	156- 0	155-11	153- 7	154- 1	156- 0	155- 0	154-11

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RESERVE BANK OF INDIA ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupree Coin	Rupree Securities	Total Assets
1938-39*	182.36	28.28	210.64	44.42	36.95	111.37	52.91	67.11	32.18	210.64
1947-48*	1,227.82	47.12	1,274.95	44.42	1,135.32	1,179.74	92.53	32.36	62.84	1,274.95
1948-49*	1,231.84	22.02	1,253.86	42.49	907.47	949.96	75.43	42.96	265.62a	1,253.86
	(5.58)	(—)	(5.58)					(90)		
1949-50*	1,128.94	24.00	1,152.94	40.02	647.04	687.06	59.59	50.53	415.36	1,152.94
1950-51*	1,163.21	17.19	1,180.40	40.02	624.70	664.72	56.31	57.21	458.47	1,180.40
1951-52*	1,189.84	27.78	1,217.62	40.02	625.27	665.29	54.64	63.98	488.36	1,217.62
1952-53*	1,114.84	27.87	1,142.72	40.02	564.40	604.42	52.89	80.22	458.08	1,142.72
1953-54*	1,133.95	23.03	1,156.97	40.02	594.02	634.04	54.80	92.83	430.11	1,156.97
Average of Fridays										
January 1954	1,151.24	15.34	1,166.58	40.02	610.15	650.17	55.73	95.03	421.38	1,166.58
February	1,174.68	16.14	1,190.82	40.02	635.65	675.67	55.74	93.80	421.35	1,190.83
March	1,190.15	12.48	1,202.63	40.02	648.15	688.17	57.22	93.12	421.34	1,202.63
April	1,220.24	13.08	1,233.32	40.02	674.15	714.17	57.91	97.81	421.34	1,233.32
May	1,220.26	25.62	1,245.88	40.02	688.15	728.17	58.45	98.49	421.22	1,245.88
June	1,196.24	36.20	1,232.44	40.02	670.40	710.42	57.96	96.50	421.22	1,232.44
July	1,163.71	35.09	1,198.80	40.02	638.15	678.17	56.62	100.31	421.22	1,198.80
August	1,149.93	32.78	1,182.71	40.02	618.15	658.17	55.65	103.42	421.22	1,182.71
Week Ending										
6-8-1954	1,157.62	28.83	1,186.46	40.02	623.15	663.17	55.89	102.07	421.22	1,186.46
13-8-1954	1,158.31	28.78	1,187.09	40.02	623.15	663.17	55.87	102.65	421.22	1,187.09
20-8-1954	1,146.42	31.62	1,178.04	40.02	613.15	653.17	55.45	103.65	421.22	1,178.04
27-8-1954	1,137.35	41.94	1,179.29	40.02	613.15	653.17	55.39	104.90	421.22	1,179.29
3-9-1954	1,149.51	26.69	1,176.20	40.02	613.15	653.17	55.30	104.81	421.22	1,176.20
10-9-1954	1,161.27	17.41	1,178.68	40.02	613.15	653.17	55.42	104.20	421.22	1,178.68

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS*	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14.90	..	16.19	75	31.84	1.28	43.12	28.38	1.53	4.21	1.72	2	6.36	90
1947-48*	366.79	16.93	102.47	34.21	520.40	14.55	544.96	47.24	2.62	406.95	1.57	21	81.53	4.85
1948-49*	222.17	6.62	80.53	56.52	393.72	15.33	419.05	22.12	4.28	307.78	1.71	3.34	75.65	4.14
	(14.33)	(3.04)										(1)		
1949-50*	141.19	23.12	67.00	64.39	295.69	15.76	321.45	24.12	4.30	280.91	3.35	8.39	960.54	4.34
1950-51*	148.60	17.71	62.22	62.29	290.82	16.14	316.97	17.31	3.04	107.70	2.37	6.77	76.72	5.06
1951-52*	181.30	15.95	58.68	69.22	325.15	18.62	353.77	27.92	6.31	187.14	5.90	19.42	95.19	11.91
1952-53*	136.40	7.79	52.89	61.93	259.02	23.69	292.71	28.03	6.64	133.56	2.85	19.03	89.77	12.83
1953-54*	105.44	23.40	46.52	57.45	232.80	23.91	266.72	23.22	9.46	123.31	1.78	19.84	81.58	7.51
Average of Fridays														
January 1954	103.82	20.24	41.98	58.30	224.33	23.08	256.41	15.57	16.49	121.22	1.02	20.14	74.15	7.82
February	89.53	21.74	40.14	61.95	213.36	22.49	245.85	16.36	12.76	105.09	75	31.19	71.29	8.40
March	80.90	42.08	40.44	42.99	206.41	24.91	241.32	12.72	10.46	99.86	1.12	39.83	68.70	8.64
April	64.51	30.52	42.16	45.21	182.41	27.95	220.36	13.35	12.98	78.55	1.21	40.01	65.17	9.09
May	93.14	20.61	43.30	46.10	203.15	28.47	241.62	25.90	10.11	65.23	1.12	57.83	71.91	9.51
June	110.59	18.52	43.21	43.79	216.04	28.28	254.47	36.44	9.07	171.44	1.29	39.09	85.31	9.84
July	121.13	20.39	46.82	36.55	244.91	26.06	261.88	36.21	1.76	103.01	7	19.84	93.06	1.73
August	126.46	14.64	56.51	35.01	232.60	23.98	266.60	33.02	3.02	112.99	1.41	16.86	93.11	6.20
Week Ending														
6-8-1954	122.33	15.46	50.40	35.85	224.04	27.22	261.26	28.99	2.01	109.82†	46	18.38	94.55	7.04
13-8-1954	124.32	12.28	50.96	36.27	223.82	28.58	262.40	28.97	3.52	108.87†	1.89	18.08	93.93	7.14
20-8-1954	121.11	13.71	60.02	34.04	228.88	28.05	266.94	31.89	3.08	117.83†	1.83	15.55	92.24	4.51
27-8-1954	138.08	17.11	61.65	33.86	253.71	12.08	275.79	42.21	3.45	116.42†	1.47	15.41	91.73	6.10
3-9-1954	132.75	14.83	64.82	34.55	246.95	12.27	269.23	29.06	4.18	116.58†	1.34	16.30	94.64	6.33
10-9-1954	135.16	11.10	59.24	34.58	240.14	13.20	263.35	17.64	5.83	117.81†	1.45	18.78	95.41	6.45

Note: Figures in brackets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid-up and Reserve Fund. *Average of Fridays. † Includes cash and short term securities.

THE INTERIM INDEX OF INDUSTRIAL PRODUCTION

(Base: 1946=100)

Period		General Index	Cotton Textiles			Jute	Coal	Sugar	Paints and Varnishes	Cement	Paper	Matches	Sulphuric Acid	Steel Ingots and metal for castings	Diesel Engines	
			Total	Yarn	Cloth											
1947	..	97.2	95.8	94.8	96.2	96.6	103.9	97.6	100.5	93.9	87.8	113.0	100.0	97.1	144.8	
1948	..	108.4	109.0	105.9	110.5	100.2	103.2	116.5	93.0	100.7	92.4	129.4	133.3	97.1	216.7	
1949	..	105.7	99.7	99.4	99.9	84.8	108.9	108.5	80.5	136.3	97.4	127.8	165.8	104.6	438.9	
1950	..	105.0	91.1	85.9	93.8	76.8	110.8	105.8	72.8	169.5	102.7	127.0	170.8	111.2	971.7	
1951	..	117.2	101.3	95.4	104.3	80.4	118.8	120.8	87.2	207.2	124.4	140.2	178.2	116.0	1,531.9	
1952	..	128.9	113.8	106.0	117.7	87.4	125.4	161.9	83.8	229.3	129.7	147.6	160.1	122.0	897.9	
1953	..	135.2	119.9	110.1	124.8	79.8	124.1	139.9	83.5	245.1	131.8	143.3	181.8	116.5	785.6	
November	1951	..	123.7	102.4	99.3	103.9	91.6	123.3	313.3	79.3	230.4	130.4	140.3	186.1	111.0	1,818.8
December	"	..	128.2	103.9	100.9	105.4	91.1	125.1	154.2	83.0	233.7	134.4	132.7	211.7	123.0	2,051.8
January	1952	..	123.4	102.2	98.6	104.1	99.6	130.2	110.2	81.2	218.7	135.4	140.0	183.3	128.2	1,672.6
February	"	..	129.0	107.4	102.4	110.0	97.1	140.6	121.9	89.7	202.5	128.8	148.4	125.6	122.2	1,631.5
March	"	..	125.5	101.8	96.7	104.4	89.9	125.4	163.9	79.1	222.0	123.6	139.4	129.9	124.9	1,440.5
April	"	..	131.7	110.3	103.2	113.9	91.6	134.5	488.6	87.1	235.4	133.8	155.3	122.2	127.6	912.4
May	"	..	126.8	112.3	100.6	118.1	89.3	129.7	1493.3	81.1	217.7	121.5	150.0	173.2	112.6	807.3
June	"	..	121.6	112.4	101.5	117.9	82.5	120.3	2445.5	80.6	218.1	118.6	150.6	174.6	111.1	362.4
July	"	..	128.9	123.3	113.9	128.0	91.0	116.9	..	75.8	246.3	130.8	152.6	149.0	117.6	809.8
August	"	..	126.7	119.2	109.4	124.1	80.6	115.8	..	74.8	236.0	131.2	146.3	141.5	117.2	1,188.2
September	"	..	129.1	118.5	110.3	122.5	78.6	116.8	431.3	81.7	244.6	136.5	137.8	194.8	123.9	487.5
October	"	..	127.6	113.3	105.6	117.1	83.4	121.6	183.7	85.4	223.4	132.7	142.8	167.6	120.5	552.5
November	"	..	134.6	120.1	112.6	123.9	80.9	121.8	137.0	97.9	242.5	130.7	154.7	174.8	130.5	500.5
December	"	..	138.6	124.0	117.1	127.5	85.5	131.9	127.4	91.5	244.3	133.1	155.5	183.8	129.1	527.3
January	1953	..	131.1	121.1	113.0	125.2	78.9	128.7	107.6	98.6	224.7	129.4	152.4	173.7	133.5	311.8
February	"	..	135.9	120.8	110.0	126.2	82.0	138.1	116.8	75.6	225.3	129.9	161.7	175.7	127.3	222.7
March	"	..	131.1	114.1	101.9	120.2	80.4	125.3	168.0	76.0	225.6	126.5	153.2	130.4	123.8	495.4
April	"	..	140.6	122.6	108.3	129.8	82.9	136.6	460.1	85.5	224.0	134.2	152.1	147.6	115.9	311.8
May	"	..	132.8	120.4	107.1	127.0	78.3	130.2	570.0	77.0	247.2	122.3	150.1	161.6	113.5	344.5
June	"	..	133.2	122.9	111.0	128.8	81.2	122.6	136.4	79.6	251.4	121.6	151.0	165.8	107.8	522.3
July	"	..	136.3	125.7	114.4	131.3	84.7	112.2	..	72.5	262.8	147.0	150.7	194.1	94.6	741.8
August	"	..	131.0	119.5	109.6	124.5	73.5	111.9	..	82.5	234.4	137.7	126.4	207.3	91.2	887.6
September	"	..	137.3	119.5	111.9	123.3	81.6	125.1	12.5	88.8	243.0	147.7	138.0	203.0	96.4	1,242.0
October	"	..	133.5	118.9	111.5	122.6	72.1	119.7	32.6	93.6	251.3	137.2	119.5	214.1	121.2	1,430.7
November	"	..	134.5	109.8	105.6	111.9	77.0	112.7	176.8	86.0	266.6	124.7	133.2	193.9	138.0	1,223.8
December	"	..	144.7	122.9	116.5	126.1	84.0	128.9	127.0	85.1	282.2	122.1	134.4	212.3	134.4	1,737.5
January	1954	..	133.3	122.0	113.6	126.2	72.7	118.3	105.9	97.5	276.9	114.7	130.4	218.4	140.3	1,672.1
February	"	..	142.1	128.5	118.2	133.7	81.7	137.8	100.2	83.0	297.3	115.4	130.4	260.6	133.9	1,517.2
March	"	..	137.3	115.7	106.8	120.1	81.6	125.1	97.7	95.5	296.9	127.5	130.7	225.8	134.2	1,807.9
April	"	..	145.1	126.6	114.8	132.5	83.7	127.9	127.2	70.2	283.7	134.8	114.3	232.7	121.0	1,766.8
May	"	..	..	122.7	111.1	128.6	77.0	121.3	43.3	..	282.6	..	..	..	112.3	..

INDIA'S TRADE WITH THE U. K.

I. PRINCIPAL EXPORTS

(Thousand £)

	Year 1952	Year 1953	July 1954	7 Months Jan-July	
				1953	1954
Total All Exports	111,517	113,443	9,164	58,241	74,321
Of which :-					
Tea ..	48,743	51,928	3,184	21,176	31,101
Leather, leather manufactures & dressed furs ..	9,284	14,009	1,230	8,271	8,485
Tobacco & tobacco manufactures ..	6,956	5,790	972	3,404	4,431
Hides, skins & fur skins, undressed ..	540	958	56	557	650
Wool & other animal hair ..	3,498	4,608	562	2,914	3,373
Cotton ..	2,297	2,993	205	1,935	1,755
Miscellaneous textile fibres & waste ..	1,305	629	108	385	670
Metalliferous ores & metal scrap ..	3,960	4,388	84	2,842	1,976
Miscellaneous animal & vegetable crude materials, inedible ..	4,364	3,258	338	1,759	2,449
Animal & vegetable oils, fats, greases & derivatives ..	3,573	2,442	231	2,017	719
Miscellaneous textile manufactures ..	16,578	12,736	1,107	6,700	10,223

II. PRINCIPAL IMPORTS

(Thousand £)

	Year 1952	Year 1953	July 1954	4 Months Jan-Apr.	
				1953	1954
Total All Imports	112,635	114,491	10,466	60,873	69,485
Of which :					
Machinery other than electric ..	29,595	27,701	2,415	16,957	16,896
Electric machinery, apparatus & appliances ..	17,138	17,944	1,510	11,783	9,201
Wool & other animal hair ..	3,293	4,828	483	3,151	3,171
Petroleum & petroleum products ..	2,509	3,953	490	2,565	3,234
Chemicals ..	13,426	13,058	1,118	7,038	8,543
Paper, paperboard & manufactures thereof ..	1,923	1,220	203	844	777
Iron and steel ..	4,785	4,659	696	2,665	3,585
Non-ferrous base metals ..	1,631	2,137	128	1,405	934
Manufactures of metals ..	6,329	7,309	485	4,485	3,153
Railway vehicles ..	5,655	3,758	315	2,672	2,299
Road vehicles & aircraft ..	9,564	8,758	756	4,718	4,982
Scientific instruments; photographic & optical goods; watches & clocks ..	1,806	2,206	141	1,225	1,379

III. INDIA'S IMPORTS OF MACHINERY FROM THE U. K.

(Thousand £)

	Year 1952	Year 1953	July 1954	7 Months Jan-July	
				1953	1954
Total Machinery	46,733	45,735	3,925	26,740	26,097
Of which :-					
Boiler & boiler-house plant ..	1,458	1,653	111	1,070	973
Internal combustion engines ..	4,511	1,356	140	857	1,101
Agricultural machinery ..	495	151	14	96	98
Machine tools (excluding portable power tools) ..	1,336	1,934	132	1,197	1,092
Pumps ..	980	856	56	540	438
Industrial & works trucks & tractors & mechanical handling equipment ..	1,024	1,471	99	895	864
Excavating & earth-moving machinery & road rollers ..	867	528	54	275	325
Mining & well drilling machinery ..	546	519	66	348	311
Printing & bookbinding machinery & printing type ..	628	791	51	424	342
Textile machinery ..	8,668	6,990	580	4,433	4,155
Air-conditioning & refrigerating machinery ..	253	290	17	151	140
Generating sets, generators & motors ..	2,184	2,689	234	1,784	1,385
Converting machinery, transformers, switch gear & switchboards ..	3,321	4,606	519	2,674	2,582
Electronic valves, & radio, television, radar & sound reproducing apparatus ..	2,203	1,485	214	963	882
Electric cables, wires, strips & strands, insulated ..	5,026	5,034	178	3,876	1,863

Source :—Trade and Navigation Accounts of the U.K. (H.M.S.O.)

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ONE RUPEE

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A Plea for Pragmatism

THE debate in the Lok Sabha or House of the People last Monday on the Government of India's industrial policy was significant largely because of the spirited defences which the Minister for Commerce and Industry made for his policy. It was Mr. Ashok Mehta who drew his fire and deservedly, for the attack was an entirely ideological one and was more barren than usual. The fact that India's industrial policy has been resoundingly successful in raising industrial production was not once mentioned in the course of the debate, and a token concession was made to the Opposition when Mr. T. T. Krishnamachari said that there had been no change in the basic "socialist" approach of the Government to economic problems. He added, however, that within the limits set earlier, day-to-day policies should be altered to meet new situations. The Government felt that "socialism" could be attained as much by control as by ownership of industry. Whether socialism—however defined—was desirable or not was not even debated.

Public opinion is apparently still sensitive about the encouragement given to "capitalists" and an argument that private enterprise has done the job which, incidentally, the public sector has failed to do is singularly ineffective in changing the attitude of many members of Parliament towards freer private enterprise. There is thus a curious dichotomy between Government theory and Government practice. In theory the Government stands for increasing control; in practice, as the work of the Ministry of Food and Agriculture and the Ministry of Commerce and Industry shows, the policy is decontrol. Nobody quite knows what socialism is at the present time either here or abroad. But everyone must talk socialism in very much the same sense in which Sir William Harcourt, introducing death duties in Britain in 1894, found it necessary to say that "we are all socialists now".

It is obvious that, under cover of this confusion between the needs of a policy which works and a

policy which commends itself to public opinion, words must necessarily have meanings somewhat different from the deeds which they describe. The truth is that, even if there has been no change in the wording of the Government of India's policy, its working has meant very different things at very different times. A policy which governs stringent control as well as complete decontrol, restriction of private enterprise and assistance to private enterprise, increasing nationalisation and decreasing nationalisation cannot obviously be made convincingly consistent. The essence of the Government of India's industrial policy over the last seven years has been that it has been a policy without principle but over the last three years it has been a policy which has worked.

The figures given below of the official interim index of industrial production for every month from January 1950 to the last available figure which is for May 1954 tell their own story. There is no month in any year in which the interim index has fallen below the corresponding figure for the year preceding. In other words, industrial progress in India has been consistently upward without any reverse at all when the seasonal factors are taken out. Again, between a figure of 100.2 in January 1950 and 145.5 in April 1954 there has been a rise of about 45 per cent, which is over 10 per cent per year, which must be one of the highest rates of rise in any country of the world. That a Minister of Commerce and Industry who has a record like this to show should be placed on the defensive shows the extraordinary hold which ideology still has on the public mind. It is time that these figures were thrown at the public sector and it was asked to justify itself in equal measure. If Mr. Ashok Mehta could have examined the public sector's performance against these figures, he would not have permitted himself the extravagant observations which he made.

There is also the question of the extent to which the control of private enterprise has paid dividends. Until the year 1951 controls were maintained. The graph below which shows the period from 1949 to 1951 as against the figures after that year will indicate that the years of decontrol were far more effective in increasing production than was the era of control. It is true that a comparison is not in all respects equal, because the era of control was combined with material shortages which were not present later. Nevertheless, in so far as any figures on this matter can dispose of the question, there is indication that in the Indian economy decontrol has done better than control. It is not necessary to press this point under all circumstances and all conditions. It may be that there are certain conditions of

shortage which require control. But this is by no means to agree that control is a universal panacea.

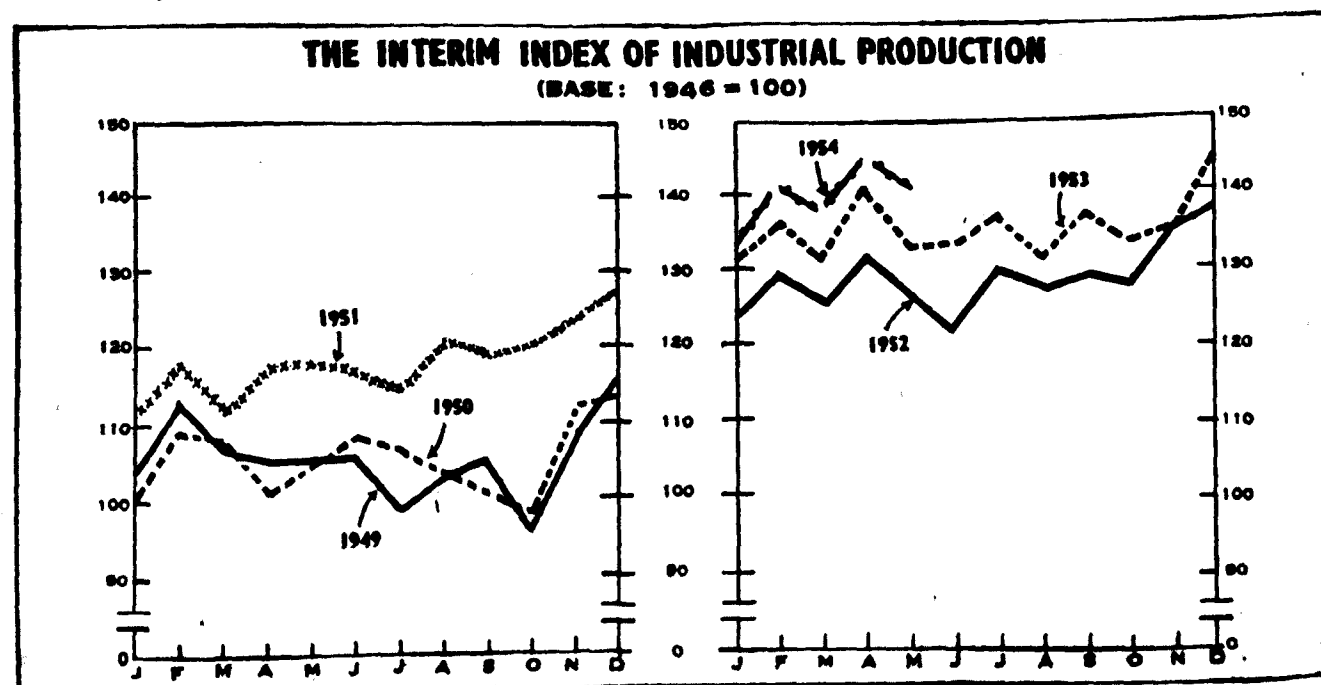
To argue the need for controls in the national interest is by no means to argue a socialist case, which is the elimination of private enterprise, whether or not it is working in the nationalist interest. It is clear that Mr. Krishnamachari's conception of control is therefore different from the weapon which the socialists wish him to employ. The philosophy of a mixed economy is essentially one in which the national good overrides both the public and private sectors. It cannot be read as implying that the public sector has the right to determine the forms of management in the private sector. It does mean, however, that in the last analysis both the public and private sectors are responsible to the people. In this sense democracy necessarily implies control. There is nothing, therefore, in the contention that control is to be applied which should be unacceptable to private enterprise. This is no more than to say that the sovereignty of the people will be exercised by a people's government.

Meanwhile the people of India not having voted for socialism in the general elections of 1951 and 1952 cannot be accused of desiring an ideological socialist solution. They desire an improvement in their standard of living. Spectacular increases of production are being achieved by the Ministry of Commerce and Industry and the pragmatic test applied to industrial policy yields the result that for the present, at least, it needs no change. This is the answer to Mr. Ashok Mehta. Both the people of India and current events have approved of the Government's policy; it would be at least politic for the Opposition to recognise success when they see it. Are there no failures elsewhere to record?

THE INTERIM INDEX OF INDUSTRIAL PRODUCTION

(Base: 1946=100)

	1949	1950	1951	1952	1953	1954
January	104.1	100.2	111.4	123.4	131.1	133.2
February	112.8	109.1	117.7	129.0	135.9	141.6
March	106.6	107.0	111.6	125.5	131.1	138.0
April	114.8	100.8	117.5	131.7	140.6	145.5
May	105.6	104.5	117.7	126.8	132.8	140.6
June	105.8	108.1	116.7	121.6	133.2	..
July	98.7	106.5	114.4	128.9	136.3	..
August	102.7	102.8	120.4	126.7	131.0	..
September	105.2	100.3	118.3	129.1	137.3	..
October	95.7	97.9	119.9	127.6	133.5	..
November	107.8	112.5	123.7	134.6	134.5	..
December	115.5	113.2	128.2	138.6	144.7	..



A Road Block?

THE circular letter on road transport policy which the Planning Commission issued last week to all State Governments was at least three years too late. If, as is now stated, it was the basic policy in the Plan that financial resources should not be dissipated on nationalised road transport, this should have been made clear at the beginning of the Plan and not when the horse had galloped fiercely away. The Planning Commission has failed to exercise its authority in time and with due weight. The best thing that can now be said about the present circular is that it is better late than never, and shows clearly at long last that the Planning Commission was not a partner to many States' misdeeds.

This is at least a heartening event. The indifferent manner in which the Planning Commission has hitherto acquiesced in almost anything the States did on their own has led many people to believe that as the Planning Commission did not enjoy any powers in law, it was not capable of taking any vigorous action to curtail or adjust States' plans. It did enjoy the power of finance where Central resources were required, but where requests for Central finance were not necessary its advice was summarily discarded. It looks as if the Planning Commission is now standing its ground; it can call the tune as the power of finance can make its voice effective. In the last analysis, if the State Governments spend money on road nationalisation they have less money for other projects. This must mean that, if Central assistance is sought on these other projects, the original proposal to nationalise road transport necessarily implies Central assistance. It is, therefore, quite in order for the Planning Commission to direct that State Governments which violate its direction will be liable to lose Central assistance on the projects included in their tentative plan. The threat of holding finance can thus be made more powerful than any sanction created by law. There is no reason why this instrument should not be freely employed.

Perhaps because this is now being realised, there is a new note of authority in certain sections of the present circular. It would appear that the description of the new policy carries a mandatory note. It is, therefore, worth reproducing the relevant sections of the circular letter.

"The Planning Commission have reviewed the policy regarding road transport development under the Five-Year Plan and in consultation with the Central Ministry of Transport have decided that the following principles should be followed regarding road development during the next few years:

GOODS SERVICES

(i) Schemes for nationalisation of road freight services will not be considered for inclusion in the Plan until 1961, i.e., the end of the second Five-Year Plan.

(ii) Permits should be granted freely for periods of not less than three years in accordance with the provisions of the Motor Vehicles Act, 1939; and

(iii) A special incentive should be given to viable units by granting them permits for a maximum period of five years under the provisions of the Motor Vehicles Act.

PASSENGER SERVICES

(i) State Governments desiring to nationalise road passenger services should prepare phased programmes for consideration by the Planning Commission for in-

clusion in the Plan, defining clearly the areas of proposed nationalisation up till 1960-61; and these will be considered provided (ii) and (iii) below are accepted by the State Governments.

(ii) In the areas that would be left outside the approved nationalised schemes, permits should be granted freely for periods of not less than 3 years in accordance with the provisions of the Motor Vehicles Act, 1939.

(iii) Within the areas which are included in the approved nationalisation schemes, permits should be granted for the longest period permissible under the expansion schedule, but within the maximum limit set by the Motor Vehicles Act.

(iv) Where Government participation is contemplated, the setting up of a tripartite organisation in which State Governments, Railways and Private Operators will participate, should be favoured.

(v) In areas to be left entirely to private operators special encouragement should be given to the formation of viable units."

There is also one more sentence which seems to show strength. It reads: "The Commission have requested all State Governments to review their nationalisation schemes with a view to preparing phased programmes on the lines indicated by the Commission for consideration for inclusion in the second Five-Year Plan. They have emphasised that to ensure financial and operational stability and to conserve funds for schemes given priority under the Plan, the State Governments would have to pursue the policy of nationalising road transport with due caution and in gradual stages." There is significance in the words 'would have' in the last sentence. This looks at long last like an order.

It is well known that it is far easier for the State to regulate privately-run road transport services than to live up to a high standard of efficiency after acquiring a direct interest in them. A Ceylon delegation, now in search of a suitable model for the transport system of Colombo, has found the services under private ownership in Madras more impressive than the nationalised services elsewhere, for obvious reasons. The desire of State Governments to extend the nationalisation of road transport has tempted them to be restrictive in the issue of licences or to issue licences under conditions of uncertainty. This has driven probably more than 10,000 vehicles off our roads in the last five years which would have provided a new employment at least to 50,000 persons besides improving the services.

If this circular letter can be read as indicating that the Planning Commission is dealing with the problem of road transport with a new vigour, that at least is something. This is not likely to be adequate. As everyone knows, the basic difficulty in road transport is taxation, in respect of which the Central Government has certainly as much responsibility as State Governments, the duties on petrol being beyond all reason. It is not enough for the Planning Commission to issue directions to State Governments. It will need to devote some attention to the financial policy of the Centre. Will it have the courage to tell the Finance Minister that he too must not hinder the incentive of private operators? Its counsel will not be respected by State Governments if the Planning Commission shows that, in dealing with governments, it has one law for the rich and another for the poor.

The World Bank

THE Ninth Annual Report of the International Bank for Reconstruction and Development presented last Saturday shows a record of steady, though not spectacular, progress in the activities of the Bank. At their commencement eight years ago, there was emphasis on the role of European Reconstruction. The Bank discharged this responsibility through its loans amounting to \$497 million, which proved, however, to be only a low fraction of the funds that actually flowed from the United States Government to Western Europe, China, Japan and the Philippines for rehabilitation and reconstruction. Excluding this, the World Bank's total loans for purposes of development amounted to \$1,377 million at the end of June this year. At the current increasing rate of lending operations—the last fiscal year has shown a record for annual lending of \$324 million—the World Bank would soon surpass the two-billion dollar mark. This may not seem very impressive by the side of the fact that the annual rate of U.S. private foreign investments abroad is estimated at about two billion dollars. Though the Bank's criteria of soundness of its operations are not stricter than those of the American private investor, the achievement of its main purposes required concentration of attention in special areas and in particular sectors of the economy of the borrowing countries in which private venture capital would not normally have found its way. Consistently with this limitation and the other prudent banking principles adopted the recent expansion in the World Bank's operations appears satisfactory.

The guiding principles on which the Bank has made its appraisal of projects for financing economic development continue to be those which were formulated in its Fifth Annual Report. The Bank has attempted to select high priority projects within the framework of a country's overall economic needs. It has often been criticised for presenting a droll picture by seeking business-like projects in countries eager for and in need of capital imports on a substantial scale. But while the Bank was going to work, there has been a revision of ideas on financing of development, especially in the yet undefined category of underdeveloped economies. It was the fashion until three or four years ago for teams of experts, including those from the underdeveloped areas, to make plans for large-scale aid in terms of billions of dollars, without regard to the capacity of the areas to absorb such flow even if it were forthcoming. There is more soberness in present-day discussions.

India has since provided a laboratory in which some of these theories have been put to the test. Ultimately, planning of any sort has to face the cold reality of the difficulties in formulating specific projects as part of a balanced development programme consistent with the resources of the country—with priorities based on the material resources and technical and administrative capacity for execution. Even in India, where these are available in a larger measure than in most other areas in need of and seeking foreign aid, there has been difficulty in making the fullest use of available exchange resources including foreign aid. It has also been demonstrated that in the low state of productivity in the backward countries, much more is possible with small resources and technical assistance than was once assumed. The volume of external finance is thus today less important than the nature and conditions of its availability. The World Bank's achievement should not, therefore, be judged by the size of its lending but by what it has done to the borrowing countries. Nearly 40 per cent of the loans have been devoted to the expansion of electric power and over 25 per cent to transport. The effect of the expen-

diture has been to open up the areas in Asia, Africa and Latin America to which the total lending now amounts to about \$900 million.

There is on the whole an approximate equality in the assistance to the various regions, except for the special attention devoted to the Latin American countries where the formulation of projects has apparently been more business-like because of the interest shown by American investors. Of the total of \$232 million in loans to Asia and the Middle East, India alone accounts for \$100 million; Pakistan (which under the Bank's classification is included in the Middle East) has secured \$44.5 million; Japan and Thailand together have received \$65.6 million; Ceylon has just been able to negotiate a loan of \$19.1 million for a hydro-electric project. These figures tell their own tale and show the existing gaps in the Bank's operations. Their filling is not an easy process. The more needy the borrower, the more serious are the obstacles created by extravagant planning, unwise management and disregard of business considerations. Though the Bank can always throw the responsibility on the Governments concerned as guarantors, in practice it has slowly attempted to inject prudence into planning where it tended to become starry-eyed.

The growing diversification of the Bank's activities, such as mediation in the canal water dispute, promotion of private industrial banking in India and Ceylon, and other technical advice on specific problems may gradually remedy the deficiencies that exist. The Bank is not limited now by funds, though at one time it was feared that the limit would be set by the availability of dollar funds. Only 62.5 per cent of the total funds now available for lending has been obtained from the United States. The capital subscriptions of the other countries and the funds available from the Bank's own operations and from the sale of bonds together amount to an impressive total (of \$710 million) which can be used increasingly for a bolder financing policy, to benefit areas which have to think of dollar difficulties in future repayment and interest charges before taking loans. Out of the 56 member countries of the Bank, 32 countries have made available 18 per cent of their capital subscriptions (besides the initial 2 per cent subscription) and 18 of these currencies including India's have not yet been used for loans because of "conditions which inhibit the use of many of these releases and reduce their value to the Bank".

There is no reason why India should not explore ways by which her rupee funds could be used for the Bank's loans. This could open up possibilities of economic co-operation, particularly in South-East Asia, a topic which was on the agenda of the Colombo Conference. It can also be a prelude to obtaining more rupee funds, in moderate doses, from the Indian capital market through bond issues which now amount to \$112 million in currencies other than the U.S. dollar. Mr. G. D. Birla made a bold but timely suggestion to this effect at the Bank's meeting last week. While providing an attractive investment for institutional investors as elsewhere, without involving any serious competition with the Government's issues, the funds thus obtained can be reinvested in loans partly within the country and perhaps even partly outside. This should be possible of achievement without any damage to the mobilisation of resources under the Plan. In fact, the assistance from the World Bank now envisaged for the Industrial Investment Corporation should make this step even necessary, since not all of the aid is likely to be needed for foreign exchange expenditure. This is but one example of the vast opportunities ahead for the Bank in the years to come.

THE WEEK'S NOTES

PRECEDENT AND CHANGE IN SERVICES' RULES

The Indian Administrative Service and Police Service Rules now framed, which became the subject of an interesting debate in Parliament this week, are in many ways curious. They are modelled to a fault on the old rules pertaining to the Secretary of State's Services, confirming the charge of lack of resilience in the hidebound and tradition-ridden Home Ministry. There was no reason why these rules should not have been cast in a different mould. Different sets of rules have been framed for the Indian Administrative Service and the Indian Police Service for recruitment, probation, cadre, regulation of seniority and pay respectively. It is interesting to note that only on questions of fixation of pay—the heaviest portfolio in any Government department—are the rules fairly exhaustive. As in the old days again, there are separate Conduct Rules, Travelling Allowance Rules and Compensatory Allowance Rules. The fountainhead of this torrent of new rules is the All-India Services Act, 1951, which delegated all the authority to the Central Government in a few skeleton clauses.

The most controversial provisions relate to the status of women. On the one hand, there has been an important victory for women because of the clause which disqualifies from office persons resorting to bigamy, even though other punishments will be in store for them under the ordinary marriage law now proposed and under the laws already in force in some States. On the other hand, the Home Minister invited the wrath of women M.P.s and their organisations by including a provision to the effect that a married woman shall not be "entitled as of right to be appointed to the service". This is meaningless because there seems to be no right for anyone, man or woman, for appointment to the service unless certain conditions are fulfilled including physical or temperamental fitness. Wherever marriage acts as a serious disability, the case could be decided on individual merits as in other types of disability. Secondly, with regard to women already in service, there is a weakhearted provision which merely says that if the maintenance of the efficiency of the service so requires, the Government may call upon such person to resign. Non-compliance will presumably be treated as contumacy but if the Government was convinced that in such cases removal is the right thing, there was no reason why it should have lacked the courage to say so. But here again, the best course would have been to penalise individual cases of loss of efficiency. Women M.P.s have been intrepid enough to insist that such disqualifications should be removed not only in respect of the Administrative Service but in the Police Service as well.

The most disappointing omission is the lack of a provision for throwing open a proportion of the vacancies for recruitment of persons below 30 or 32 who acquire experience in other walks of life such as business, law or education. It was of course hardly possible for the blinkered Home Ministry to visualise a vast and expanding economy of the future in which its routine recruitment on outmoded cadre strength formulae would prove inadequate. In Parliament, the most obviously controversial points always get attention and it seems a convenient device for the executive to make the Houses side-step other issues by throwing in a bit of gratuitous controversy on which members can occasionally get furious.

A LAW COMMISSION?

There are indications that the Government of India would soon take steps to establish a Law Commission,

despite the reluctance to multiply agencies which would interfere with the working of the Law Ministry. Whether the Commission would prove to be helpful to the enactment of sound legislation or act as a fifth wheel in its coach would largely depend on the manner of its composition. Its functions would be fairly clear. At the Centre, the Law Commission could examine all laws with a view to revising and adapting provisions which are obsolete and incongruous under present conditions or are too ambiguous to give precision. The members of the Commission may also be associated with State Law Commissions as members to provide co-ordination between the States and the Centre and to encourage the States to undertake similar revision and codification. The Central Law Commission may have to be a fairly large body in order to provide a pool of experience in the various fields of legislation. It is hardly desirable that they should all be whole-time members, though in the initial stages the volume of the work of scrutiny may be considerable. The essential qualification should be experience in the general administration of law or in special branches. This experience is available only among senior judges and leading advocates and their experience should, as far as possible, be a continuing one even while they act as members of the Commission.

A body of about 30 members composed in nearly equal numbers respectively of retired judges, judges in office and senior members of the bar should prove suitable. The members would not be full-time holders of office; the chairman alone may, if needed, be a whole-time member. This would create a body which would nearly correspond to the Rule Committees in the High Courts established under the Civil Procedure Code for helping revisions of procedural law and rules. One difference, however, exists between holders of judicial office making recommendations on adjectival laws as at present and their sending proposals on revisions of substantive laws such as would be involved in the Law Commission's work. In the latter sphere, judges while in office may have to consider issues of public policy, which they have hitherto been reluctant to do as it would involve encroachments into the field of the executive and of the legislature which is the final arbiter on such matters. A preponderance of retired judges (one of whom should be chairman) and practising advocates should avoid this difficulty. There is no need to preserve the individuality of the judges in the recommendations finally made by the Law Commission.

It is necessary that the Commission's secretariat should be adequate. Such a secretariat can provide a very useful training ground for capable draftsmen whose supply is now becoming scarce. Legislation is now losing touch on the one hand with judge-made law and precedent and, on the other, with the current social needs. The Company Law Bill, now on the anvil, is an outstanding example of this double shortcoming. It is necessary to avoid, at least in the future, such monumental misdirected effort.

THE SELECT COMMITTEE ON DEFAMATION

The Select Committee on the Bill to amend the Criminal Procedure Code has not, by any means, been disobliging to the Home Minister. But the Committee has been quite emphatic in ruling out the Home Minister's pet scheme to make defamation against the President, Governors, Rajpramukhs, Ministers and public servants a cognisable offence. The Committee's redraft of Section 194-B of the Criminal Procedure Code

has provided some safeguards even for making such defamation cognisable by a Court of Sessions, on the application of the Public Prosecutor. It restricts the offence to defamation in respect of his conduct in the discharge of the public functions of the public servant concerned. The Public Prosecutor has to secure the sanction of the Government concerned or the appointing authority of a public servant and no complaint can be made after six months from the date of the offence alleged. The Sessions Judge is required to follow the procedure prescribed for warrant cases. These are generally on the lines of the suggestions of the Press Commission. It is, however, still open to doubt whether Ministers should have been included at all in this category. The dissenting minutes in the Select Committee's Report have been very sharp and severe in their criticism of the Home Minister's original provision.

The Select Committee seems to have been more ready to accept the Home Minister's proposal to let all State Governments invest first class magistrates with powers of trial of all offences punishable up to seven years' imprisonment. If such an extension had been linked with the condition that such States should have separated the magistracy from the executive there would not be much harm. The Committee has provided only two minor safeguards; firstly that the High Court should be consulted before grant of such powers and secondly, that only magistrates who have exercised first class powers for ten years should be empowered. The latter provision is on the lines of the grant of small cause powers for junior civil judges but in practice it would become too restricted to be a helpful provision. The right thing would be to separate the magistracy and empower the Government to extend powers gradually with the approval of the High Court.

CAUTION ON CONVERTIBILITY

The ninth annual report of the I.M.F. has struck a note of caution on the question of convertibility which agrees well with the prevailing mood in London. There is some impatience in Bonn and Dr. Erhard has urged convertibility as a necessary next step, but the I.M.F. seems to note with approval the gradual and cautious steps now being taken. It has not been overlooked that if, as in 1947, a premature attempt were to be made in the direction of convertibility, it would only delay the end in view. The process of liberalising trade restrictions has still to go a long way and the United States is among the defaulters. When U.S. politics gets sufficiently out of the way to give scope for the implementation of the Randall Commission's recommendations, more confidence may be felt in Europe. This in turn would depend on internal economic conditions in the U.S.A. In any case, there is no point in hastening towards convertibility while maintaining the need for restrictive practices in several countries. Progress, so far, is satisfactory. Exports from the O.E.E.C. countries to the U.S.A. were twice as high in 1952 as in 1949, but without further action on a wide front to liberalise import and tariff policies, there can be no assurance even now that convertibility would not fail.

The I.M.F. regards it as insufficient to start with the convertibility of only a few currencies which have fared well in recent years. The weaker countries, the Fund says, should shape their economic policies so that they can progressively dispense with discriminatory import restrictions, bilateral arrangements and other special exchange devices. The elimination of dollar shortage for the weaker countries is a difficult task and it has been aggravated by the domestic conditions in the U.S.A. There is also the apprehension of the under-developed countries in the sterling area that nothing

should be done which might affect their ability freely to draw upon the exchange resources for purposes of development. Thus no decision is likely to be taken at Washington this year. The meeting next month of the Contracting Parties to GATT may provide a venue for the consideration of the restrictions and give a lead on tariff policies. In the context of the numerous problems arising out of trade policies, Mr. Eugene Black's emphasis on the undesirability of certain forms of exporter's credits seems very much disproportionate. In the past, it was the I.M.F. which was ready to exhort its leading members to avoid failures in living up to its expectations in adopting principles of currency rectitude. Now it has to warn them to go in step with their weaker brethren, as otherwise these will be left behind to continue their makeshift policies on trade and eventually injure the others.

WORLD BANK REPORT ON NIGERIA

The need for Nigeria to strengthen Government services to support expansion in production and encourage new private enterprise is stressed in a report, published on September 22, by the mission from the International Bank for Reconstruction and Development which had been surveying prospects for economic development at the request of the British and Nigerian Governments. The report recommends a £415,000,000 development plan covering five fiscal years ending March 31, 1960. The suggested programme includes recommendations for the development of agriculture, water resources, industry, mining, electric power, transport and communications, education and health services. To finance the programme, the mission recommends stepping up of capital expenditure by the Federal and Regional Governments and local authorities from £21,000,000 in 1955-56 to £35,000,000 in 1959-60 (the 1952-53 level was £17,000,000), and recurrent expenditure from £34,000,000 (of 1952-53) to £62,000,000 in 1959-60. These figures, which would almost double Government spending, do not include the capital expenditure of autonomous statutory corporations.

Throughout the report, however, there are indications that the mission bore in mind considerations equally as important as the technical or financial aspects of development. Particular stress is laid on the need for Nigeria to find the necessary qualified personnel to see that the money spent on the plan is used to the best advantage. The mission expresses the confidence that Nigeria could meet the expenditure proposed and that she also has the necessary manpower. But the "programme in its entirety will require all the organisational effort Nigeria can command". The mission sets the pace slower than that Nigeria set for herself: the report explains that this cautious approach has been dictated by the shortage of trained technicians and skilled workers. To help overcome this problem, great emphasis is put on the need for the development of the Nigerian educational system, with more technical and higher education.

The mission saw the lack of knowledge of the country's resources as the second major obstacle to development, which could be overcome only by further research in, and surveys of, agriculture, resources, and raw materials. The report calls for active encouragement of industrial expansion, even though this cannot, in the near future, have an impact on living standards equal to that of agricultural advances. It urges the Government to create a "more favourable climate for foreign investment". It also makes several recommendations on the institutions necessary for carrying out the programme, including the setting up of a special body to advise on economic policy and co-ordinate public investment and the creation of a national bank of Nigeria.

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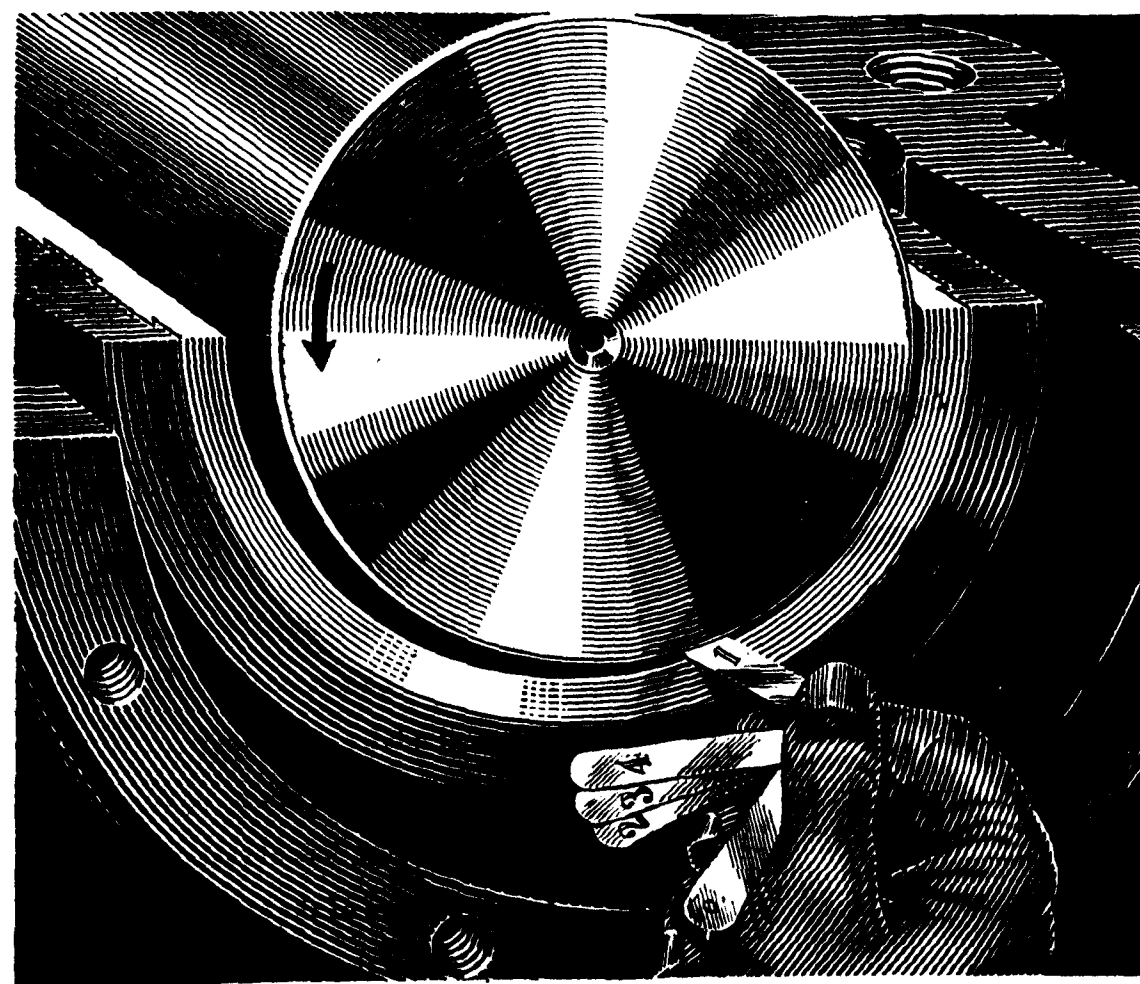
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WORLDGRAM

TRADE

Sweden Expands Dollar Import List: Sweden has decided to free dollar imports of consumer goods so as to promote competition and bring down prices, improve quality and make more merchandise available to consumers. The decision follows increased exports and improved hard currency holdings, and accompanies similar liberalizations by a number of other Western European countries. This liberalization will apply to finished goods, certain foodstuffs, raw materials and semi-manufactured goods. The step is a radical departure from the policy (since 1947) of using dollar holdings for imports necessary to the economy. Sweden has also expanded the free list of imports from O.E.E.C. countries.

Export-Import Bank to Assist U.S. Exporters: The U.S. Export-Import Bank will establish lines of credit for American exporters for the first time since the thirties, enabling exporters to quote credit terms as part of their offers in seeking sales in overseas markets. This is expected to help meet stiffened foreign competition. Loans granted will be for three to five years, bearing 5 per cent interest, and will require a down payment of 20 per cent by the purchaser. Lines of credit will be provided only for exporters of capital goods, such as transportation, construction, mining and agricultural equipment.

U.S. Trade Shows Upward Trend in Mid-1954: U.S. international trade during the second quarter of 1954 shows that both exports and imports increased appreciably in the second quarter, after starting the year at the lowest levels since the summer of 1952. The import increase also defied seasonal trends. In most years, imports have been higher in the first quarter than in the second. A wide range of commodities have contributed to the rising trend of American imports. A number—including coffee, cane sugar, meat products, lead, nickel, petroleum and fish—were imported in larger quantities during the first half of 1954, than during either the first or second half of 1953.

Japanese Government Backs Export Sales Drive: Tea, sewing machines, bicycles and farm and fishing products are some of the items which Japan is to boost in an export sales campaign costing 100,000,000 yen. The Government will provide half the money, with the various trade associations putting up the rest. The Tea Export Association is to open a branch in Morocco. Agricultural and fishing interests are to do the same in Hong Kong. The Sewing Machine Export Association has plans for a branch and a warehouse in New York, while its counterpart in the bicycle industry will open an office there, with another in Brazil.

Steel Pool to Import More Scrap: Imports of steel scrap by the six countries of the European Coal and Steel Pool are to be raised to 900,000 tons by the end of 1954. Of these, Italy is to receive 460,000 tons, Germany 310,000 tons, the Netherlands 60,000 tons, Belgium 40,000 tons and France 30,000 tons.

AGRICULTURE

Bhoo dan Yagna Campaign Gets 34,50,000 Acres: A total of 34,50,000 acres from 3,33,685 persons had been collected under the Bhoo dan movement throughout India up to August 5, 1954. Bihar tops with 20,99,000 acres (from 2,29,374 persons); U.P. comes next with 5,05,945 acres (from 14,607 persons), followed by Rajasthan with 3,31,922 acres (from 2,107 persons); Hyderabad with 1,00,873 acres (from 3,726 persons); Assam with 1,692 acres; Tamilnad with 25,104 acres

(from 3,973 persons); Andhra 18,976 acres (from 552 persons); and Kerala provides 17,000 acres. The land has been distributed among 20,110 families in U.P., Hyderabad, Rajasthan, Bihar and Tamilnad.

International Sugar Council Estimates: The 24-nation International Sugar Council estimates the market surplus at 254,000 metric tons, and states that Cuba has agreed to cut her export quota by 66,000 metric tons. A revised estimate puts free market requirements for 1954 at 4,330,000 tons raw value compared with the earlier estimate at 3,864,000 tons. This rise, however, is offset by increased supplies. Exporting countries are to reduce their quotas. India, Pakistan, Indonesia and Peru were invited to rejoin the Council. Export quotas of Czechoslovakia, Poland and Hungary were raised to 231,000 tons, 180,000 tons and 46,000 tons respectively.

World Rice Commission to Meet in Tokyo: An Indian Government official will represent India at the fourth session of the International Rice Commission of the U.N. Food and Agricultural Organisation, to be held in Tokyo from October 11 to 19, this year. The session is expected to discuss better rice breeding, use of fertilisers and the problems of mechanisation of rice production. The delegates are scheduled to make a number of study trips in rice areas during the meeting.

FINANCE

Inflow of Foreign Capital in Canada: The net flow of foreign capital into Canada, through the sale of bonds, stocks and other securities was more than tripled at \$172 million in the first half of 1954. This sharp rise is due to the heavy flotation of new bond and stock issues, by corporation and by government bodies in the U.S. New issues floated abroad totalled \$239 million compared with \$192 million in the first half of 1953. Net capital coming in from trade in old issues was \$38 million against \$46 million. Offsetting this was the export of \$9 million against \$124 million in 1953, in the form of capital resulting from the retirement of paying off of old issues.

Australian National Income Shows Rise: Australian national income rose by 5 per cent in 1953-54, to £3,776 million. Between 1948-49 and 1953-54, national income in money terms rose by 93 per cent, and population by 14.4 per cent. Last year, wages and salaries increased by 7 per cent to £2176 million; farm income dropped 8 per cent to £415 million; company income rose by 8 per cent to £415 million and income of unincorporated businesses other than farms rose 6 per cent to £430 million. Of the £269 million increase in gross national product, about 90 per cent or £241 million has been absorbed in personal consumption, which took £2,793 million last year. Increases in consumption expenditure were: food—6 per cent (prices rose 4 per cent); liquor and tobacco—11 per cent; clothing and footwear—8 per cent (prices rose by about 2 per cent); hardware, electrical goods, furniture, etc.—about 12 per cent, and rent—14 per cent.

Thailand to Guarantee U.S. Investment: Americans interested in business ventures in Thailand can now obtain guarantees protecting their investments against losses from inconvertibility of currencies or expropriation. Thailand's co-operation in the U.S. guarantee investment programme conducted through the Foreign Operations Administration makes her the 20th country seeking new investments to build up economic strength and support development efforts. Other co-operating governments include Austria, Belgium, Denmark, France, Formosa, Federal Republic of Germany, Greece, Haiti, Israel, Italy, Japan, the Netherlands, Norway, the

Philippines, Portugal, Spain, Turkey, the United Kingdom and Yugoslavia.

Pan American's Annual Report for 1953: A comparative summary of the operations and financial aspects of Pan American World Airways, shows that gross revenues during 1953 amounted to \$217,950,000, registering an increase of \$12,707,000 over the previous year's gross revenue; the reported net income also increased from \$6,673,000 to \$10,803,000 in this period. A sum of \$78,292,000 was distributed as dividends—over \$10,000,000 more than in 1952. The revenue passenger-miles flown rose from 1,807 million miles in 1952 to 2,017 million miles in 1953. The revenue passengers carried increased from 1,426,000 in 1952 to 1,657,000 in 1953, but the average trip per passenger decreased from 1.267 in 1952 to 1.216 in 1953.

Collections for National Plan Loan: The total amount invested in the National Loan till September 15, 1954, was about Rs. 150.5 crores. State-wise investment figures are: Bombay Rs. 1,05,56,75,000; Madras—Rs. 7,21,74,000; West Bengal—Rs. 8,33,57,000; Assam—Rs. 3,49,000; Bihar—Rs. 90,56,000; Madhya Pradesh—82,41,000; Andhra—Rs. 3,93,05,000; Uttar Pradesh—Rs. 2,38,16,000; Mysore—Rs. 85,04,000; Saurashtra and Kutch—Rs. 1,57,29,000; Punjab—Rs. 7,45,23,000; Madhya Bharat—Rs. 39,11,000; Travancore-Cochin—Rs. 70,37,000; Orissa—Rs. 30,06,000; Rajasthan—Rs. 18,33,000; Delhi—Rs. 2,76,92,000; Ajmer—Rs. 4,20,000; Hyderabad—Rs. 38,69,000; Bhopal—Rs. 3,95,000; PEPSU—Rs. 78,52,000; Tripura—Rs. 2,000; Vindhya Pradesh—13,32,000; Himachal Pradesh—Rs. 3,55,000; Manipur—22,000 and Coorg—Rs. 39,000, totalling Rs. 144,84,94,000. The State-wise figures do not necessarily represent the amount raised in each State, e.g., the figures in Bombay include very substantial institutional investments.

Indian Government's Income From Advertisements: The Union Government received Rs. 84,000 from private advertisers in Government publications, and spent Rs. 19,00,000 on its own advertisements during 1953. The Union Government owns 32 publications, 30 in English and two in Hindi. Of these 11 are open to receiving advertisements.

1953 Year of Progress for Kenya: Despite the emergency, 1953 was a year of progress for Kenya. The Colonial Office report gives the colony's gross revenue in 1953 as £21,351,865, which exceeded estimates by £1,158,030 due to unexpectedly large income-tax collections. The value of goods imported (£51,718,169) was less than the 1952 figure by about £7,500,000, due partly to the policy of protecting the Sterling Area's monetary reserves by import restrictions, and partly to an easing in world prices.

Development Loans to States for Minor Ports: The Union Government have decided to advance a further loan of Rs. 4,00,000 to the Saurashtra State Government for the development of minor ports at Verawal, Bedi, Navlakhi and Porbunder. The Five-Year Plan provides Rs. 80,00,000 for loan assistance to State Governments for the development of minor ports for which the States concerned are responsible. About Rs. 23,00,000 have been sanctioned, while another Rs. 26,00,000 are proposed to be given to the States for their development programmes this year.

INDUSTRY

Petroleum Information Bureau on Refinery Capacities: The Petroleum Information Bureau estimates British and Associated Dutch interests owned oil refineries with a total annual capacity of 118,536,000 metric tons at the beginning of 1954. Only U.S. companies—

with 480,501,000 out of a world total of 741,865,000 metric tons—controlled a greater capacity. The Soviet Union and its allies together have an estimated capacity of 63,000,000 metric tons.

Expansion of European Production: On an average, production per head in Europe expanded twice as fast, between 1947 and 1952, as it did in the U.S. In terms of total advance since 1938, the U.S. is still 50 per cent ahead of Western Europe. Output per head in the U.S. in 1952 was 70 per cent higher while in Western Europe it was only 10 per cent higher. In Germany during 1952, about 25 per cent of the gross national product was devoted to gross domestic capital formation compared with 20 per cent in 1948. In the U.K. from 13 per cent in 1948, to 12 per cent in 1952; stable in the U.S. for 1948 and 1952 at 18 per cent; and Canada again steady at about 22 per cent; France with 16 per cent comes in between U.K. and other major nations; Italy with 22 per cent in 1952. Norway, Luxembourg, and Iceland devoted 28 per cent. U.S. consumption (volume indices) rose by 66 per cent over 1938; in the U.K. by 6 per cent over 1938, Italy by 10 per cent, Germany by 35 per cent (over 1936).

Expansion of Indian Shipping: The total shipping tonnage registered in India at present was 4,66,000 G.R.T. as against 4,35,000 G.R.T. at the end of December, 1953—an increase of 31,000 tons during the year. The first Five-Year Plan target was 6 lakh tons. Loans were being given to Shipping Companies for purchase or construction of ships on liberal terms and conditions. The Eastern Shipping Corporation had been set up with 74 per cent of the shares held by Government. Ships built at the Hindustan Shipyard were sold to Indian Shipping Companies at U.K. Parity price. Indian Companies were also being given as much assistance as possible by Government in securing as large a share of Government-owned or controlled cargoes as possible. The coastal trade had been reserved for Indian Shipping.

National Building Organisation: The Government of India is setting up a National Building Organisation to co-ordinate the results of research and disseminate information received by State Government departments from private builders and others engaged in building activities. Besides sponsoring research programmes to be conducted by scientific bodies and institutions, the Organisation will conduct exhibitions and organise "demonstration projects" so that modern methods and designs for building cheap houses may receive adequate publicity in the States.

Imported Stores Screening Committee Recommendations: Since its inception in 1949, the Imported Stores Screening Committee has recommended 17,191 items of defence stores for indigenous manufacture. Firm demands for 4,071 items worth Rs. 95,22,746 placed on indigenous sources had materialised and those items had consequently been removed from the imported list. Apart from general stores and clothing, those items include Mechanical Transport, Naval, Medical and Signal stores.

MISCELLANEOUS

Purpose of National Sample Survey: The National Sample Survey is intended to function as: (i) the Central focal agency for compilation and checking of data required for purposes of Central planning and estimation of national income, (ii) the organization for estimating the total food supply and assessing the results of the Grow More Food efforts; and (iii) the basic frame for the organisation of enquiries in respect of health, labour, education, transport, industry, rural credit etc.

NEWS IN BRIEF

INDIAN

South Indian tea production in the period January-July 1954, amounted to 78,597,433 lbs. compared with 72,376,902 lbs. in the same period of 1953.

India has accepted an invitation to be a member, for a period of about four months, of the visiting Mission of the U.N. Trusteeship Council, which will visit Raunda-Urundi, Tanganyika and Somaliland under Italian administration.

The Government of India sanctioned a sum of Rs. 3,14,35,297 during August 1954, for the construction of 10,229 tenements under the Subsidised Industrial Housing Scheme.

Diesel rail cars are proposed to be introduced on the metre-gauge Rewari-Delhi, Rewari-Hissar, Rewari-Sadulpur, Jodhpur-Marwar, Pali-Marwar Junction, Jodhpur-Bilara, and Merta City-Nagpur sections of the Northern Railway from December 1955.

Some 394 private farms in Kashmir are engaged in the production of the seeds of Western types of vegetables. During 1953, 122,894 lbs. of these seeds were exported to other States in India, and to Iran, Burma and Ceylon.

Against an installed capacity of 11,00,000 gross for the lead pencil industry, production was only 1,51,000 in 1952 and 1,59,500 gross in 1953. Pencil imports amounted to Rs. 15 lakhs in 1951-52, Rs. 32 lakhs in 1952-53, and Rs. 35 lakhs in 1953-54.

The Government of India have sanctioned the establishment of a Central Council of Local Self-Government, to advise on broad lines of policy, consider proposed legislation and allocate financial assistance to local bodies.

A total of 26,700 scholarships for post-matriculation studies has been awarded by the Ministry of Education to Scheduled Castes, Scheduled Tribes and other Backward Classes candidates. A total of Rs. 1,45,90,822 has been spent on the Scheme.

The first Inter-University Youth Festival to be held in India, will be organised in New Delhi from November 1 to 7, 1954. A number of competitions in the Arts and Crafts will be held during the festival, which it is hoped will be an annual feature.

The Government of India have released a further quantity of 61,000 tons of sugar for sale in the open market out of the 1953-54 production of all the factories in the country.

Fifty-one Government of India research scholarships of Rs. 200 per month have been awarded for advanced research in the Humanities at some recognised Institution or University, by a special Selection Committee headed by Sardar K. M. Panikkar.

It was recently announced in Delhi that the population of India had increased to 378,750,000 during the past year. It has increased by 14,000,000 since 1951.

FOREIGN

The Austrian Graz Autumn Fair again met with considerable interest from abroad. Exhibitors in the fair included Algeria, Belgium, France, Great Britain, West Germany, Greece, Holland, Morocco, Spain, Switzerland, Trieste, Turkey and Yugoslavia.

Pakistan exports of 1953-54 cotton total over 1 million bales. Japan took 260,000 bales, China 180,000 bales and the U.K. 100,000 bales. Consumption by home mills was about 500,000 bales leaving a carry-over to the next season of about 100,000 bales.

The total revenue under the Chilean Budget for 1955 is estimated at 70,000 million pesos and expenditure at 93,000 million pesos. The deficit will be met under special laws early next year. About 66,000 million pesos are to be raised in 1955, through direct and indirect taxes.

Royal Dutch Airlines (K.L.M.) will repay the \$5.4 million balance of its \$7 million World Bank Loan made in 1952, from a new loan concluded in the U.S.

The U.S. Atomic Energy Commission has spent approximately \$7,987 million in seven years; other governmental agencies have spent an additional \$2,000 million. It appears operating expenditure will now be stabilised at about \$2000 million per annum.

Czechoslovakia recently announced that she had decided to re-enter the United Nations Educational, Scientific and Cultural Organisation. Czechoslovakia along with Hungary and Poland had left the Organisation in 1952.

It is authoritatively learnt that the police force in Thailand totals 42,825 men against a total population of 17,317,764; this works out at one policeman for every 404 persons of the population.

One thousand four-wheel tractors consisting of Soviet U-4 type, Czechoslovak Zetors and West German Lanz-Bulldogs were imported into Hungary this year, and arrived just in time to take part in the harvest.

Australia will back Japan's bid to join the Colombo Plan when the matter comes before the Consultative Committee at Ottawa next month so as to be able to utilise Japanese technical aid.

Ceylon's rubber exports from January to August this year reached a new high of 140,000,000 lbs., valued at Rs. 189,000,000, China taking 91,000,000 lbs. valued at Rs. 142,000,000. In the same period, China sent in Ceylon a total of 2,400,000 cwts. of rice valued at Rs. 86,000,000.

Pakistan is considering sending a delegation of jute experts to Turkey where plans to set up jute mills are being finalised. Pakistan has indicated her readiness to render all possible assistance, including the supply of raw materials, and, if necessary, partnership with Turkish industrialists.

According to the U.S. Secretary of Labour, the construction industry will absorb an estimated \$36,000 million in new construction during 1954. During January-August 1954, construction activity totalled \$23,700 million—another record figure.

In order to settle the party's internal dissensions, a commission consisting of Comrades S. A. Dange, Ajoy Ghosh, Rajeshwar Rao, and Basava Purnia, was summoned to Moscow to receive directives. Accordingly, these four went by an underground route to Moscow—one wonders what on earth the Indian Intelligence Service was up to while all this travelling on false passports was going on!—and returned early in 1951 with Moscow's orders entitled "The Tactical Line" (Mr. Masani's book, "The Communist Party of India", gives the full text). Since this document revealed the Communist International's true objectives for India, it was so secret that only a handful of C.P.I. leaders knew of it. Fortunately for the uninformed Communist rank and file, and for the Indian public as a whole, a copy fell into the hands of the Democratic Research Service which published it ("Communist Conspiracy at Madurai", Popular Book Depot, Bombay 7, Price Rs. 1-12). If this document is a forgery, it is highly libellous on the C.P.I. leaders who could secure heavy damages if they took the matter to court. They have, however, so far let slip this opportunity of enriching the party coffers and have refrained from issuing a writ.

This "Tactical Line" is the answer to all those wishful-thinkers who accept the C.P.I.'s professions that it has abjured revolutionary methods and is a constitutional party. The "Tactical Line's" two opening paragraphs come straight to the point:

"The immediate main objectives set forth in the draft programme of the Communist Party are the complete liquidation of feudalism, the distribution of all land held by feudal owners among the peasants and agricultural workers, and achievement of full national independence and freedom. These objectives cannot be realised by a peaceful, parliamentary way. These objectives can be realised only through a revolution, through the overthrow of the present Indian state, and its replacement by a People's Democratic State. For this the Communist Party shall strive to rouse the entire peasantry and the working class against the feudal exploiters, strengthen the alliance between the working class and the peasantry, a broad nation-wide united front of all anti-imperialist classes (including the national bourgeoisie sections),

groups, parties and elements willing to fight for democracy and for freedom and independence of India.

"While resorting to all forms of struggle, including the most elementary forms, and while utilising all legal possibilities for mobilising the masses and taking them forward in the struggle for freedom and democracy, the Communist Party has always held that in the present colonial set-up in India, and in view of the absence of genuine democratic liberties (sic!), legal and parliamentary possibilities are restricted, and that therefore the replacement of the present state upholding the imperialist feudal order by a People's Democratic state is possible through an armed revolution of the people."

Among the many fascinating facts that emerge from a study of the documents quoted in Mr. M. R. Masani's "History of the Communist Party of India" is that the leaders of the C.P.I. are briefed, drilled, marched, counter-marched, ordered in one direction, given the Right-about into the opposite direction, appointed to office, cautioned, scolded, warned, and dismissed, by Moscow, usually through the good offices of Harry Pollitt, D. N. Pritt, Palme Dutt, and other stalwarts of the British Communist Party. The instances that I have cited are but one or two out of an innumerable choice. And it is these same men who (when it serves their purpose) denounce Pandit Nehru as an Anglo-American stooge! One wonders what the C.P.I. leaders would say if Pandit Nehru's relations with a foreign power were—I do not say as close as their own, but threatened, distantly, remotely—to begin to resemble their own. I can just imagine Comrade A. K. Gopalan, catching the Speaker's eye, rising to his feet to hold forth, and then perishing speechlessly on the floor of the House from spontaneous internal combustion.

(This is the second of a series of four articles on the Communist Party's role in India. The first, published last week, was entitled "The Truth About Communism". Next week's will discuss the significance of the Chinese Communist "liberation" of Tibet, and will throw light on the role assigned to the Communists' advanced bases for international action).

THE WORLD ABROAD

POST-WAR ECONOMIC TRENDS IN NORTH AMERICA

Trends in economic activity in Canada and the United States since the war are compared and contrasted in an article in the July issue of the "Canadian Statistical Review" (Dominion Bureau of Statistics, Ottawa).

Changes in total output and in total income and expenditure in the two countries followed much the same pattern, although the timing and extent of the changes showed some differences. The reasons for the correspondence in general pattern are given by the "Review" as follows:

- (1) The Canadian and United States economies are closely linked, mainly because of the very large volume of trade between the two countries;
- (2) the two economies have much in common structurally;
- (3) international events, e.g. rearmament and the post-1950 rise in prices of primary commodities, brought similar pressures to bear on the two countries;
- (4) in the immediate post-war years both countries had a large accumulated demand for consumer and investment goods and a large volume of private savings to make that demand effective.

Between 1946 and 1953 the gross national product measured at constant prices (see Table below) increased by about one-third in Canada and by about 29 per cent in the United States. However, during this period the rise in prices in Canada was greater than in the United States. This reflected the fact that Canadian prices had not risen so rapidly during the war: in 1946, with Canadian price controls still having a restraining effect, the indices of Canadian prices were below those of the United States. From 1946 to 1953 Canadian prices advanced more rapidly and, in consequence, the gain in Canada's gross national product at market prices (102 per cent) was considerably greater than that of the United States.

The index of industrial production, on the other hand, showed a slightly greater increase in the United States (49 per cent) than in Canada (45 per cent). Employment in the post-war years showed a substantial increase of very nearly the same relative amount in both countries. The peak figures for gross national product (seasonally adjusted) at market prices in the

two countries were reached in the middle of 1953. In the first quarter of 1954 there was a decline of 2 per cent in Canada and 4 per cent in the United States.

INCOMES, PRICES AND REAL EARNINGS

Between 1946 and 1953, while personal income in Canada rose by 85 per cent and average hourly earnings in manufacturing rose by 94 per cent, the consumer price index rose by only 49 per cent. In the United States, in the same period, both price and income changes were relatively smaller; personal income rose by 60 per cent, average hourly earnings in manufacturing by 63 per cent and the consumer price index by 37 per cent. It is concluded, therefore, that real income gains in both countries have been substantial and that the increases in average real hourly earnings in Canada have been considerably larger than in the United States.

PERSONAL EXPENDITURE ON CONSUMER GOODS AND SERVICES

Over the entire period, 1946-1953, the volume of goods and services absorbed by consumers in the United States and Canada rose substantially. When allowance is also made for the growth in population the volume of consumer goods and services absorbed by Canadians on a per capita basis was 5 per cent higher in 1953 than in 1946 and 56 per cent higher than in 1939. In the United States a similar per capita comparison shows gains of 7 per cent and 41 per cent from 1946 and 1939, respectively. Thus, per capita gains in Canada were greater than in the United States when comparison is made with the last pre-war year, but somewhat smaller since 1946. In Canada the most rapid post-war rate of increase in the volume of personal expenditures on consumer goods and services took place after 1951. This advance occurred at the same time as the most rapid post-war increase in real earnings.

EXPANSION OF INVESTMENT IN DURABLE ASSETS

It is well known that during the second world war there was a considerable expansion in the industrialisation of the Canadian economy, but many capital projects of a less pressing nature were held back until

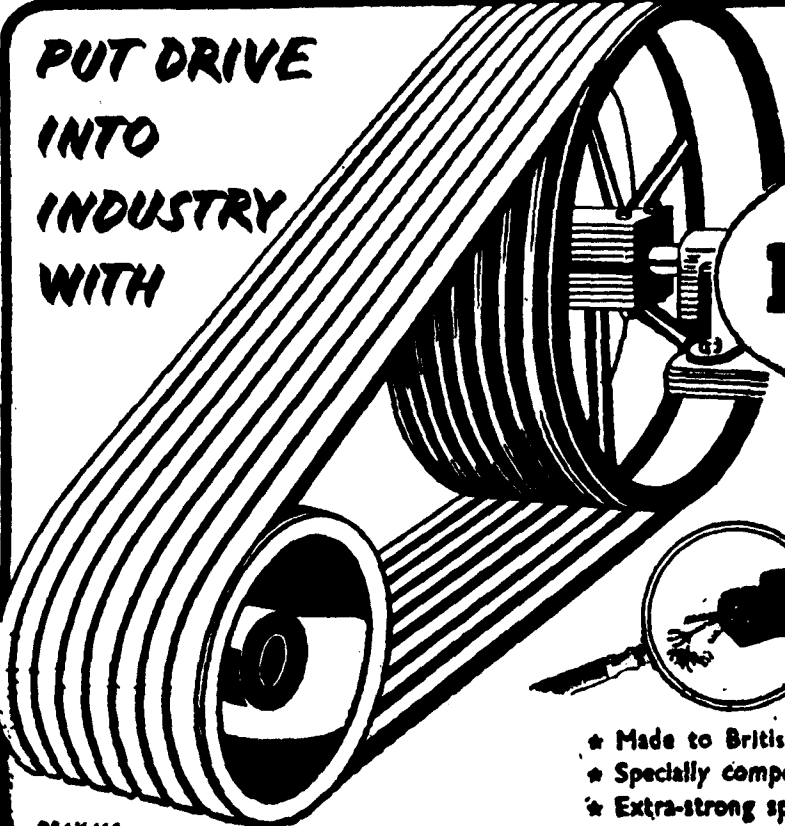
POST-WAR GROWTH IN CANADIAN AND U.S. ECONOMIES

		1946	1947	1948	1949†	1950	1951	1952	1953	Per cent Change 1946-53
Gross National Product at Market Prices (Thousand million dollars)	Can. U.S.	12.0 211	13.8 233	15.6 259	16.5 258	18.2 287	21.5 330	23.2 348	24.4 367	102 74
Gross National Product Constant Dollars‡ (Thousand million dollars)	Can. U.S.	9.0 138	9.2 139	9.4 143	9.7 144	10.3 156	10.9 167	11.6 172	12.1 179	34 29
Industrial Production Index (1947-49=100)	Can. U.S.	88 90	97 100	101 104	103 97	109 112	116 120	120 124	128 134	45 49
Employed Persons (millions)	Can. U.S.	4.7 55.2	4.8 58.0	4.9 59.4	5.0 58.7	5.0 60.0	5.2 61.0	5.2 61.3	5.3 61.9	13 12

† New Zealand (1946-48), U.S. (1939).

‡ Canada (1935-39), U.S. (1939).

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emergency requirements were met. It was possible, too, for individuals and private business in general to enter the post-war period with substantial liquid reserves and a fairly low debt structure. The deferred investment requirements, together with the rapid post-war increase of population and family formation, at a time when personal and business incomes also were buoyant, provided a highly favourable economic setting for the large post-war expansion in capital investment.

In addition, growing requirements for basic resources both in Canada and abroad, particularly in the United States, gave considerable strength to the development of natural resources. This development was given further impetus by technical improvements in locating and exploiting resources in outlying areas. All of these developments, taken together, have favoured a relatively heavier post-war investment programme in Canada than in the United States. The Canadian private investment programme, after allowance for price changes, was 94 per cent higher in 1953 than in 1946; that of the United States was 48 per cent higher. As a proportion of gross national product in real terms, Canada's private investment programme rose from 11 per cent in 1946 to 15 per cent in 1953; while that of the United States rose only from 12 per cent to 13 per cent. If government investment is added in Canada the increase by volume in the share of gross domestic investment (excluding the change in inventories or stocks) was from 13 per cent in 1946 to more than 17 per cent in 1953.

In both Canada and the United States the greatest relative advance in the physical volume of investment occurred before 1951, when the average annual increments were greater than in the years since 1951. In the later period the somewhat lower rate of advance in Canada reflected mainly a slowing down in the growth of the volume of machinery and equipment purchases; construction activity continued to expand rapidly until the first quarter of 1954. In the United States both construction activity and investment in machinery and equipment have shown reductions in rate of growth after 1951.

CHANGES IN BUSINESS STOCKS IN 1949

It is pointed out that in 1949 a substantial liquidation of business inventories occurred in the United States, and that this liquidation was an important factor in the moderate recession which occurred in the United States in that year. In Canada, on the other hand, although the rate of increase of business inventories decreased sharply, there was no net liquidation as in the United States.

RISE IN GOVERNMENT EXPENDITURE

Between 1947 and 1950, government expenditure in Canada, after adjustment for price changes, rose by 20 per cent; in the United States a larger increase took place (about 29 per cent). However, following the outbreak of the Korean war, government expenditure in both countries rose rapidly. Between 1950 and 1953 the increase in Canada in physical terms was 57 per cent, and in the United States, 81 per cent. This substantial rate of increase came to an end in 1954; defence outlays in both Canada and the United States no longer provide the same expansionary force as they did in the immediately preceding years.

GROWTH IN CANADIAN-U.S. TRADE

Between 1946 and 1953, Canada's domestic exports to all countries increased in value by nearly 80 per cent, and those of the United States by 65 per cent. The

value of Canada's commodity imports increased by 135 per cent over this period and that of the United States by about 125 per cent. Trade between the two countries likewise grew. Between 1946 and 1953 commodity imports into Canada from the United States increased by approximately the same relative amount as imports from all countries, with the result that the share of Canada's import trade originating in the United States was maintained at over 70 per cent. The percentage rise in exports to the United States over this period, however, was considerably greater than that to other countries combined, and the proportion of Canadian total export trade going to the United States increased from 38 per cent in 1946 to 59 per cent in 1953. Even after this more marked increase in the share of export trade than in import trade between 1946 and 1953, however, a substantial import balance remained outstanding in Canada's commodity trade with the United States in 1953.

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A DELHI DIARY

HELL HATH NO FURY?

WHILE marriage during the Marriage Bill debate provided little levity, what the Prime Minister described as "the consequences of marriage" produced two frivolous hours in the Lok Sabha on Tuesday this week. The occasion was a discussion by the House of the People on the Indian Administrative Service Recruitment Rules. One particular section vesting the Government with enabling powers to terminate the services of married women attracted the brunt of the attack. This was no meagre force. The Home Minister was deservedly the main target of attack, and he had ruefully to admit that had the Prime Minister not intervened in the debate he would have been "torn to pieces". Mrs. Tarakeshwari Sinha who was the youngest and, therefore, perhaps the most agile aggressor won cheers when she said that, if this attitude endured, a suffragette movement would be started. This was by no means a single voice. There followed Mrs. Sucheta Kripalani, Mrs. Khongmen, Mrs. Sushama Sen, Mrs. Subhadra Joshi, Miss Annie Mascarene, Mrs. Jayashri Rajee, Mrs. Ela Pal Chowdhry, Mrs. Gandevi and Mrs. Indira Mayadeo. I had no idea there were so many women in the House. Collectively, their charm (or was it their case?) was irresistible. As far as I can see, the victory which was not won on the floor of the House will soon be won in the corridors of the Secretariat.

The Prime Minister conceded the substance of their case when he said: "We should entirely rule out any kind of ban not only on the employment of a particular sex but even on marriage. But we cannot rule out the consequences of marriage." He argued it was only a permissive clause and it did not automatically follow that women must resign after marriage. After a little time (and a discourse by Mr. V. P. Nair) the issue changed: the Prime Minister said that he was "slightly confused" and he got the impression that Mr. V. P. Nair from Travancore-Cochin was "rather confused". In the general confusion another section of the Bill attracted attention, and provided a good smoke-screen for Dr. Katju to perform a nimble getaway. This other rule was to the effect that a person having two wives would not be employed. Mr. Nair had asked what was going to happen to those (fortunate?) gentlemen who had already married two wives. "All that I can say is," the Prime Minister said "they would continue to have two wives because the rule—much as I would like it to be so—is not retrospective". When replying at the end of the debate the Home Minister used the point to turn the tables successfully upon his feminine tormentors. "If a public servant" he said, "contracts bigamous marriage he should be removed from service. If the second wife also happens to be in service, would they want her to be removed?" This question was left unanswered, and thus Dr. Katju really accomplished a notable feat by having the last word in a discussion in which he was the only obdurate male.

Encouraged by the influence which he was thus acquiring, the Home Minister asked for permission to lay on the table a booklet he had written about his mother who had taught him the need of equal opportunity for men and women. The only objection that the Deputy Speaker could find to reject this irrelevant document was that no book could be placed on the table of the House unless a passage from it had been quoted. As a compromise a booklet about the Home Minister's mother is to go into the Parliament Library where, I feel sure, it will never be consulted. Seeing that some months ago the Home Minister had said that

women members of the Council of States should confine their advice to "children and social welfare," one wonders whether Dr. Katju's mother was as successful a preceptor as her successful son attempted to demonstrate.

MAGNIFICENT STUFF

There is no doubt, however, that this two-hour intermission—I can find no better word—has shown that the women in the House of the People are beginning to form a bloc (or is it a phalanx?) to deal solidly with women's rights. I imagine that, whether the threatened suffragette movement matures or not, there will be some salutary fear of awakening again this concerted feminine opposition. Meanwhile, there has been secured a sentence from the Prime Minister which will long be quoted against any form of discrimination against women. The Prime Minister said: "It is my firm conviction—I am not speaking lightly but in all seriousness—that the women of India are magnificent stuff and I am not talking in terms of our traditional heroines, good as they were, but in terms of the life and work of the day. They can do any job." Considering that this "magnificent stuff" contains the country's majority political vote, I imagine that the women of India will be able to apply a quite effective sanction to see that the Prime Minister's convictions are translated into deeds.

On Wednesday, as if to fulfil the threat of a suffragette movement, Dr. Katju was besieged by a host of women in the Central Hall of Parliament. On this occasion the Prime Minister had a glance of the siege, but he did not intervene. It was left to Mr. A. P. Jain, the Rehabilitation Minister, to 'rescue' the Home Minister. This was clearly an organised affair. There were thirty women and it is believed that they represented eight women's organisations. Thus the storm is gathering. I must confess that today I would not like to be in Dr. Katju's shoes!

THE FOREIGN AFFAIRS DEBATE

I know it will be said that having devoted almost all this Diary to the woman question, I cannot have appreciated properly the vital speech which the Prime Minister made at the opening of the Foreign Affairs debate on Wednesday. It has been described as a "momentous" speech on the eve of his talks in Peking. The general impression that it has left in the minds of many people is that while criticism of SEADO was severe, the Communists this time were placed no less certainly on the mat. Any hope entertained by fellow travellers that the Prime Minister would be led up the Peking path in order to resist SEADO was quickly dispelled. The Prime Minister said:

"If there was such a national Communist party, that is, a party which had nothing to do with another country, that is a different matter. It has got a certain policy—economic, political, whatever it is, and it is one of the various parties. The difficulty comes in because that party in your country is intellectually, emotionally and otherwise tied up with other groups in another country and the other country might well utilise that for its advantage."

Will the West appreciate the true character of India's independent foreign policy? Many people are asking this question and in their name I call upon the Editor of "The Eastern Economist" to furnish an answer in a leading article next week. I reserve the right to say my own piece deliberately not now showing my hand.

ARGUS.

A LETTER TO THE EDITOR

"INDIA AFTER SEATO"

Sir,

I must congratulate you on the excellent and well-balanced analysis in your Editorial "India After SEATO" in "The Eastern Economist" dated September 17. However, with great respect to the "most well-informed of Indian observers, students of military strategy, civil servants, business men and many politicians of Delhi," I find considerable difficulty in seeing eye to eye with them that SEATO adds to the security of India, in however small a measure.

I should think that the popular objection to this Pact is not so much psychological because it was concluded in great haste, or by brushing aside Asian opinion, but springs from things more fundamental. How could our security be any more increased by this alliance

- (1) When our country is not a signatory to the Pact?
- (2) When 500 million people living in the area are not a party to it?
- (3) When Pakistan has joined it, by virtually ignoring the other Colombo Powers?
- (4) When, as the Treaty stands, alleged aggressions of all forms—not merely the Communist brand—could invite combined militarist action by this alliance at the instance of the party nursing an imaginary grievance of aggression? I mean particularly the case of Kashmir from Indian and Pakistani points of view.
- (5) When Western nations who have no geographical claims to join a regional organisation are there, to the exclusion and over-shadowing of

other nations who have every right to be there but are not, for sound enough reasons? The altruistic intentions of the Western Powers being not very material.

- (6) When the present combination of Powers is an ill-assorted group owing allegiance to other distinct Pacts meant for other areas of the globe, giving rise to possible conflict of loyalties and non-co-ordination with the Security Council's activities?
- (7) When rightly or wrongly you have to face the fact that political awakening in Asian countries—Mr. Clement Attlee himself has spoken—in antagonism to the revival of the old colonialism in any garb is too real to be ignored?
- (8) When Formosa has been specifically kept outside the Treaty and any trouble starting there is not unlikely to have reactions in India?

The contribution of SEATO towards security of India is thus more unreal than real. It is a different matter if India is got hold of by Communists. The question we are concerned with is what the SEATO has done, or will do, to prevent such an event? Rather I should say the auspices under which it has been born is far from ensuring any real security of India, directly or indirectly.

Yours faithfully,
C. V. NARAHARI RAO

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SPECIAL ARTICLE

MADRAS OPINION ON LINGUISTIC STATES

A Public Opinion Survey by Dr. B. Kuppaswamy, Professor of Psychology, Maharajah's College, Mysore.

[In view of the interest in Linguistic States, "The Eastern Economist" is publishing the survey conducted by Dr. B. Kuppaswamy in the year 1951 in the State of Madras. This is part of a fuller investigation into social opinion in Madras State, portions of which will appear in subsequent issues of "The Eastern Economist"—Ed.]

ONE of the problems agitating people in South India and to a certain extent in some other parts of India, is the formation of Linguistic States. There are four main linguistic areas in the South—Tamil, Telugu, Malayalam and Kannada. Madras state, Hyderabad state and Bombay state are multi-linguistic. The other two states of South India, Mysore and Travancore-Cochin, are predominantly of one language each—Kannada and Malayalam respectively. Each of these four languages has a very rich literature dating back to a thousand years or more. Agitation has been going on for the last thirty years to reform the Southern states on the basis of language. The people of Tamil and Malayalam areas took to English education very eagerly and have been in charge of administration for nearly a hundred years. The Telugu and Kannada people were slow to accept Western education. Consequently there is a great disparity regarding the facilities of education in the various areas. The Telugu people of Madras state, in particular, have been feeling very keenly that their progress has been hindered by the absence of an Andhra state.

The present investigation was undertaken to study the opinion among the college youth with respect to these problems. An attempt was also made to find out the facts which determine social prejudice. The investigator looks to this more as an excursion into a new field of investigation than as an attempt to trace the causes or to devise remedies. If the techniques of study are understood, the problems can be tackled with some measure of success.

In all, 591 students—397 boys and 194 girls—participated in this investigation. The table below gives the proportion of the various linguistic groups in the population tested according to their mother-tongue.

TABLE SHOWING THE DISTRIBUTION ACCORDING TO MOTHER TONGUE

	Frequency	Percentage
Tamil	203	34.35
Telugu	145	24.54
Kannada	64	10.83
Malayalam	130	21.99
Urdu	25	4.23
Other Languages	24	4.06
TOTAL	591	100.00

As regards distribution according to religions, it was found that of the 591 students, 468 were Hindus, 36 Muslims, and 77 Christians. The remaining 10 did not give their religion. From their names, it was made out that they were Hindus.

Of the 591 students, 307 reported that they were staying at home with parents or other relatives, while 282 reported that they were staying in hostels, hotels, and other lodgings.

Out of the 591 students, 216 or 36.4 per cent declared that they were in favour of the formation of linguistic states while 362 or 61.2 per cent were not in favour. 13 respondents or 2.4 per cent did not give any opinion in the matter. The standard error is 2.81 with a critical ratio of 8.54. Consequently the group as a whole is

not in favour of the formation of linguistic states.

To test the intensity of opinion another question was asked as to whether the linguistic states should be formed immediately, later or never. 114 reported that they favoured the immediate formation, 116 the postponement of the issue while 332 chose the last alternative, that the linguistic provinces should never be formed. The table below gives the results of both these questions.

	Frequency	Percentage
Yes Immediate	114	19.3
Yes Later	93	15.8
No Later	23	3.9
No Never	332	56.1
No Answer	29	4.9
TOTAL	591	100.0

Thus we find that only 19.3 per cent are in favour of the immediate formation of the linguistic states and 56.1 per cent assert that they should never be formed at all. The next table gives the breakdown in terms of sex.

	Whole Group	Men	Women
Yes	36.4	45.1	19.1
No	61.2	53.2	77.8
No Answer	2.4	1.7	3.1
TOTAL	100.0	100.0	100.0

While there is no decisive opinion among men we find that women are emphatically against the formation of the linguistic states.

The next table gives the breakdown in terms of the mother-tongue of the respondents.

Opinion	Total	Tamil	Telugu	Malayalam	Kannada	Urdu	Other Languages
No.	591	203	145	130	64	25	24
Yes, Immediate	19.3	10.4	36.8	16.2	23.4	12.0	4.2
Yes, Later	15.8	15.8	17.9	20.0	4.7	8.0	16.7
No, Later	3.9	4.4	4.8	2.3	4.7	0.0	4.2
No, Never	56.1	66.5	33.8	57.0	64.1	64.0	70.7
No Answer	4.9	2.9	6.9	4.5	3.1	16.0	4.2
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0

We find that the Telugu group is the most keen on the formation of the linguistic states. 36.8 per cent want it immediately as against 19.3 per cent of the total and 33.9 per cent are against it in comparison with 56.1 per cent of the total. A fairly high percentage (23.4 per cent) of the Kannada group also want it though 64.1 per cent are definitely against. The Tamil and other language groups are the least keen about the formation of the linguistic states.

But the most interesting group is the group in the different areas. The next table gives a summary of the responses of the three sub-groups of the Telugu respondents.

	Yes Immediate	No Never
Telugu—City	22.4	50.0
„ —Anantapur	36.8	42.1
„ —Rajahmundry	53.1	8.2

The Telugu people were greatly agitated about the delay in the formation of the linguistic states. It is well known that there were differences of opinion regarding the formation of the Andhra Province among the people living in the various zones of the Telugu area. This is faithfully reflected in this opinion survey. The Telugu students in Madras city were more in favour of the formation of the separate states than the other linguistic groups in the city. But they were not as keen about it as the Telugu people in the districts. Here again we find a great difference between the people of the Rayalaseema (Anantapur) and coastal districts (Rajahmundry) of the Andhra area. Though the Anantapur students wanted the formation of the linguistic states, they were not as keen about it as the students of the Rajahmundry college. It is this difference in the opinion among the various groups that led to delay in the formation of the linguistic states in Southern India.

The next table gives the distribution according to caste and creed.

Groups	No.	Yes Immediate	No Never
Brahmins	188	15.9	60.6
Non-Brahmins	290	26.0	47.6
Hindus	478	22.0	52.7
Christians	77	6.5	72.7
Muslims	36	11.1	66.7
Whole Group	591	19.3	56.1

We find that on the whole it is the larger group that is more keen on the formation of the linguistic states—the non-Brahmins. The minorities, Brahmins, Christians and Muslims, are not so keen. In fact they are definitely against.

In general we find that women, city youth, Brahmins, Christians and Muslims are against the formation of the linguistic states. The mofussil students are more in favour and it is only one group that is definitely for the formation of the linguistic states, namely the Telugus, and among them more belonging to the coastal districts.

What is the relationship between the knowledge of other languages and the opinion regarding the formation of the linguistic states. The questionnaire asked for information regarding the other languages known besides English and mother-tongue:

Knowledge of other Indian Languages	No	Yes	Total
No	151	114	265
Yes	211	102	313
TOTAL	362	216	578

The opinion of only 578 students is given since the other 13 did not give their opinion regarding the formation of linguistic states. The X^2 is 6.8204 which is significant at 1 per cent level.

Knowledge of Languages	No.	Yes Immediate	Yes Later	No Later	No Never
Only mother-tongue	265	23.4	17.0	3.0	52.1
Other languages	313	16.6	15.3	4.8	62.0

Knowledge of Languages

Opinion re- garding Linguistic States	Only Mother- tongue	Other Indian Languages	Difference	Standard Error	Critical Ratio	Significance
Yes Immediate	23.4	16.6	6.8	3.34	2.07	No
No Never	52.1	62.0	9.8	4.12	2.38	No

From the above we find that there is hardly any relationship between knowledge or lack of knowledge of other Indian languages besides the mother-tongue and the desire for or against the formation of linguistic states. So the hypothesis that the linguistic states are desired by those who do not know the languages of the neighbouring areas is not tenable according to our data.

The following table gives the distribution of the opinion regarding linguistic states in relation to the area of upbringing:

Locality of upbringing	No.	Yes Immediate	Yes Later	No Later	No Never
City	263	15.2	10.3	3.4	67.3
Town	166	15.0	22.9	6.0	48.2
Village	162	30.2	17.3	2.5	46.3

The following table gives the four-fold classification showing the relationship:

Locality of upbringing	Yes	No	Total
City	69	190	259
Non-City	147	172	319
TOTAL	216	362	578

The X^2 is 23.0449 which is highly significant. Thus we find that there appears to be a high degree of relationship between the area of upbringing and the opinion regarding the formation of linguistic states. The people brought up in cities are not as strongly in favour of the formation of linguistic states as those brought up in towns and villages. The city youth are more definitely against the formation of linguistic states than the non-city youth.

To find out the motives which prompt the opinion in favour or against the promotion of the linguistic states a special question was framed. It runs as follows:

- The formation of linguistic states would:
- (1) lead to social contentment, discontent,
 - (2) lead to economic prosperity, economic loss,
 - (3) increase bitterness between language groups, decrease,
 - (4) promote Indian unity, disrupt Indian unity.

The table below gives the general proportions for each of the four items of the question.

FORMATION OF LINGUISTIC STATES WOULD LEAD TO

	Social	Economic	Emotional	Indian Unity
Content	36.6	Prosperity 39.2	Increase Bitterness 57.7	Promoted 34.5
Discontent	49.2	Loss 42.5	Decrease Bitterness 27.4	Disrupted 54.4
No Answer	14.2	No Answer 18.3	No Answer 15.1	No Answer 11.5
TOTAL	100.0	100.0	100.0	100.0

We find a great deal of internal consistency in the answers. Half or more than half of the group declared that formation of linguistic states would increase social discontent, bitterness of language groups and disrupt Indian unity. There was no such decisive opinion regarding economic conditions. The proportions were almost the same—Economic prosperity 39.2 and Economic loss 42.5.

Another interesting feature is the variation of proportions of the 'no answer' group. The least (11.5 per cent) is for the item regarding its effect on national unity and the highest (18.3 per cent) for the Economic consequences.

We can now attempt the breakdown for each of the items.

The following table gives the breakdown of the answers with respect to social consequences in terms of sex.

	No.	Contentment	Discontentment	No Answer
Men	397	46.6	42.8	10.6
Women	194	16.0	62.4	21.6

We find that one-fifth of the women do not express any opinion in the matter as against one-tenth of the men. But there is a great difference between the answers of men and women. Women consider the formation of linguistic states to be against social harmony. On the other hand there is not much difference in the responses of men. The opinion is almost equally divided between the two alternatives. 46.6 per cent consider that the formation of linguistic states will lead to social contentment whereas 42.8 per cent consider that it will lead to social disharmony. Women on the other hand feel definitely that the formation of linguistic states will lead to social discontent.

We can now see the opinion according to castes and creeds.

	No.	Prosperity	Loss	No Answer
Brahmins	188	31.4	50.5	18.1
Non-Brahmins	290	49.7	33.1	17.2
Christians	77	26.0	49.3	24.7
Muslims	36	25.0	61.1	13.9

Here again we find that non-Brahmins think that linguistic states will mean economic prosperity whereas the minority groups, Brahmins, Christians and Muslims, think that economic loss rather than prosperity will result.

We can now study the breakdowns of the responses regarding the feelings between the linguistic groups if linguistic states are formed.

Formation of Linguistic States would

	No.	Increase Bitterness	Decrease Bitterness	No Answer
Men	397	56.2	30.2	13.6
Women	194	60.3	21.7	18.0

Men as well as women consider that the emotional tension between the linguistic groups will increase rather than decrease if the linguistic states are formed. Though the women are more emphatic about it, there is no difference of opinion between the sexes as far as these responses are concerned.

The following table gives the breakdown in terms of language groups.

Formation of Linguistic States would

	No.	Increase Bitterness	Decrease Bitterness	No Answer
Tamil	203	63.5	22.2	14.3
Telugu	145	42.8	40.0	17.2
Malayalam	130	65.4	26.1	8.5
Kannada	64	62.5	23.4	14.1
Urdu	25	56.0	28.0	16.0
Other Languages	24	41.7	12.5	45.8

The Telugu group, which clearly favours the formation of linguistic states, is not quite clear in its response to this item. While 42.8 per cent opine that bitterness between linguistic groups will increase, 40.0 per cent hope that bitterness will decrease. On the other hand all other language groups clearly state that undesirable emotional consequences will follow.

The following table gives the breakdown in terms of caste and creed.

Formation of Linguistic States would

	No.	Promote Indian Unity	Disrupt Indian Unity	No Answer
Brahmins	188	33.5	56.9	9.6
Non-Brahmins	290	40.3	49.0	10.7
Christians	77	18.2	67.5	14.3
Muslims	36	27.8	55.55	16.65

All the groups feel that the formation of linguistic states disrupts Indian unity rather than promote it. But the non-Brahmin group is not very clear about it. While 40.3 per cent say that it will promote unity, 49.0 per cent say that it will disrupt. All the other groups give a decisive answer that the formation of linguistic states will disrupt Indian unity.

In conclusion it may be stated that men, non-Brahmins and Telugu respondents favour or, are not very much against, the formation of the linguistic states. But women, Brahmins, Christians, Muslims, Tamils, Kannadigas and Urdu speaking people are definitely against the formation of linguistic states.

THE BUSINESS WORLD

A POSTSCRIPT ON INDUSTRIAL FINANCE

The report of the Industrial Finance Corporation of India and the Chairman's address delivered last week have not said all that needs to be said on this institution. For the last two years it has been the centre of political controversy which unfortunately has done much to obscure the true character of its performance. Again, during the last few years many circumstances have conspired to disparage industrial expansion. Amongst these are labour legislation, the Korean war which made it impossible to secure delivery of machinery and supply of essential raw materials, the 1952 recession and the change in 1953 to a buyer's market. It is time, now that the clouds have lifted and political controversy on the Corporation has happily ended, that there should be more appreciative evaluation.

It is still not generally realised that an application for a loan must be considered on strictly banking principle. There is little evidence that the Corporation has declined any application which was worth considering from this point of view. Again, the number of applications is not a correct indication of the volume of the business which the Corporation should underwrite. The number of applications has naturally diminished as smaller loans have been given by State Financial Corporations which have been set up in the last two years.

On the question of the operation of the Corporation it is also to be remembered that the utilisation of funds depends on many factors outside the Corporation's power. For example, although the Corporation sanctions loans for putting up new industries or for modernisation or expansion, the borrowing companies place their own orders after the loans have been sanctioned. On an average it has taken twelve to eighteen months to get deliveries of machineries and another eighteen months to transport and erect the machinery and to get the factory going. The companies do not start utilising the loans until their obligations are

matured. There is, thus, a time-lag in sanctioning of a loan and its utilisation, which remains considerable, and is apt to mislead superficial observers on the character of the growing help which the Corporation provides.

Another factor which must be reckoned is the fact that the Corporation is handling a type of business where the risk is much greater than in the business handled by banks. Factories are perhaps worth more than the book value of the assets while they run, but once they get into difficulties and stop running, the assets do not fetch even one-third of their book value. Therefore, the Corporation must have a large reserve fund which it cannot build up on the present margin of profit and the present volume of business.

It will be noted that if the Corporation had not transferred Rs. 5 lakhs to the Reserve for Doubtful Debts, the Corporation need not have drawn subvention to the extent of Rs. 4,06,363-14-0 from the Government this year. There is, therefore, really no fall in profits this year.

In any case the success of an Industrial Finance Corporation conceived in terms of fostering development cannot be measured by a profits index. The value of the Industrial Finance Corporation, as indeed of the new Industrial Development Corporation, will need to be sought in the number of concerns to which it has applied prompt and encouraging help. To the extent that other instruments of finance are available and the market for capital is easier than at any time in the last seven years, the work of the Industrial Finance Corporation can truly be said to be less urgent than it has been at any time since independence. But to say that its work is less urgent should not imply any criticism of a period during which the Corporation was almost alone and battled with much less favourable circumstances.

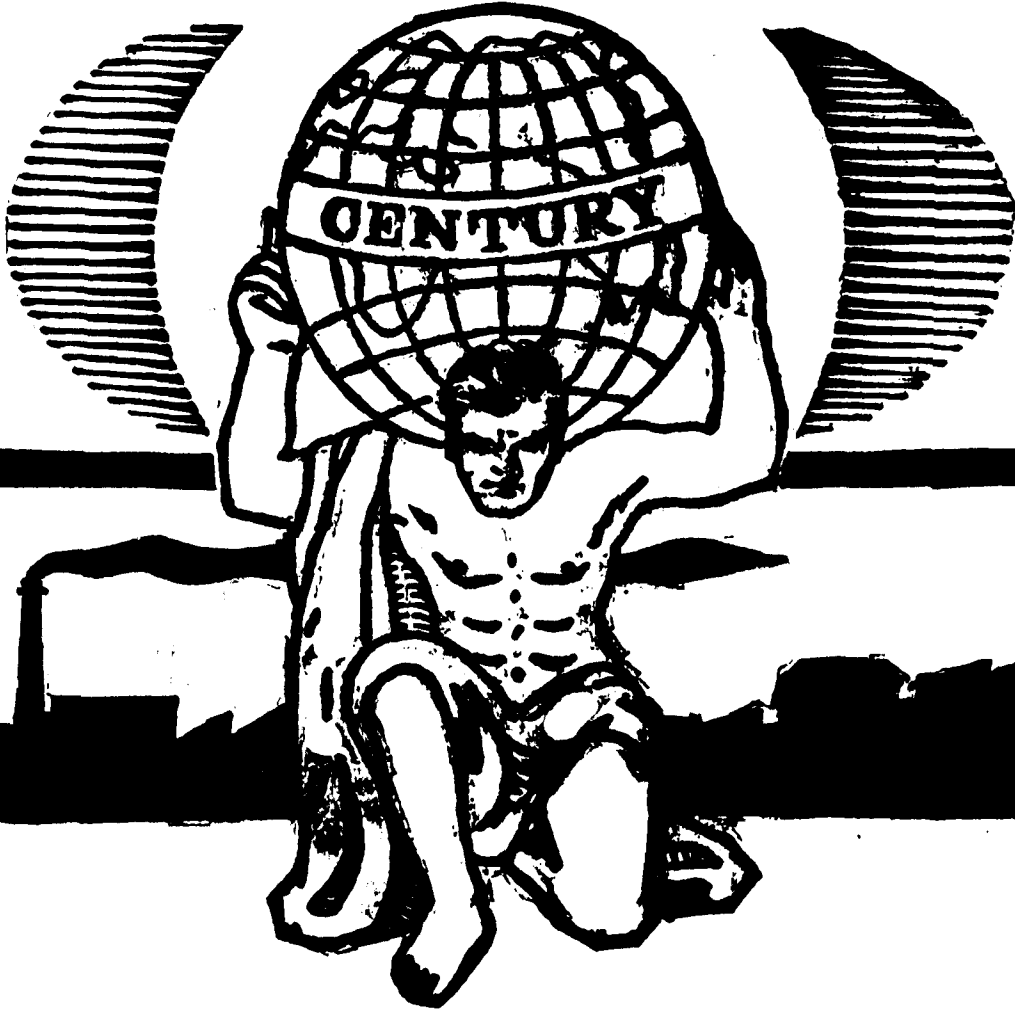
CONSUMER EDUCATION VIA CEMENT

BY
CROESUS

But for one or two notable exceptions, it is seldom that consumer goods industries in India go all out to educate the consumers. Educating the consumers, many think, means that the industry concerned should sing the praise of its products even when—as so often is the case—the latter don't deserve that praise, if not condemn those of rivals, especially if these happen to be the products of non-Indian rivals. Up to a point, in the short run, and so long as sellers' market conditions lasted, this might have paid dividends, but, in a fully competitive context and, in the long run, this sort of "education" will probably produce results quite contrary to those desired or intended. What is necessary to build up a clientele of satisfied customers and to retain it intact, as also to go on increasing it steadily is to keep the doors of your industry open to them and let them see things for themselves. To some of our industrialists who wish to keep out even shareholders in their undertakings from "prying" into the company's affairs, this may not seem palatable, but I would commend to them the splendid lead of the Associated Cement Companies, Ltd. This company, I have noticed, always

strives to take the public into confidence. It may be either by asking the public to step into one of its several cement factories to see some latest equipment installed there or by handing (on a quiet evening at a Press conference) an attractively produced brochure setting out the story—"the story is told simply in words and pictures"—of the company, nay the industry. For does not the A.C.C. account for more than 50 per cent of the country's total cement output even today? By the end of 1953, the A.C.C. had completed an expansion programme which stepped up its total capacity to 2.8 million tons. The Planning Commission's target for 1955-56 is less than six million tons. When the initial unit of the proposed factory in Sindri and another unit, each with an initial annual capacity of one lakh tons, start production sometime towards the close of the year 1955, the A.C.C.'s total capacity at the end of India's first Five-Year Plan would still exceed 50 per cent of the country's total cement production.

It may be asked whether the A.C.C. needs to continue to woo the customer after all the brands of its cements



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have become well established already. The answer is that the economic world is never static; there will be improvements and new developments almost every day in one part of the world or the other. The greatest vigilance is therefore necessary for an industry not only to get abreast of modern developments but also to adopt them and adapt itself to the changing needs of the times and the exacting demands of the meticulous customers. Whoever knew, for example, that the cement industry would find in the by-product of the ammonium sulphate factory at Sindri a new raw material for making cement? Yet it was disclosed at the Press conference at which the story of the Associated Cement Companies, Ltd., was related the other day by the A.C.C. that A.C.C.'s new cement factory at Sindri in Bihar would have an initial annual capacity of one lakh tons and would go into production in the latter half of 1955. Eventually this capacity is to be doubled by the addition of another unit so that the total capacity of the factory making use of the calcium carbonate sludge of the Sindri fertiliser factory would produce 200,000 tons a year. It would appear that the Sindri factory, assuming that it would produce its optimum capacity of 1000 tons of ammonium sulphate per day, will be able to spare 900 tons of this by-product for the manufacture of cement.

New raw materials for the cement industry such as calcium carbonate sludge from the fertiliser factory and slag from the steel foundries are bound to assume importance, if not immediately, at least in the years to come. The cement industry, which has rendered a very good account of itself under the programme of industrial expansion visualised in the first Five-Year Plan, may not find it difficult, with the existing and familiar raw materials, to reach the target of 5.6 or 5.8 million tons by 1955-56. But when this target is to be virtually doubled, as seems to be contemplated under the proposed second Five-Year Plan, the necessity to examine raw materials other than gypsum becomes imperative. But so far as the cement industry in India is concerned, it is gratifying to note that it is not without enterprising and imaginative units like the A.C.C. which are already believed to be going into this question thoroughly and carefully.

Talking of the A.C.C. and its new factory at Sindri, I am inclined to stress the fact that this factory will be fabricated almost entirely out of materials turned out by the A.C.C. workshops. Here is a consumer goods industry which has not rested on its oars after producing quality cement, which is believed to be, like most other brands of Indian cement, 50 per cent above British standard specifications, but has explored and succeeded in producing the whole range of machinery required for the manufacture of cement in this country. At least because of this notable achievement one would have liked the management of the Government fertiliser factory at Sindri to offer its by-product at an economic price to the Sindri cement factory of the A.C.C. This is, of course, too much to expect from a State enterprise which requires every conceivable source of additional revenue to bring the cost of its main product within the reach of the consumer even in a closed market.

Finally, I must refer to one very significant remark that was thrown at the Press conference in question by the spokesman of the A.C.C., namely, that even if the country's total cement production is not sufficient to go round, it is necessary to send some local experts of cement to neighbouring countries like the Persian Gulf countries, Ceylon, Pakistan, Malaya and East Africa. It was reported some time ago that the A.C.C. had sent out its senior officers to explore the market in the Middle East and the South-East Asian countries. There is no reason why other cement companies also should

not follow suit. The Government in its turn should instruct its Trade Commissioners in those countries to examine the possibilities of establishing a market for Indian cement in their respective jurisdictions. It is claimed that Indian cement can hold its own in the matter of quality and price alike in most of these markets. In view of this, the powers-that-be would also be well advised to remember cement as one of the items of export from India while concluding bilateral trade agreements with the countries specified.

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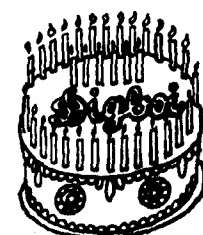
REFINERIES ARE NOT NEW TO INDIA

Refineries are not new to India by any manner of means! In fact the first oil refinery in the country came on stream 34 years ago—in 1920. It was built at Digboi, to refine the crude oil from the Assam oilfields, which were discovered as long ago as 1896.

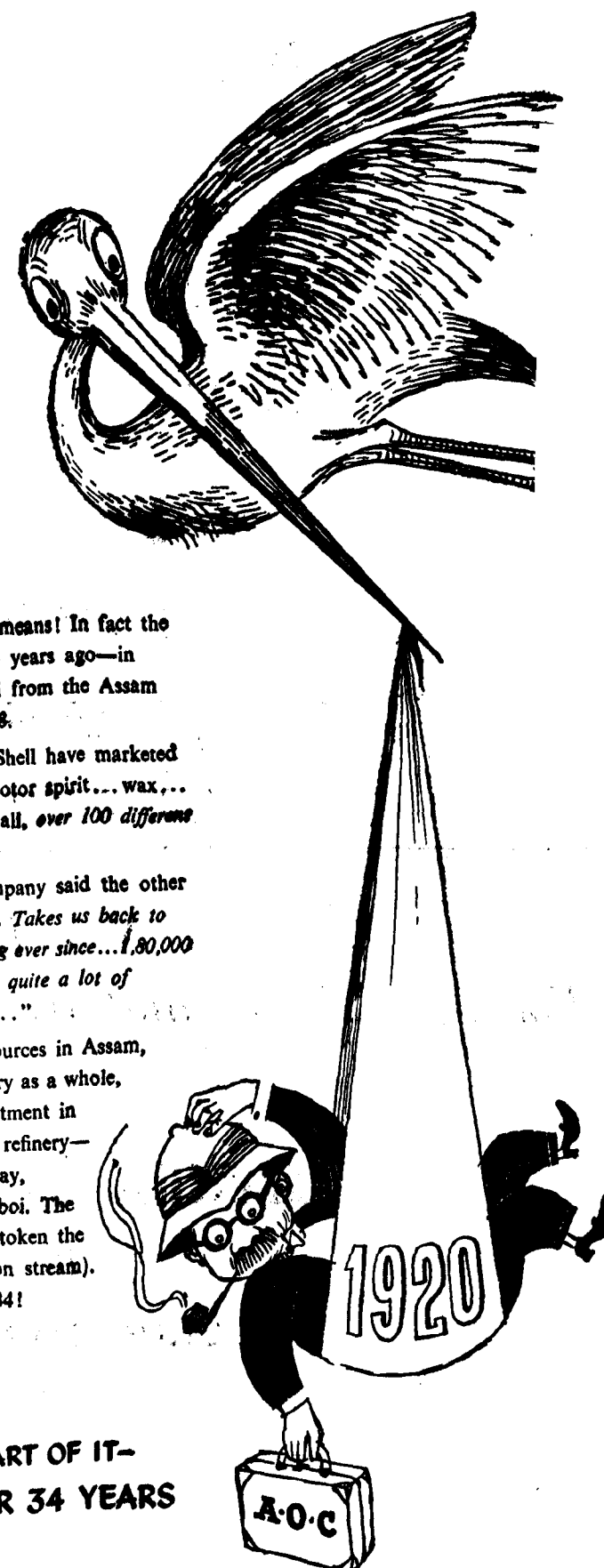
This Digboi refinery, whose products Burmah-Shell have marketed for many years, has a remarkable output range. Motor spirit... wax... kerosene... bitumen... diesel oil... lubricants... in all, over 100 different kinds of petroleum products are produced.

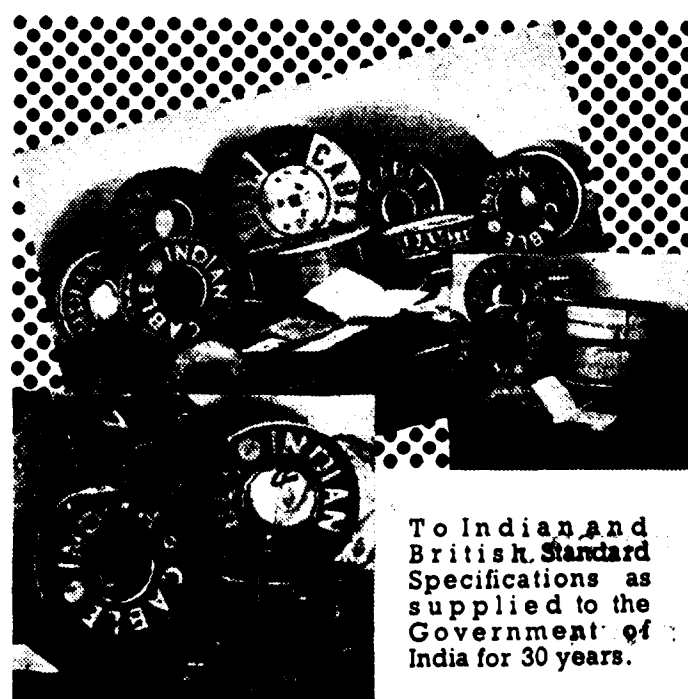
As a friend of ours from the Assam Oil Company said the other day... "Good to see these new refineries coming up. Takes us back to 1920, when Digboi first came on stream. Been producing ever since... 1,80,000 gallons of petroleum products every day now. That's quite a lot of oil, over the years, when you come to work it out..."

This early development of the nation's oil resources in Assam, which has been of vital importance to the oil industry as a whole, is now greatly strengthened by the Industry's investment in additional refineries. Now, with the Burmah-Shell refinery—the largest in India—nearing completion at Trombay, we send a friendly greeting to the pioneers at Digboi. The largest refinery salutes the first (and by the same token the second—Stanvac's splendid, modern refinery now on stream). We hope to look as hale and hearty when we're 34!



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BUSINESS NOTES

NEW LOOK ON ELECTRICITY?

It is heartening to find evidence of a change in the attitude of the Government towards the electricity supply industry in the private sector. Repeated pleas made by the industry for relief against specific hardships resulting from the enforcement of the Electricity (Supply) Act, 1948, particularly in relation to the provisions of stiff control over the licensees' finances, have apparently carried conviction and the need to grant relief has now been appreciated. The proposals which the Ministry of Irrigation and Power has been formulating for the projected amendments to the Electricity (Supply) Act, 1948, will not form the exclusive basis of the changes. The State Governments which have to grapple with the problems of the administration of the Act will be offered full opportunity to expound their views on the subject and this is the primary purpose of the inter-State conference which is expected to be convened in a few weeks. The amendments which will be thrashed out after comprehensive consultation are presumed to take final shape in good time for the Bill to be introduced in Parliament in the next budget session.

The crucial demand about the revision of the rate of interest on the capital base is most likely to be met by an appropriate formula relating it in a rational way to the bank rate. The present low and rigid rate of 5 per cent has proved its inadequacy as an incentive rate and if a definite floor is laid down and a reasonable excess margin is provided for between the return on the capital base and the bank rate, the flexibility will bring the advantage of inducing necessary capital to the industry in accordance with the varying conditions in the money market.

There are other indications of possible developments in the application of law on the subject of electricity. The Advisory Board set up by the Government has been charged with the task of considering suitable amendments to the Indian Electricity Act, 1910. A vital point about which the Board will have to exercise caution is the change in the provision governing compulsory acquisition of assets, and the strength of feeling against radical changes in the provisions can hardly be ignored. The Central Electricity Authority has consented to refer to arbitration the numerous disputes arising out of the interpretations put on the provisions of the Sixth Schedule to the Electricity (Supply) Act, 1948. Final decisions on these issues of controversy that are expected within less than half a year should serve to set at rest the prevailing state of uncertainty.

REORGANIZING THE RAILWAY BOARD

The casual manner in which the Railway Minister disclosed his intention to reorganize the Railway Board gives a clue to the nature of the change. The very fact that Mr. Lal Bahadur Shastri chose to omit this subject in his last budget speech and supplied information of the contemplated reconstitution of the Board during question hour in the Lok Sabha after the scheme was practically given the final shape is indicative of no substantial change. The announcement about the Board's reorganisation which was made on September 24 last, confirms the view that there was virtual unanimity among the railway authorities on the soundness of the previous organisation. That organisation has stood the test of years of actual working and it was sound judgment not to make any watertight division of functions between the technical and administrative wings of the railways. The practice in several foreign railways has also confirmed this view.

In one respect, however, there has been a welcome change which in fact amounts to a restoration of the

previous pattern on which the Board was constituted. The appointment of an independent Chairman, clothed with the status and powers of Secretary to the Railway Ministry, rectifies the error committed in abolishing the office of the Chief Commissioner of Railways who held an analogous position and performed practically the same functions as a Secretary to the Ministry. The expansion of the membership of the Board by one will prove worth while only if the Board displays adequate capacity to plan ahead for the provision of transport and provides ample insurance against recurring bottlenecks.

One fact, however, surpasses comprehension. If the entire personnel of the Board was to be changed with the exception of the Financial Commissioner (and this change could not have been contemplated abruptly), could it not have been in the fitness of things to appoint at least the incoming Chairman of the Board to the Railway Delegation that was deputed to Russia? There was no point whatever in selecting a retiring member as the leader of the delegation. This arrangement would have imparted the much-needed personal touch to any likely modifications in the administration of the railways that are indicated as a result of the visit. The second-hand source of the delegation's report would be no adequate substitute to enlighten the new Chairman.

TRADE SURPLUS WITH U.K.

The U.K. Trade and Navigation Accounts which were released last week disclose that during the first seven months of 1954—January to July—India had a surplus of the order of £4.86 million in her trade with that country. India's imports in these seven months totalled £69.46 million as against her exports to the U.K. to the tune of £74.32 million.

The high level of India's exports was stimulated by the large shipments of tea, leather manufactures and dressed furs, miscellaneous textile goods and tobacco. Excepting for the last commodity, India was U.K.'s biggest supplier of these articles and as for tobacco she, ranked second. These four commodities between them accounted for £54.24 million worth of exports. Exports of tea in this seven-month period aggregated about 1.42 million cwt. valued at £31.10 million and were more than 50 per cent of U.K.'s total offtake. Leather manufactures and dressed furs earned for this country £8.49 million. The group of miscellaneous textile goods, which includes jute fabrics, carpeting and coir matting, was responsible for exports of £10.22 million. Exports of tobacco and tobacco manufactures were valued at £4.43 million. By volume they were 20.68 million lbs. and it is of importance for the tobacco trade in South India to build a stable export market in that country. Among the other exports of India, manganese ore exports which constituted about 25 per cent of U.K.'s total imports, need to be mentioned. By volume they were 77,078 tons and their value was £1.29 million.

India ranked as the third biggest importer of machinery from the U.K. of which she bought in the first seven months of 1954 a total quantity valued at £16.90 million. Textile machinery was the major component in this group of imports. India's imports of chemicals from the U.K. were a little below one-fifth of the total exports from that country and their value was £1.5 million. At this figure they exceed the imports in the corresponding period of 1953. Consolidated figures for the period of seven months in respect of other groups of commodities imported are not to be had in the published report available here. But vehicles, manufactures of metals, petroleum and petroleum products were among the mentionable imports.

FINANCE FOR THE PRIVATE SECTOR

In view of the consensus of opinion on the clear and imperative necessity to change the emphasis in the second Five-Year Plan to non-agricultural projects of development, the implications of this shift are being analysed in relation to the new demands that will be made on the requisite resources. Finance for projects expected to be sponsored by the private sector easily takes precedence in these resources. Mr. Rangnath Bangur, President of the Bharat Chamber of Commerce, Calcutta, has devoted an important part of his comprehensive survey of the economic scene, in the course of his address at the half-yearly meeting of the Chamber on September 23 last, to the issues arising in connection with the provision of this basic resource.

There is hardly room for disagreement with Mr. Bangur's analysis of the impact of the technique adopted by the Central and State Governments in drawing funds from the capital market. The diversion of finance for the projects in the public sector has necessarily driven the private sector to the device of resorting to loan capital. The Chairman makes the important point that loan capital, while it may be essential as an interim resource, cannot postpone the basic requirement of procuring equity capital. The stress which is currently laid on loan capital via institutional financing must be taken in a qualified sense. Mr. Bangur's fundamental plea is for rehabilitation of the capital market in which equity capital would play a more forceful part and from this angle stimulation of risk capital by means of savings ought to get a suitable climate. The proposals of reform that will be urged by the Taxation Enquiry Commission must inevitably have an important bearing on this issue. He attributes the spurt in the price index of equity shares—an average of 90 for 1953-54 to 103 in July 1954—to fortuitous causes and he emphasizes the conclusion that it does not show better yield on shares or larger savings being attracted to the private capital market. By and large, new flotations of equity capital have not found their difficulties receding in any marked measure. He suggests modification of the policy on dividends by joint stock companies as an essential step to revitalise the private sector. It is not clear by what specific measures he wants organized private financiers to be linked with the organized money market. It is pertinent to recall that this proposal is not being advanced for the first time.

DRUGS: SPURIOUS AND GENUINE

The Pharmaceutical Enquiry Committee's report running into more than four hundred pages makes a comprehensive survey of the pharmaceutical industry covering every single aspect of it. In the immediate context, however, a much-harassed public is eager to know what action the Committee has proposed to fight the menace of spurious drugs and how the manufacture of genuine drugs can be stimulated in this country as a really indigenous industry. On these two issues of public interest, the Committee has much to recommend that promises to be of valuable assistance.

Delhi, Calcutta, Bombay, Gwalior, Indore and parts of Madhya Pradesh, Hyderabad and Saurashtra have earned disrepute for trafficking in public health. Much of this evil of trade in spurious drugs can be successfully suppressed by vigilant administration of the penal provisions of the Drugs Act in these areas. But if past experience is a good indicator, this is easier said than done. In suggesting measures to make the law deterrent to the hardened anti-social offender, however, the Committee has been swept away by righteous wrath. The very rigorous amendments which it has suggested to the relevant laws overlook the possible mischief that may very likely result from them. The manufacturer and trader of spurious drugs deserves nobody's sympathy, but the dangers inherent in pin-

ning excessive faith on penal law need to be appreciated. The public on its part can do something to fight the menace. The temptation to economise by resort to cheap drugs ought to be warded off and a habit must be cultivated deliberately to purchase drugs from licensed chemists and druggists, where the cover of the Drugs Act, Pharmacy Act and similar laws gives sufficient guarantee against supply of faked medicines.

In its positive aspects, the Committee has made very useful recommendations to ensure the manufacture and supply of genuine drugs on a growing scale to absorb the existing demand. The provisional elaborate list of drugs and estimates of appropriate requirements which the Committee has prepared indicate the lines of expansion at the present time. The emphasis which has been placed on the provision of improved testing facilities in the smaller manufacturing units is intended to eliminate production of sub-standard drugs. Greater co-operation between the medical profession and the industry has been urged to create confidence in indigenously manufactured drugs and joint tests in laboratories for certification have been suggested as a dependable guarantee. The spate of drugs, home-produced and imported, has no doubt created a perplexing situation for the public which can be relieved to a considerable extent by the prescription of a list of essential drugs and combinations to which total supplies should be reduced in progressive stages.

CONSUMPTION OF ALUMINIUM

Probable trends in the consumption of aluminium in this country in the next few years have always proved a fruitful subject of debate, and it is to this controversy that Sir Padampat Singhania reverts in his annual address before the Aluminium Corporation of India. His main thesis was the optimistic estimate about the increase in the demand for aluminium which was likely to mislead planning into expansion of capacity on a scale that must necessarily create a serious problem for all the producing units.

In effect he has suggested that an appraisal of requisite producing capacity must be made on the basis of the post-war trends in the consumption and if the enquiry establishes a slow rate of increase it need not be branded as an outlook of restrictionism. The statistical position is not clear as it should be to determine the volume of consumption, but indigenous production and imports of aluminium in all forms can be accepted as approximate indicators. On this basis, the total quantity of this metal available in the country increased from 13,500 tons in 1947 to 14,190 tons in 1951, but in the succeeding two years it declined to 10,645 tons and 9,178 tons, whereas the supply situation in the first four months of 1954 discloses an annual rate slightly above 9,000 tons. In the light of this factual position the Planning Commission's estimate of total consumption of 20,000 tons in 1956 appears far from a realistic assessment. In India, consumption of aluminium is still confined almost wholly to the manufacture of utensils and the recent price incentive has not proved stimulating in raising the demand. The market for aluminium utensils continues to be almost static and this is a vital factor to be recognised in calculating the probable demand for this metal. Unlike other manufacturing countries, the demand for building aircraft, electrical and other industries is absent in this country. Unless, therefore, the fabricating industries create a new market, the aluminium industry's persisting problem of output and cost is unlikely to be solved.

INVESTMENT IN INDUSTRIAL SECTOR, 1951-54

The Deputy Minister for Planning informed the Lok Sabha that the Planning Commission had so far made a tentative assessment of the amount invested during 1951-54 on new units and substantial expansions in the public and private sectors, the total investme-

in which during the period of the Plan was estimated at Rs. 327 crores. No estimate of the progress of investments on replacements in the industrial sector had been made. Studies on this subject are in progress. Since no annual break-up of investment in the industrial sector was given in the Plan, it was difficult to say exactly what the expectations were regarding investments during the first three years. Considering, however, that several projects were in the formulative stage and heavy investments could not therefore be expected on them in the early years of the Plan, the response in the private sector so far did not appear to have been disappointing.

The Deputy Minister placed the following statement on the table of the House regarding the amounts invested industrywise:

PROGRESS OF INVESTMENT IN INDUSTRY IN 1951-54

(Investment in lakhs of rupees)		
Name of Industry		Investment
Iron and Steel—main producers	.. ..	1168
Aluminium	.. ..	143
Other Metallurgical industries	.. ..	75
Bicycles	.. ..	221
Diesel engines and pumps	.. ..	40
Automobiles	.. ..	112
Textile machinery	.. ..	175
Railway rolling stock	.. ..	922
Shipbuilding	.. ..	601
Electric cables and wires	.. ..	198
Electric power generators	.. ..	1629
Other engineering industries	.. ..	881
Heavy chemicals, fertilisers and drugs and pharmaceuticals	.. ..	1404
Paints and varnishes	.. ..	45
Petroleum refineries	.. ..	1702
Paper	.. ..	588
Rayon	.. ..	487
Cement	.. ..	928
Sugar	.. ..	72
Vegetable oils, vanaspati and soap	.. ..	82
Glass	.. ..	195
Cotton Textiles	.. ..	450
Other Industries	.. ..	436
TOTAL	.. ..	12554

WORLD OIL MOVEMENTS BY SEA

In an interesting, consolidated analysis of regional oil trends into prospective world oil movements, W. G. Weston, Ltd., London, project their forecast to 1957. This analysis, which includes numerous small trades not previously covered, is carried out in ton-miles, and the total oil movement is divided into crude and products traffic. It is estimated that within the period under review the greatest absolute increase in ton-mileage will be for the European area, but the eastern hemisphere traffic will increase most proportionately. Virtually the whole of the increase that is foreseen will be crude oil movements, the world total of products movements remaining practically constant. The rate of growth suggested gives an annual average of 6.3 per cent a year of the 1953 movements. The annual average rate for crude alone will be 10 per cent. These figures are estimates of total oil traffic by sea taking account of expanding world oil consumption and the sources, volume and routes of oil moving. They indicate a direct picture of changes in tanker demand.

EXPORT OF INDIAN TOBACCO

The crisis in the tobacco trade and the special efforts which the Government of India was constrained to make to find outlets for accumulated stocks have brought in their train certain imperative measures of quality control. A Government Press note on the

subject states that in the present position of Indian tobacco in international marketing, it is considered necessary to take all possible steps to prevent old, damaged or weevilled tobacco from being exported. In order to safeguard the reputation of the Agmark and to protect the future of Indian flue-cured virginia tobacco, the quality control staff of the Tobacco Inspectorate of the Directorate of Marketing and Inspection, Ministry of Food and Agriculture, have been instructed to intensify their check and see that no tobacco package found to be ground touched or rain damaged or shapeless or torn or having rotten gunnies or otherwise improperly packed or found to contain scrap or sweepings, scorched, discoloured or weevilled or overmoist tobacco, and which does not satisfy the specifications of the Agmark grade, is allowed to be exported.

Prospective exporters have been reminded that graded and marked tobacco packages are liable to be re-checked at the authorised premises, the redrying factory, at a railway station or a warehouse or at an airport. The relevant rules also provide that tobacco packages bearing more than one-year old marks should be re-examined before fresh certificates are issued. The quality control staff have been instructed to re-check all graded stocks bearing more than one-year old marks and to issue fresh certificates on application. Intending exporters are advised to obtain fresh certificates before despatching the goods. Exporters and authorised tobacco packers having ungraded stocks in their possession are also advised to take timely precautions to ensure that sub-standard and weevilled material is not packed in packages intended for export.

IMPORT POLICY FOR O.G.L.

The Government of India has reviewed the import policy for the items covered by the current Open General Licences Nos. XXXI, XXXII, XXXIII, and XXXIV, which were due to expire on September 30, 1954. It has decided to replace them by Open General Licences bearing Nos. XXV, XXXVI, XXXVII and XXXVIII, which will be valid for shipments up to the end of September 1955.

The bulk of the items appearing in the current Open General Licences have been repeated in the new licences. The more important items which have been removed from the Open General Licence valid for General Currency areas are: roller bearings, antibiotics, printed advertising materials supplied free of charge, certain bismuth compounds, acetic acid, pencil slats, reading telescopes, and aluminium alloy items. A few items have been added to this licence: these include scraps of brass, bronze and similar alloys, empty gelatine capsules, butane gas and conditioned sulphur. As regards the soft currency areas, the items removed from the Open General Licence include bismuth compounds, streptomycin and its salts, certain vitamin preparations and needles for sewing machines. The new items on the soft currency Open General Licence are certain items of printing and lithographic material, dicyclohexylammonium nitrate and fused silica powder.

Open General Licences Nos. XXXVII and XXXVIII permit the import of a few commodities such as fish salted wet, fish salted dry, fish unsalted dry etc., from Persian Gulf Sheikdoms and Pakistan. There has been no change in the list of commodities covered by these Open General Licences. The new Open General Licences as also the public notice announcing the import policy in respect of the items removed from the Open General Licences have been published in a Gazette of India Extraordinary dated September 24, 1954. The items now brought under a system of licensing will, except in a few cases, be licensed on a quota basis ranging from 50 per cent to 120 per cent. In the case of some items, such as reading telescopes, pencil slats, additional licences for reasonable values will also be granted on merits.

COMPANY AFFAIRS

THE DEHRI-ROHTAS LIGHT RAILWAY CO., LTD.

The Directors' report and the audited accounts of the Dehri-Rohtas Light Railway Company, Limited (Managing Agents: Sahu Jain Limited) for the year ended March 31, 1954, disclose a decline in gross earnings from Rs. 21.32 lakhs in 1953 to Rs. 20.60 lakhs in the year under review due to a slight reduction in goods traffic. The revenue profit at Rs. 9.93 lakhs, however, is up by 4.8 per cent over the last year as a result of lower cost per ton mile. The net profit, after providing for depreciation and taxation stands at Rs. 2.60 lakhs as against Rs. 2.04 lakhs during the preceding year. The directors have, therefore, raised the ordinary dividend rate per annum from 6½ per cent to 7½ per cent, without deduction of income-tax, absorbing Rs. 1.69 lakhs. The balance of Rs. 0.16 lakhs has been carried forward.

Below are summarised the salient features of the working of the company during the last two years:

(In lakhs of rupees)

Year ended	31-3-53	31-3-54
Gross Earnings	21.32	20.60
Working Expenses	11.86	10.68
Revenue Profit	9.48	9.93
Provision for Depreciation	4.73	4.88
Provision for Taxation	1.03	1.65
Net Profit	2.04	2.60
Dividend rate per cent per annum	6½	7½

Balance sheet as on 31st March, 1954.

Capital and Liabilities: Capital Rs. 22,52,600; Capital Reserve Rs. 1,50,000; General Reserve Rs. 10,25,000; Depreciation Reserve Rs. 18,52,731; 5½ per cent Mortgage Debentures Rs. 15,19,688; Provision for Taxation Rs. 1,72,996; Liabilities Rs. 3,25,091; Profit and Loss Account Rs. 2,59,595; Total Rs. 75,57,701.

Property and Assets: Fixed Capital Expenditure Rs. 54,98,446; Stores and Coal (At cost) Rs. 3,54,641; Book Debts (Unsecured) Rs. 1,95,488; Advances Rs. 2,18,854; Investments (At cost) Rs. 5,361; Cash Rs. 12,88,911; Total Rs. 75,57,701.

THE STERLING GENERAL INSURANCE CO., LTD.

The working of the Sterling General Insurance Co., Ltd., during the year 1953, shows satisfactory results and all-round improvement; and progress in the business, organisation and results has been well maintained.

The gross premium of the general departments increased by 37.9 per cent to Rs. 39,66,893 (1952: Rs. 28,75,585), and the net premium increased by 40.7 per cent to Rs. 21,98,336 (1952: Rs. 15,62,052). The reserve or unexpired risks increased from Rs. 4,90,695 in 1952 to Rs. 7,29,936 in 1953. At the same time, there was a sharp decrease in the expense ratio from 46.7 per cent to 41.3 per cent. After providing for all expenses, depreciation and other liabilities, and after increasing the reserves for unexpected risks by Rs. 2,39,241, the working for the year resulted in a net profit of Rs. 9,782. Adding to this Rs. 6,540 brought forward from the previous year, the total profit comes to Rs. 76,292. Out of this Rs. 4,350 was transferred to the investment reserve, Rs. 50,000 for further reserve against bad and doubtful debts, and Rs. 15,000 as additional reserve in the Marine Department. The balance of Rs. 8,942 has been carried forward to the next year.

The new Life business completed and premium income received during the year showed slight increase over the corresponding figures for the year 1952 (business completed Rs. 66,41,250; first year's premium income Rs. 3,38,781 and renewal premium income Rs. 10,10,912 in 1953 as against Rs. 65,01,032, Rs. 2,99,259, and Rs. 9,33,557 respectively in 1952). The Life fund of the company increased by Rs. 7,90,373 to Rs. 39,59,991. There has been a further reduction in the renewal expenses ratio during the year.

The valuation of the Life business for the triennium ended 31st December, 1953 has disclosed a surplus of Rs. 1,76,395 out of which Rs. 1,39,812 has been allocated for bonus to the With-Profits policyholders, Rs. 13,230 has been allocated to the shareholders, Rs. 20,000 has been allocated for payment of the amount transferred to the Life department from the other classes of business; and the balance of Rs. 3,353 is to be carried forward unappropriated, out of the sum allocated to the With-Profits policyholders, bonus at the rate of Rs. 5 and Rs. 7 per thousand per annum on Endowment and Whole-Life policies respectively has been declared for the intervaluation period.

The total assets of the Company amounted to Rs. 81,04,862 at the end of the year.

THE INDORE MALWA UNITED MILLS LTD.

The working results of the above company (Managing Agents: Govindram Saksaria (Indore)) for the year ended December 31, 1953 show a substantial increase (50 per cent) in the net profits—Rs. 15,10,678 before providing for taxation and depreciation, the same being Rs. 10,07,835 for the preceding year. This increase was as a result of the company being able to purchase most of its requirements at a considerably low price. The Sales of cloth for the year under reference came down from Rs. 2,80,86,153 for the previous year to Rs. 2,50,95,451. But this was more than counterbalanced by the low cost of raw materials and hence the substantial increase in net profits.

Because of this happy position the directors have decided to provide a sum of Rs. 12,01,131 as accumulated depreciation for the years 1950 to 1952. They have also declared a dividend of 6 per cent per annum on ordinary shares, free of income-tax, involving a sum of Rs. 3,00,000.

The table below shows the progress of the company during the last three years:

Year ended	1951	1952	1953
Cloth Sales (Rs.)	2,59,23,571	2,70,43,766	2,45,87,181
Cloth Stock (Rs.)	55,31,273	45,73,660	50,81,930
Net Profits (Rs.)*	5,93,132	10,07,835	15,10,678
Provision for Taxation (Rs.)	..	..	..
Provision for Depreciation (Rs.)	..	7,12,000†	12,01,131‡
Dividend rate per cent per annum	5	6	6

* Before Providing for Taxation and Depreciation.

† For the years 1947-49.

‡ For the years 1950-52.

COMMODITY NEWS AND NOTES

FOOD PRODUCTION GOES UP BY 14 PER CENT

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India final estimate of cereals (rice, wheat, barley, jowar, bajra, maize, ragi and small millets) for 1953-54 puts the current year's area and production at 210,365 thousand acres and 56,119 thousand tons, as against 203,149 thousand acres and 49,093 thousand tons in the partially revised estimate for 1952-53. This shows an increase of 7,216 thousand acres or 3.6 per cent in area and 7,026 thousand tons or 14 per cent in production over last year. The increase in acreage reported by almost all the States has been shared mainly by Andhra, Bombay, Madras, the Punjab, Uttar Pradesh, West Bengal, Hyderabad, Mysore, Rajasthan, Bhopal and Vindhya Pradesh. The increase in acreage is attributed to favourable weather conditions at the time of sowing, extensive cultivation and other G.M.F. schemes. The decrease in Bihar is attributed to heavy rains and floods at the time of sowing. The increase in production has also been reported by almost all the above mentioned States and is attributed to the increase in acreage, improved cultural practices, including increased use of fertilizers, and favourable climatic conditions for the growth of the crop during the current year.

FIRST ESTIMATE OF GROUNDNUT

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India first estimate of groundnut puts the current year's acreage at 8,242,000 acres as against 7,765,000 acres in the adjusted first estimate for 1953-54, thereby showing an increase of 4,777,000 acres or 6.1 per cent in area. The increase in acreage under groundnut during the current year has been shared mainly by Saurashtra, Bombay, Andhra, Madhya Bharat and Madras and has been generally attributed to adequate and timely rainfall received at the time of sowing. The relatively higher prices of groundnut at the sowing time have also contributed to a great extent towards the large increase in area in the case of Saurashtra State. Hyderabad, Madhya Pradesh and Mysore have, on the other hand, recorded decreases in current year's acreage under the crop due mostly to delay in sowing due to inadequate rains at the normal sowing time. The information given in this estimated covers the period up to the end of July 1954. Till then, the condition of the crop was reported to be generally satisfactory. The growth of the crop was, however, affected slightly in low-lying and water-logged areas of Madhya Pradesh. In parts of Mehsana and Broach districts of Bombay, the crop was damaged by Katra and rats and in parts of West Khandesh, East Khandesh, Sholapur and Nasik districts the crop was affected by inadequate rains and aphid attack. The area at the first estimate stage forms roughly 60 per cent of the area of the crop finally reported. This estimate includes, for the first time, information in respect of Bellary district of Mysore and U.P. Besides the scope of the estimate has been extended to cover all districts of Andhra for the first time during the current year. This increase in acreage accounts for 939,000 acres under the crop during 1954-55.

DROP IN INDIA'S GUNNY EXPORTS TO SUDAN

India's exports of jute goods to the Sudan during 1953 amounted to only 2,990 tons as compared with 9,952 tons in the previous year. The decline in the Sudanese imports last year was due partly to accumulation of large stocks bought in the wake of the Korean war in 1952 and partly to unrestricted purchases of fairly sizable quantities of jute goods from Egypt. The Sudan requires annually about 10,000 tons of hessian

cloth and grain sacks for packing exports of her raw cotton and cereals.

NATURAL RUBBER STOCKS LOW

Stocks of raw rubber continue to be at a low level, despite imports amounting to 345 tons. While the August-end stocks with manufacturers fell further to 2,217 tons from 2,532 tons at the end of July, 1954, those with estates and dealers at 2,490 tons, including 854 tons in transit, showed a slight increase of 47 tons over the previous month's figure. Production and consumption both were slightly higher in August, 1954, as compared with the previous month. While production rose from 1,475 tons to 1,564 tons in August, consumption was 40 tons higher at 2,177 tons.

DECLINE IN PAKISTAN'S COTTON CROP AREA

The total area under cotton crop, according to the first estimate for 1954-55, is 2,824,000 acres (American varieties: 2,373,000 acres; Desi: 451,000 acres). The Ministry of Food and Agriculture, Government of Pakistan, announcing this in a Press note, say this year's first estimate shows a decline of 7.9 per cent over last year's first estimate which was 3,067,000 acres (American varieties: 2,686,000; Desi: 381,000 acres). There has been a decrease in American varieties by 11.7 per cent, but an increase in Desi varieties by 18.4 per cent. Except in Bahawalpur State, there has been a general decrease in the acreage of this crop in Pakistan. Major decreases have occurred in the Punjab and Sind. In the Punjab, the decrease is attributed to the fall in the prices of cotton in the preceding harvest and to emphasis placed on the Grow More Food Campaign. The decrease in Sind is due partly to widespread attacks of locusts at the initial stage of growth of this crop in most of the cotton-growing tracts.

WORLD COTTON TRADE 20 PER CENT UP

The total volume of world trade in cotton piece-goods was 21 per cent higher in the first half of this year than in the corresponding months of 1953. It was also 13 per cent above the average for the whole of 1952 and 1953, says the latest statistical review issued by Britain's Cotton Board. Yarn output in the United States was 13 per cent lower than a year ago, while Canada's production dropped 22 per cent. The other main producers show an average increase of 11 per cent, only Spain producing less than in 1953. World output of yarn was 2½ per cent less in the second quarter of 1954 than in the first, but 1 per cent higher than in the second quarter of last year.

DROP IN U.S. COAL PRODUCTION

The United States produced less anthracite coal in 1953 than in any other year since 1881, says a survey drawn up by the Bureau of Mines. Output came to roughly 31,000,000 net tons—24 per cent below the 1952 total. One of the main reasons for the fall is the increasing use of petroleum and natural gas for heating. Other factors were the virtual disappearance of sales to Western Europe, and a drop of 28 per cent in exports to Canada. In north-east Pennsylvania, traditional centre of anthracite mining, employees in the industry worked an average of only 163 days during the year. This is the lowest figure since 1932. On the other hand the output per man-day was a record at 3.28 tons as against 3.06 tons in 1952. This was because mining companies, doing what they could to cut their costs, cut their activities in difficult seams and concentrated on those where the coal was easiest to dig out.

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

		Wholesale Prices (General Purposes Index) † Year ended August 1939=100					Security Prices †† (1949-50=100)				
		Food Articles	Indus. Raw Matrls.	Semi-ma- nufactured Articles	Manufac- tured Articles	Miscel- lanous	General Index	Govt. and Semi- Govt.	Debentures	Preference	V. D. I.
1947-48	..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49	..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50	..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51	..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52	..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53	..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54	..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
November 1953	..	378.0	441.4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December	..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	96.2
January 1954	..	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	96.2
February	..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March	..	371.4	462.5	355.8	373.9	686.9	391.0	90.4	101.5	88.0	102.6
April	..	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May	..	366.2	461.6*	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0
June	..	343.2	441.0	355.6	378.7	647.3	381.5	90.3	100.9	88.5	106.9
July	..	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6
August	..	362.4	420.9	351.9	375.7	608.9	382.5	90.8	100.6	89.4	117.4
Week Ending											
14-8-1954	..	361.6	419.8	351.0	374.4	608.7	381.4	90.8	100.7	89.5	117.0
21-8-1954	..	361.4	420.7	351.8	375.2	605.6	381.7	90.8	100.6	89.3	118.1
28-8-1954	..	365.1	426.5	352.8	377.2	610.2	384.8	90.8	100.6	89.4	119.9
4-9-1954	..	361.6	428.6	352.6	377.7	616.6	385.2	90.8	100.6	88.7	119.9
11-9-1954	..	366.3	421.0	353.6	377.4	603.3	381.3	90.8	100.4	88.5	121.2

†Economic Adviser's Series.

*Average of weeks.

††Reserve Bank Series.

*Revised.

WORKING CLASS COST OF LIVING (August 1939=100)

Period	Bombay		Delhi	Bengal	U. P.	Central Provinces		Madras	E.P.	Bihar	All India†
	Bombay	Bombay June 1934=100	Delhi†	Calcutta	Kanpur	Nagpur	Jubbulpore†	Madras June 1939=100	Ludhiana†	Jamshedpur†	
1939 (Aug.-Dec.)	103	—	—	—	105	104	—	108	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	134
1949	292	307	248	132	348	478	377	151	323	164	138
1950	298	313	257	132	349	434	372	153	325	165	139
1951	314	330	261	142	370	451	391	168	334	167	145
1952	321	337	250	143	351	441	380	150	330	151	142
1953	346	363	275	140	349	453	387	151	351	147	146
1953 August	358	376	285	144	373	469	397	157	352	149	153
September	353	371	283	145	366	464	391	154	351	150	152
October	350	368	282	144	349	457	389	153	352	150	149
November	344	361	280	144	339	453	385	148	353	149	146
December	342	359	268	140	329	438	380	146	350	149	142
1954 January	346	363	269	139	325	442	377	144	353	151	144
February	331	348	257	139	316	432	375	144	352	151	141
March	332	349	257	138	319	416	374	143	345	150	139
April	338	355	255	141	323	426	377	144	341	151	141
May	338	355	251	142	339	415	374	142	341	150	142
June	350	367	240	135	322	396	375	—	342	—	143
July	349	366	—	134	331	400	—	—	339	—	140
August	—	—	—	135	339	408	—	—	336	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED											
	25-9-1954			18-9-1954			11-9-1954			4-9-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola)	88-4	86-11	87-9	88-1	86-7	87-5	88-13	87-6	88-1	88-3	86-13	87-9
Silver (per 100 fine tolas)	158-5	155-10	157-4	155-14	154-0	155-4	157-10	155-5	156-0	155-11	153-7	154-1

October 1, 1954.

THE EASTERN ECONOMIST

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HUKUMCHAND JUTE MILLS, LIMITED.

(ESTD. 1919)

HAZINAGAR, NAIHATI (E. RY.), WEST BENGAL



Manufacturers of

HIGH CLASS HESSIAN, SACKING,
CANVAS, TWINE, ETC., ETC.



Managing Agents :

RAMDUTT RAMKISSENDASS

Head Office :

9, Brabourne Road,
CALCUTTA-1

Telephones : BANK 3195 (3 Lines)

Telegrams : 'JUTIFICIO' Cal.

SCHEDULED BANKS

(Rs. in Lakhs)

Period	LIABILITIES			Cash (Notes + Coins)	Balances with Reserve Bank	(5+6) as percent- age of (4)	Advan- ces	Bills Discount- ed	(8+9) as percent- age of (4)	Invest- ments in Govt. Securities in India
	Demand	Time	Total (1+2)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1938-39*	123.81	103.30	227.11	6.38	15.88	9.80	111.34	460	51.05	..
1947-48*	706.63	343.89	1,050.54	39.92	100.81	13.40	427.54	16.82	42.30	..
1948-49	674.58	303.88	978.46	37.51	79.46	11.95	424.85	16.44	45.10	..
1949-50	597.79	272.59	870.38	34.47	65.85	11.53	426.74	15.35	50.79	..
1950-51	599.13	278.45	877.58	34.68	60.78	10.88	447.03	11.87	52.29	..
1951-52	593.73	290.82	884.55	37.33	57.29	10.70	523.59	22.81	61.77	303.43†
1952-53	546.23	309.26	855.49	33.33	51.82	9.95	461.64	38.47	58.46	..
1953-54	526.75	328.26	855.00	31.97	44.48	8.98	442.79	51.40	57.80	321.29
Average of Fridays										
June 1952	557.25	298.72	855.97	33.01	50.13	9.71	483.75	45.90	61.88	298.17
July	559.78	309.90	869.69	33.71	55.10	10.21	466.25	45.15	58.80	299.95
August	556.29	313.84	869.92	32.81	61.28	10.82	448.58	38.18	55.95	302.30
September	549.13	317.10	866.32	33.04	65.75	11.40	442.73	27.49	54.28	305.43
October	546.05	316.42	862.48	33.95	61.88	11.11	439.48	25.82	53.95	312.63
November	542.19	318.61	860.70	32.81	65.14	10.92	436.22	26.65	52.62	321.54
December	535.07	317.85	852.92	33.42	44.65	9.15	432.43	28.08	53.99	327.66
January 1953	526.17	315.26	841.44	34.14	45.06	9.41	450.25	32.29	57.35	313.69
February	526.03	315.32	841.35	32.64	43.06	9.00	459.73	40.96	59.51	303.13
March	531.19	313.43	844.61	32.58	41.66	8.80	465.93	52.18	61.42	302.29
April	541.81	317.11	858.91	32.94	44.49	9.01	469.89	58.62	61.58	301.43
May	529.18	322.18	851.36	31.91	39.92	8.44	473.54	60.87	62.77	300.46
June	527.17	324.95	852.11	33.22	39.94	8.59	464.10	58.38	61.32	309.77
July	532.42	328.21	860.64	31.86	42.99	8.70	443.69	52.83	57.69	314.30
August	527.25	329.39	856.64	30.56	44.55	8.77	430.70	49.09	56.01	323.14
September	525.51	330.22	855.73	31.12	48.48	9.30	422.67	43.68	54.50	331.04
October	527.00	332.50	859.50	31.11	53.01	9.78	417.26	39.55	53.15	336.85
November	525.93	334.01	859.94	32.18	55.21	10.15	414.71	39.76	52.96	338.57
December	523.72	332.41	856.13	31.83	51.10	9.68	412.87	42.06	53.15	337.21
January 1954	518.56	329.04	847.60	33.11	41.00	8.74	436.63	50.08	57.42	325.85
February	514.30	330.61	844.91	31.99	38.41	8.34	460.45	56.11	60.85	320.65
March	524.03	328.75	852.78	31.72	39.25	8.38	466.96	66.33	62.54	318.19
April	541.21	327.70	868.91	32.30	43.11	8.68	460.05	75.08	63.89	316.86
May	537.42	329.08	866.50	32.93	41.43	8.58	484.46	95.91†	66.98	323.65
June	542.87	332.10	874.97	33.01	41.76	8.54	472.41	87.61†	64.01	326.97
July	548.54	340.72	889.26	30.91	44.18	8.55	460.27	82.45†	61.04	329.51
August	553.09	349.08	902.17	30.43	54.43	9.41	444.12	82.07	58.33	338.22
Week Ending										
26-2-1954	520.70	331.38	852.08	31.33	38.90	8.24	458.52	62.89	61.19	319.23
5-3-1954	522.74	330.71	853.45	32.13	37.38	8.14	461.30	66.30	61.82	318.76
12-3-1954	525.76	329.57	855.34	31.75	40.19	8.41	466.18	64.16	62.00	318.08
19-3-1954	518.74	327.14	845.88	30.93	38.60	8.22	470.51	66.51	63.49	317.10
26-3-1954	528.89	327.57	856.46	32.07	40.83	8.51	469.85	68.34	62.84	318.87
2-4-1954	541.51	325.41	866.93	31.88	50.45	9.44	472.23	73.27	62.92	318.83
9-4-1954	539.86	327.84	867.70	31.26	41.56	8.39	477.93	74.23	63.64	316.33
16-4-1954	542.20	328.06	870.26	33.00	41.07	8.51	481.61	75.13	63.97	312.38
23-4-1954	545.57	328.71	874.28	33.45	41.96	8.63	481.30	76.83	63.84	313.93
30-4-1954	536.92	328.47	865.39	32.43	40.52	8.43	487.10	75.93	65.07	322.85
7-5-1954	528.34	329.15	857.49	32.32	39.65	8.39	491.29	75.96	66.15	323.25
14-5-1954	536.75	328.60	865.35	33.64	42.01	8.74	485.31	95.92†	67.17	323.03
21-5-1954	541.35	328.95	870.30	33.04	42.93	8.78	482.86	96.72†	66.60	324.28
28-5-1954	543.23	329.64	872.87	32.73	41.12	8.46	478.37	94.21†	65.60	324.05
4-6-1954	539.45	329.62	869.07	33.42	41.60	8.63	480.44	91.96†	65.86	326.31
11-6-1954	543.30	330.94	874.24	33.19	42.23	8.63	473.09	88.03†	64.18	327.31
18-6-1954	541.94	333.43	875.37	32.40	41.34	8.42	470.47	86.51†	63.63	327.44
25-6-1954	546.80	334.40	881.19	33.02	41.83	8.49	465.64	83.95†	62.37	326.83
2-7-1954	546.35	335.62	881.97	32.18	43.57	8.59	469.82	81.26†	62.71	327.31
9-7-1954	544.05	336.96	881.01	31.60	42.95	8.46	467.30	79.87†	62.11	328.04
16-7-1954	550.19	340.47	890.66	30.75	44.54	8.45	459.67	82.01†	60.82	328.97
23-7-1954	552.87	344.51	897.38	30.39	48.07	8.73	454.20	83.23†	59.89	329.55
30-7-1954	549.13	346.04	895.17	29.62	46.79	8.53	450.38	87.87†	59.67	333.86
6-8-1954	546.59	347.58	894.17	29.95	48.43	8.77	450.14	82.50†	59.57	336.12
13-8-1954	547.85	347.64	895.49	30.71	48.71	8.87	446.46	82.31†	59.05	337.73
20-8-1954	553.77	350.47	904.24	29.96	58.80	9.80	441.03	82.16†	57.73	339.20
27-8-1954	562.13	350.82	912.95	31.08	61.77	10.17	438.83	81.30†	56.98	339.83
3-9-1954	557.92	351.87	909.79	30.37	65.08	10.49	446.13	79.34†	57.76	342.63
10-9-1954	558.60	351.12	909.72	33.04	58.33	10.04	446.76	77.82†	57.68	345.78
17-9-1954	558.35	350.66	909.01	31.81	59.69	10.07	449.57	77.52†	57.99	347.95

*Undivided India

†Average of weeks from November 1951

† Including Foreign Bills
†† Including Bills discounted.

AVERAGE DAILY NUMBER OF WORKERS EMPLOYED IN FACTORIES ACCORDING TO STATES BY AGE AND SEX DURING 1952

State	Total employment	Adults		Adolescents	Children
		Men	Women		
Assam	66,601	52,591	10,554	2,551	905
Bihar	167,878	152,239	12,927	1,902	810
Bombay	740,529	662,902	73,600	3,796	231
Madhya Pradesh	100,842	76,840	23,429	468	105
Madras	381,739	282,115	91,800	4,888	2,936
Orissa	18,069	14,233	3,237	590	9
Punjab	52,822	49,786	2,451	338	247
Uttar Pradesh	206,832	203,531	2,707	462	132
West Bengal	626,620*	574,141	49,712	2,330	437
Ajmer	15,603	14,452	898	253	....
Coorg	313†	135	94	....	....
Delhi	36,993	36,039	640	157	157
Andaman and Nicobar Islands	1,264	1,215	16	33	....
TOTAL	2,416,105	2,120,219	272,085	17,768	5,969

† Detailed sex classification of 84 persons not known.

* The figure includes estimated data relating to factories not submitting returns.

AVERAGE DAILY NUMBER OF WORKERS EMPLOYED IN FACTORIES ACCORDING TO INDUSTRY, BY AGE AND SEX DURING 1952.

Industry	Adults		Adolescents	Children	Total
	Men	Women			
Processes allied to agriculture (Gins and presses)	47,601	37,006	109	42	84,758
Food except beverages	245,849	53,862	4,138	1,157	305,006
Beverages	5,704	95	25	1	5,825
Tobacco	64,087	42,829	1,398	469	108,783
Textiles	939,995	95,273	3,366	321	1,038,955
Footwear, other wearing apparels and made-up textile goods	9,167	279	30	15	9,491
Wood and cork except furniture	21,516	1,731	541	50	23,838
Furniture and fixtures	5,823	90	399	144	6,456
Paper and paper products	21,588	1,142	25	7	22,762
Printing, publishing and allied industries	68,208	231	569	191	69,199
Leather and leather products (except footwear)	11,483	340	341	67	12,211
Rubber and rubber products	21,698	473	89	—	22,260
Chemical and chemical products	61,048	9,487	1,133	1,565	73,233
Products of petroleum and coal	10,134	497	—	—	10,631
Non-metallic mineral products (except products of petroleum and coal)	82,407	16,417	2,588	1,064	102,476
Basic metal industries	83,791	6,359	178	28	90,356
Manufacture of metal products	54,399	800	336	331	55,866
Manufacture of machinery (except electrical machinery)	79,010	683	561	330	80,584
Electrical machinery apparatus, appliances and supplies	27,092	623	22	6	27,743
Transport equipment	179,949	484	1,495	23	181,951
Miscellaneous industries	31,803	2,908	250	128	38,089
Electricity, gas and steam	21,754	146	26	—	21,926
Water and sanitary services	4,387	52	2	—	4,441
Recreation services (Cinema studios)	4,779	20	6	3	4,817
Personal services (Job dyeing, drycleaning, etc)	13,967	229	141	27	14,364
TOTAL	2,120,219	272,085	17,768	5,969	2,416,021.

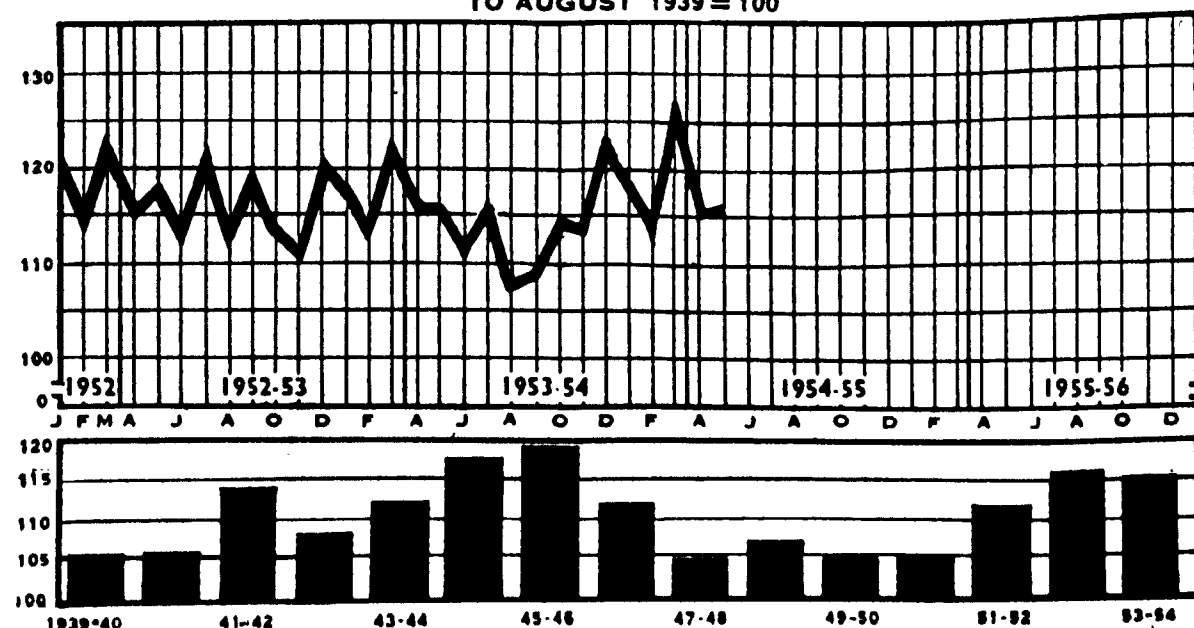
* Excluding figures for one factory in Coorg, for which the break-up is not available. It includes estimated data relating to factories in West Bengal, not submitting returns.
Source: Indian Labour Gazette

THE "EASTERN ECONOMIST" INDEX OF INDIAN BUSINESS ACTIVITY
(Year Ended August 1939=100)

	WEIGHTS	Industrial Production	Imports	Exports	Merchant Shipping		Cheque Clearances	Note Circulation	Inland Transport	GENERAL INDEX
					Entered	Cleared				
		46	3	3	1	1	18	5	23	100
1939-40		110.3	95.2	100.3	91.1	91.4	101.8	97.9	102.9	105.2
1940-41		114.2	74.9	84.4	80.5	65.7	93.2	112.8	111.0	105.7
1941-42		123.2	68.7	91.0	51.8	66.7	99.1	119.2	123.5	118.5
1942-43		125.5	35.7	59.5	33.0	34.3	86.8	170.6	123.5	108.0
1943-44		126.8	36.1	50.9	36.7	27.1	93.5	186.7	124.7	111.5
1944-45		121.7	66.6	50.7	61.4	36.4	114.0	225.4	124.6	117.0
1945-46		120.0	73.8	59.1	68.6	37.7	117.2	229.7	128.1	119.7
1946-47		105.0	67.1	61.8	51.7	48.5	128.6	252.3	118.5	111.9
1947-48 ^a ..		105.9	86.0	65.2	69.7	62.8	101.3	227.5	98.4	107.3
1948-49 ^a ..		115.9	91.2	53.2	48.3	69.3	87.1	195.9	110.8	104.3
1949-50 ^a ..		109.5	99.1	56.3	82.5	67.9	77.8	178.2	121.4	104.9
1950-51 ^a ..		104.0	90.1	65.5	81.9	75.6	78.5	182.6	133.7	114.6
1951-52 ^a ..		115.4	115.6	53.0	92.4	75.8	87.3	180.3	140.8	115.9
1952-53 ^a ..		121.3	95.6	60.9	87.8	95.8	81.6	194.3	144.1	115.5
1953-54 ^a ..		121.9	82.4	60.4	89.9	106.0	79.9	193.4	141.4	115.5
1951-52										
February		115.7	122.2	45.7	101.3	66.1	80.2	186.7	150.6	113.6
March		117.6	136.4	55.1	105.5	92.7	98.8	203.6	161.9	123.3
1952-53										
April		119.5	121.2	49.4	102.5	84.2	89.6	203.7	130.1	114.7
May		119.1	118.3	60.6	101.3	88.5	88.7	207.3	143.5	118.2
June		115.3	94.0	61.3	102.0	85.0	77.2	201.2	154.7	112.3
July		126.2	90.4	66.0	91.7	88.6	87.7	192.0	156.7	122.4
August		120.9	97.3	70.5	78.6	92.8	73.5	185.6	128.1	111.1
September ..		118.4	75.6	62.1	96.1	87.6	77.0	183.4	139.2	111.9
October		121.7	75.4	66.8	78.7	108.7	78.3	183.4	136.6	113.4
November ..		124.3	85.0	54.1	72.5	101.1	78.6	185.4	131.2	110.9
December ..		128.7	71.9	63.6	74.6	109.5	83.8	193.0	142.5	120.8
January		125.6	70.5	61.2	90.6	103.0	82.2	198.7	142.8	118.5
February ..		116.0	65.1	54.5	75.9	90.7	77.2	199.0	140.6	113.1
March		120.4	82.4	68.2	91.6	105.3	90.4	199.1	172.5	123.3
1953-54										
April		119.8	100.2	53.9	104.7	113.3	86.4	203.4	133.9	115.3
May		121.8	95.7	56.6	89.6	109.8	77.2	197.8	148.2	116.3
June		118.8	85.2	64.4	91.6	105.4	74.9	192.4	140.7	112.0
July		121.6	91.0	57.0	93.9	109.1	79.3	184.6	146.3	115.8
August		115.9	88.0	53.6	84.0	101.8	67.5	179.4	131.2	106.8
September ..		117.7	80.5	67.6	79.4	105.5	74.6	181.8	127.0	109.0
October		122.4	81.8	66.5	99.5	114.4	72.9	186.6	148.0	115.0
November ..		110.2	69.5	66.4	82.5	104.1	78.0	191.8	144.2	113.7
December ..		130.6	69.3	70.0	82.6	119.5	91.3	196.0	150.9	123.4
January		128.4	69.9	61.9	94.3	103.6	81.6	197.1	141.3 ^e	118.1
February ..		120.4	70.2	56.3	82.3	85.7	81.7	203.1	113.9 ^e	113.9
March		126.5	87.7	60.6	94.7	93.5	13.0	206.4	170.7 ^e	126.5
April		124.2	83.9	45.2	64.7	95.9	86.8	205.8	132.5 ^e	115.2
May		122.9	90.0	55.2	88.4	90.7	78.3	208.8	146.7 ^e	116.6

^e Estimated^a Average of months

THE EASTERN ECONOMIST INDEX OF INDIAN BUSINESS ACTIVITY
TO AUGUST 1939=100



INDEX NUMBERS OF INDUSTRIAL PROFITS

(Base: 1939=100)

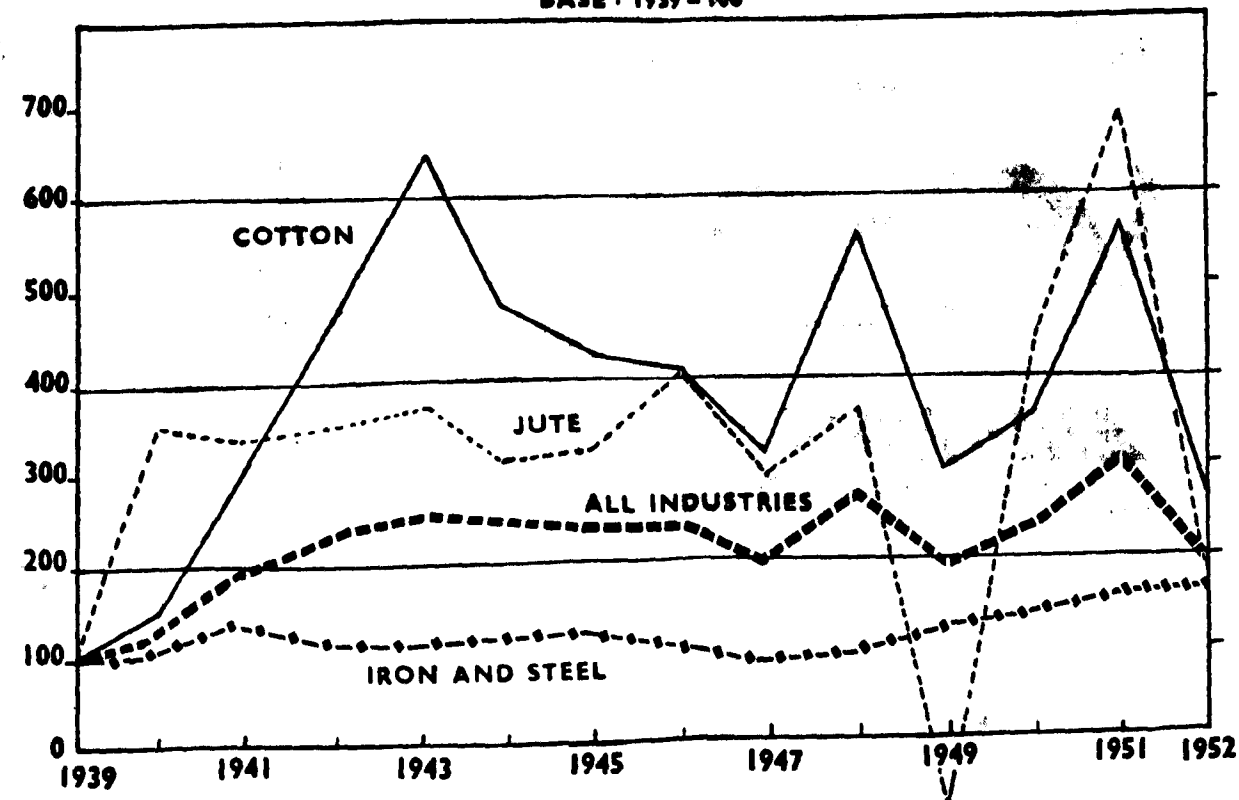
INDUSTRIES

Year	Jute	Cotton	Iron and Steel	Tea	Sugar	Paper	Coal	Cement	All Industries
1940 ..	359.1	142.5	103.6	99.1	100.3	236.3	100.8	102.8	138.0
1941 ..	344.4	316.6	133.7	146.8	127.8	284.7	82.6	123.8	187.0
1942 ..	351.1	491.3	110.1	228.1	126.7	321.7	80.5	169.1	221.8
1943 ..	376.3	640.0	111.8	142.3	157.8	352.8	95.6	147.9	245.0
1944 ..	310.6	492.1	117.8	110.5	133.5	271.5	237.0	214.4	238.9
1945 ..	327.6	423.3	120.2	150.7	108.9	279.5	258.3	211.6	233.6
1946 ..	415.4	408.9	101.3	198.8	122.4	266.4	198.5	194.1	229.2
1947 ..	313.2	317.7	86.1	216.3	171.5	167.6	171.8	142.5	191.6
1948 ..	361.2	548.1	96.3	127.9	381.3	257.0	201.0	252.6	250.9
1949 ..	—89.3	292.0	116.0	138.4	216.4	316.7	287.2	295.0	181.5
1950 ..	456.9	356.6	134.2	271.2	262.4	479.0	209.2	333.4	246.6
1951 ..	679.1	551.1	157.7	103.9	420.8	604.1	178.4	419.7	310.5
1952 ..	183.4	262.8	162.6	—88.8	409.8	566.8	220.4	302.6	191.2

Source: Ministry of Finance

INDUSTRIAL PROFITS

BASE: 1939=100



AIR FREIGHT EDITION

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ONE RUPEE

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The Heavenly Gate

THREE weeks from now the Prime Minister will be in Peking. As if to anticipate his discussions there, he spoke on Wednesday last week in the Lok Sabha or House of the People in a frank and open manner both about the apprehensions raised by international Communism and by the presence of militant Chinese minorities in South-East Asia. "International Communism", said the Prime Minister, "has given rise to fears which could not be ignored and which led to an equally undesirable reaction such as the recent conclusion of the SEATO Treaty at Manila".

On the fears of countries in South-East Asia he observed, "Malaya, Indonesia, Indo-China and Thailand have large Chinese communities which rather frighten them. In the old days and up till now the Government of China did not recognise the right of any Chinese to divest himself of Chinese nationality and a very peculiar situation was created. Sometimes there was some kind of a dual nationality. That also was a factor in making the position of the Chinese communities in all these South Asian countries very embarrassing to the country concerned. Now an interesting develop-

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ment was taking place and a reference to it had been made recently both by Mr. Chou En-lai, Prime Minister of China, and Mr. Mao Tse-tung, Chairman of the Republic. The development was that they said they were going to consider Chinese communities living outside not in the old way but those communities would have to choose between becoming nationals of the country they were living in—and if they did so, they would cut off completely from China—or retaining Chinese nationality, and in that event they must not interfere in the internal affairs of the other country. That, I think, is a helpful move which will remove some of the difficulties and apprehensions—it depends on how it is worked out—in these South-East Asian countries."

To read too much into the Prime Minister's statement would be an error. But to read too little into it would be worse. The speech was, in fact, and it seems it was intended to be, a description of India's changing state of mind. Hitherto, the Prime Minister's utterances have given the impression abroad that there was some leaning in emphasis on the Communist side. This is largely because of the absence of criticism of international Communism and of the special role of the U.S.S.R. and China. This week, apart from the main address in the Lok Sabha, there have been minor admonitions to delegations visiting places behind the curtains. There is no one living in Delhi today who can possibly believe now that the Prime Minister is going to Peking with any intention of forging a Delhi-Peking Axis. The visit to the Heavenly Gate takes place at a time when Indian approaches to Peking are more lukewarm than ever before.

Two factors have operated in the last twelve months to make the Government of India more sensitive to apprehensions of the People's Republic. The Colombo Conference in April showed that Burma no less than Ceylon was unwilling to accept the professions of the People's Republic at their face value. The Colombo Conference certainly had its effect in impressing upon the Indian delegation that any excessive friendship shown towards the People's Republic would imply a corresponding diminution in India's prestige in South-East Asia. In effect, therefore, India was not free to make the choice to which it would appear some advisers of the Prime Minister were inclined. The Colombo Powers are not neutral either to Communism or to the People's Republic. Even in the case of Burma and Indonesia which are within the Indian "area of peace" they look differently from us both on Communism and on Chinese peace professions. In effect, therefore, the limit has been set on Sino-Indian friendship by the certainty that any growth in this friendship will be offset by a diminution of our friendship with other States in South-East Asia.

The lesson of the Colombo Conference has been underlined more than once in the last few months. But it was left to the visit of Mr. Chou En-lai to illustrate the point that the five principles to which he readily subscribed when he was here had a different meaning from that which we had accepted. For example, it has been noted in India that on Mr. Chou En-lai's return a banquet was given to Dr. K. I. Singh of Nepal, an act which can only be interpreted as an expression of the People's Republic's interest in a Communist revolution in Nepal. Until this event it had often been assumed that Nepal would be considered by the Chinese in the Indian sphere of influence in the same manner in which we conceded Tibet to be under China's suzerainty. Chinese interest in Nepal has attracted attention with the External Affairs Ministry, and it is even reported that the matter is to be raised at the Prime Minister's discussions at Peking. At the same time there is no doubt that the large historical point that India and

China are to be great powers of the future and have therefore an element of rivalry between them is being more readily appreciated. While India's ascent to power carries no element of aggressive passion in it, one has only to read Liu Shao-chi's address at the First National People's Congress at Peking to recognise that in China power is being sought for radically different purposes.

To a country which has recently signed treaties of co-existence, a statement such as this made by Liu Shao-chi on September 15, must appear somewhat anomalous. "True", he said "the road we shall take is the road traversed by the Soviet Union. About this we have not the slightest doubt. The Soviet road is the road all humanity will eventually take, in accordance with the laws of development of history. To bypass this road is impossible. We have always believed that Marxism-Leninism is universal truth." Whether the Embassy of the People's Republic in New Delhi has been wise to circulate this report so widely in India or not is a matter which may be debated. But its first reading amongst shrewd observers here has been to stress the essentially rigid and inflexible path of world Communism and that portion of it which is set in Chinese hands.

Behind these political factors in the Indian evaluation of the Chinese Revolution must be read the change which has taken place in Indian internal perspective. There is no doubt that the confidence which has come into the domestic scene as a result of India's spectacular progress in economic terms in the last twelve months has reduced some of the prestige which the People's Republic enjoys. Indian economists are now slowly accumulating facts to show that the rate of economic progress in China has been far less significant than India's in the last two years. While the Indian economic story is still being documented, there has already been enough national pride aroused to deprecate any lavish tribute paid to another Asian country. A Special Article in this issue "Economic Report on China" shows that there is ground for this assessment. It may well be that the Prime Minister's own approach has been affected by this growing faith within the country. There is no doubt that an objective evaluation of the Asian scene will show the Prime Minister's leadership no less effective than that of Mao Tse-tung.

Because India has now attained this confidence in herself and is able to carry greater confidence in international councils, it would appear that there is not now the same need for India to proclaim her views as loudly as has seemed necessary in the past. Good wine needs no bush. Since the economic record speaks for itself it would appear that there is less need for political persuasion. Both to the Western Powers and the Communist bloc, India can now present a record which cannot be questioned. Independence in foreign policy may or may not have any virtue, but a country which can act independently in economic affairs can afford to leave talk on an independent foreign policy severely alone.

These observations have a domestic moral as well as an international one. There is exacting work to be done at home, and we can well concentrate on these tasks, success in which will raise our prestige more than unending international debates which will tend, in this divided world, only to reduce it. Perhaps our best course would be to wrestle silently with those elements in our foreign policy where the Prime Minister recorded failure or only partial success. In any case, there would appear to be no need constantly to ruffle those with whom we disagree. Our piece has been said; if speech is silver, silence may yet prove itself to be golden.

The Western Alliance

THE agreement announced this week of the Nine Powers in respect of restoring sovereignty to West Germany and providing entry for her into the Brussels Treaty Organisation has more than European significance. It has restored at long last to the West the diplomatic initiative which was lost to the Communists shortly after Korea. To the extent that it has removed the frantic search for a formula after the failure of the EDC proposals, it has released energy which may be applied again to the solution of the Asian deadlock. It has, therefore, both world and Asian significance. It is possibly because of these facts, and not merely because it provides for a return of Western Germany both to itself and to the Western European community, that it has attracted widespread interest in the Indian Press.

On the agreement itself all that need be said here is that it has been a triumph of patient and ingenious diplomacy. The announcement by Mr. Eden that Britain will keep four army divisions and a tactical air force on the Continent which would not be withdrawn except in the case of "an acute overseas emergency" is proof of the length to which Britain was prepared to go to meet French fears. Equally a last minute concession by West Germany showed again, if proof were required, the extreme anxiety of the German Chancellor, Dr. Konrad Adenauer, to do everything in his power to reassure France. Finally, the acceptance by France of a German army of not less (as well as not more) than half a million men seems to indicate that France was prepared to make her own deep sacrifice for this larger cause. There is overwhelming evidence that these great obstacles would not have been overcome but for a universal deep sense of urgency arising out of a widespread realisation of insecurity.

Most Indian papers commenting favourably on this agreement failed to draw this logical conclusion that the insecurity which Western Europe feels must have been very great in order that sovereign countries with a long tradition of insularity in just these matters should have accepted such drastic restrictions of their military sovereignty. The British concession may look at this moment the largest. But it is probably the one which demands least on the part of public opinion in all the countries concerned. Dr. Adenauer's assurance that German military strength will never be used to force the reunification of Germany by arms will be deeply resisted emotionally by the German people, even though they have now acquired after the terrible lessons of World War II a deep interest in the prevention of war. Again, there is no doubt whatever that, although the French National Assembly is likely to approve of the French Prime Minister's action, there will be equally deep emotional reaction in France against this return of Germany to military significance which France three times in a century has had deep reason to fear. That all these traditional attitudes should have been so readily surrendered is merely a measure of the fear of these Western nations of the armed might of the Soviet Union.

No sound appreciation of Europe at the present time can be made unless one recognises the state of mind which the pressure of Soviet arms on the European Continent has brought about. It has created an almost miraculous coherence in the West European community. Marshall Aid was one of the first effects of this new centrifugal force. But economic aid was insignificant against the compelling need for the democratic Western nations to forge a military weapon which would make them feel secure. Whether we in India choose to recognise the value of military measures

of this kind or not, the fact remains that Western Europe had been unable to find security for itself in any other terms.

The European agreement raises a question as to whether we in India have been consistent in our praise of this particular settlement. If it is logical to applaud the agreement between France and Germany because it reduces the tension between these countries, it should be equally logical to applaud the instrument which has brought it about. In this particular case, whatever may be said of other Western European diplomatic agreements, the essence of the reduction of tension has been an understanding on the use of pooled military resources. Since it has been not merely the pooling of the resources but also their increasing volume which can deter Soviet aggression, it is logical to find in the scale of Western European rearmament an instrument of European security. The Supreme Allied Commander in Europe has this week expressed the opinion in the United States that the Western alliance in Europe is now strong enough to halt an attack by the Soviet Union. It would be foolish to ignore the point that the security which has resulted from this situation has been built up by military strength and, by and large, by co-ordinated military strength alone.

If it is logical to applaud military measures in the West to the extent that they have been instrumental in giving Western European nations their own security guarantees, it is not wholly logical to contend that military measures are always unsuitable to Asia. Few Indian observers have awakened to the fact that the ready acceptance of the principles of the London Agreement is inconsistent with the traditional view of Indian foreign policy that a military approach provides the wrong solution for differences with the Communist Powers.

This is not a criticism of our own approach considered by itself. It has proved its worth in Korea and is now proving its worth in Indo-China. It is now quite clear that the existing Indian approach has a definite contribution to make to world peace. But it is a condition of this success that the two parties with which we as a neutral nation are dealing are sufficiently closely balanced in military terms to make the intervention of a third party helpful and even necessary. It follows that the Western nations cannot follow our path while the Communists are armed to the teeth.

The conclusions of this discussion may now be drawn together. Firstly, the London Agreement has been universally welcomed in India largely because it is seen to reduce tension between Germany and France and is to restore independence to Western Germany. Secondly, while Indian observers have been quick to recognise that this reduction of tension will follow the Nine-Power Agreement, they have been slow to realise that the instrument of this agreement has been an addition to military armament and a pooling of it in the form of an even larger military alliance. Thirdly, since approval has been given to this agreement it must follow that Indian opinion is not averse to military agreements at all times and at all places. Can it not be that there is in this admixture of military security with diplomacy some ingredient which we can usefully employ in South-East Asia? That is the challenge which the Nine-Power Agreement presents to us no less than to the Western Powers, whose success in Europe must now heavily underline their diplomatic failures in the East.

Power Looms against Plain Looms

THE Kanungo Textile Enquiry Committee appointed in November 1952 to investigate the problems of the handloom vis-a-vis the mill industry, has largely served its main purpose. The Government was then saved the necessity of committing itself to any hard and fast policy of protection in an atmosphere surcharged with sentiment over the plight of the handloom weavers in 1952. Economic developments since have changed that atmosphere; the higher levels of exports, yarn production and textile prices today are such as to accommodate the average annual cloth production of the handloom weaver along with a high level of mill production. Still the Committee had wide scope for an inquiry that would serve a second purpose also and help demarcate the sphere in which the handloom could in future find a place free from the constant danger of being displaced by the mill industry. The Committee's recommendations, a summary of which was published last week, belie these expectations.

The Committee found that out of a total of two million handlooms in the country about 1.2 millions alone were active and accounted for the current production of about 1,400 million yards of handloom cloth. It is not clear whether this gap between total and active looms indicates a tendency, inherent in this occupation, for a gradual reduction in the dependency on this hereditary occupation. Under the programme devised by the Committee, one-fourth of the number of these handlooms, i.e., 3 lakhs, would be converted into 2.13 lakhs of improved handlooms and powerlooms over a period of the next six years. The implications of this policy are that the rest of the nine lakh handlooms would continue to produce the existing volume of handloom cloth, while the 'rationalised' handloom sector to be now developed will have reserved for it the entire additional demand, to be created by the increase of population and of per capita consumption, of about 1,600 million yards. The consequence of such reservation would be that the weaving sector of the mill industry should all the time be condemned to observe its present output of 5,000 million yards as its ceiling and should refrain from expanding either output or weaving capacity.

The Committee's conclusion is that not only should present handloom output be facilitated by Government's policy, but also that another equal volume of production should be reserved for a new sector to be created de novo at an investment of over Rs. 12 crores in six years, and that this sector also should thrive on restrictions on the mill industry. At the moment, the Committee contemplates the ending of all reservation by 1960. But since the long-term programme would involve the repetition in stages of the process of conversion of all other handlooms into improved powerlooms, more than 6,400 million yards of cloth will have to come from this powerloom sector alone 20 years hence, after an investment of about Rs. 48 crores. The cotton mill industry will only have the rest of the field for its growth, whatever its potential size.

In this neat paper scheme, all the inconvenient factors have been overlooked. There is a gracious approval of the conversion, over the next 20 years, of half the number of existing plain looms in the mills into automatic looms, at the rate of 5,000 a year, in order to make Indian exported varieties cheaper and more competitive. But in view of the limit now suggested on the total mill cloth output, the Committee apparently considers that the labour cost saved by the automatic looms should be the only factor making for the extra cheapness, not the economy caused by the spreading of overheads over a larger cloth output.

Will the conversion take place on these conditions? Or, if a larger output were necessary to make the automatic looms economical, should it be secured at the expense of the rest of the non-automatic mill weaving sector?

The mechanics of the growth of this ideal balance in these various sectors—even if it is conceded that finance would be no obstacle—is far from clear. We may concede the assumption that the displacement of handloom workers as a result of the introduction of improved handlooms and powerlooms will be small enough to enable our developing economy to absorb all the displaced. But will the bulk of the handloom weavers who are now expected to change over to new types be able to adapt themselves to the new skills? Will the areas of power supply in which such powerloom industries will grow up also coincide with the vulnerable sectors of the handloom industry? The problem of the handloom weaver today is in essence, a problem of the hereditary, and geographically and occupationally not very mobile, artisan. Any solution can be tested, therefore, only by the direct benefit it gives to the individual members of these groups. There will be no assurance that the powerlooms that will come into being will not compete with the rest of the handlooms for procuring yarn on the one hand and in supplying products resembling those of the handloom weavers but produced at a lower cost.

In rejecting the Committee's prescriptions for the prosperity of the handloom weaver, there is no need to reject the main assumptions on which they were based. The first of them is that the numbers of the handloom weavers must gradually be reduced and those remaining should be helped to adopt technical improvements and new weaving styles which would compete less and less with the factories and provide higher earnings to the weaver. Secondly, there should be sufficient room for the growth of powerlooms also, but this should depend only on their own economic function vis-a-vis the mill industry. It is hardly desirable to create afresh another sector which because of its relative lower technical efficiency would always be exposed to the same danger as the handloom is today. The only argument in favour of its creation—that the handloom weaver will thereby become a more efficient producer—ignores the laws of economic and social change by assuming that traditional master craftsmen could be almost physically transplanted into industry worked by power. In trying to foster such a change through a ban on the expansion of the mill industry for the next six years—which may well be extended after each crisis—there will only be a brake on progress without corresponding achievement.

The Kanungo Committee has thus failed to provide a basis of future policy which would be consistent with the pace of industrialisation contemplated in the second Five-Year Plan. At the moment, relief to the handlooms has been the outcome of the expansion of the economy; and in the years to come, this favourable factor will continue to operate because cloth consumption of 20 yards per capita for a growing population will provide a wide enough market for all varieties of cloth. This is a period which can be utilised usefully to effect the changeover to special lines of handloom weaving which will have a permanent place. Such a policy need not call for restrictions on the output or weaving capacity of the mills or their scope for rationalisation. But such restrictions have been the political price which Government has had to pay in the past to conciliate various interests and the price may be deemed worth paying in future also irrespective of its economic justification.

THE WEEK'S NOTES

SETTLEMENT ON TRIESTE

While the deadlock on the Kashmir question has been reaffirmed by the Prime Ministers' correspondence published this week, the Trieste dispute which was similar in many respects has now been solved by the agreement signed in London on Tuesday. Negotiations have been held for a long time, with a progressive increase in the expectations of success. Today (October 8) marks the first anniversary of the Anglo-American statement on Trieste which sought to bring the occupation regime to an end leaving Italy and Yugoslavia in full control of the zones which they have respectively held as trustees. Tension over Trieste has frequently mounted to such heights that Italy and Yugoslavia were often on the brink of a clash. The settlement now reached, like the settlements in Cairo and Teheran, must be viewed as a triumph for Western diplomacy. It synchronises with the burst of enthusiasm over the outcome of the nine-Power Conference in London and should, therefore, greatly add to the optimism in Europe.

Till a final declaration is made officially in Rome and Belgrade about the clauses of the proposed agreement, no definite conclusion is possible. The existing division of Trieste into zone A and zone B will continue with only minor adjustments. There will be no difficulty now in the evacuation of British and American troops from this city and their replacement in the two zones by troops from Italy and Yugoslavia. The right of use of the free port by these two countries and by Austria will be guaranteed by this settlement. The main snag is that the Soviet Union will not participate in this settlement as required by the terms of the Italian peace treaty, but since the Security Council has been kept informed of the developments, the Soviet Union would have been indirectly associated with the agreement.

SOVIET PROPOSALS ON DISARMAMENT

The preliminary remarks in New York of the British Minister of State, Mr. Selwyn Lloyd, on Soviet Deputy Foreign Minister Vyshinsky's latest disarmament proposals have been guarded. First reactions have on the whole been favourable. Mr. Lloyd was reported to have said: "At first sight it appears from M. Vyshinsky's speech that the Soviet Union has changed its position in certain respects, and that it has moved towards our views. There is still, however, obscurity as to the Soviet position on the constitution and functions of the necessary control organ. It is not clear whether, from the beginning of the disarmament programme, the control organ would have the powers and means to supervise and enforce reductions and prohibitions". M. Vyshinsky is reported to have said that the Soviet Government was prepared to take the Anglo-French proposals submitted last June in the Disarmament Commission's sub-committee as a basis for negotiation of a disarmament treaty. It may be useful briefly to recall the purport of this scheme for world disarmament.

France and the United Kingdom, in their memorandum of June 11, proposed that in the first place, a disarmament treaty should include immediate and explicit acceptance by all signatories—pending the total prohibition and elimination of nuclear weapons—of prohibition of the use of nuclear weapons except in defence against aggression. Next, the treaty would provide that the disarmament programme should be effected in three stages. The first stage would be the constitution and positioning of the control organ and freezing of overall military manpower and expenditure, thus placing an immediate check on an arms race from the outset. The

second stage, which would follow as soon as the control organ had reported that it was able effectively to enforce it, would consist in the carrying out of one-half of all agreed reductions of conventional armaments and armed forces and, on completion of these reductions, the cessation of manufacture of all kinds of nuclear and other prohibited weapons. The third and final stage, which again would follow as soon as the control organ had reported its ability effectively to enforce it, would consist in completion of the agreed reductions of conventional armaments and armed forces and, immediately thereafter, total elimination of nuclear weapons.

JAPANESE INDEMNITY TO BURMA

Burma is expected soon to sign a bilateral peace treaty with Japan as the result of the very satisfactory agreement on reparations payments reached in Tokyo a fortnight ago. This agreement provides for the payment by Japan, over a ten-year period, in technical services and capital goods the equivalent of about \$200 million to Burma. Japan will also invest about \$5 million annually in joint enterprises and government loans as part of Burma's eight-year plan of rehabilitation and social welfare. This would amount to another \$50 million. If the agreement is fully honoured, Burma would have secured not only an assured investment over the next ten years of substantial foreign aid (amounting to over Rs. 120 crores) but also of technical assistance. This sum is twice the amount which Japan has hitherto been willing to pay. There was good reason for Japan not to perpetuate a lack of good will in portions of South-East Asia because of the hitch over reparations. The agreement with Burma can now suggest the standard which the Philippines also should adopt in solving this question. The original Japanese offer of about \$400 million would not now appear to be so low as to have deserved its summary rejection by the Filipinos some time ago.

It need not be assumed that the beneficiaries of this deal would only be the recipient country. Japan has a problem of markets and of sources of supply of raw materials essentially needed by her industry. To achieve a solution of these problems through doing what is essentially good in repairing the wrong done to the South-East Asian countries by Japanese aggression a decade ago, must prove morally more helpful to Japan than higgling over the burden to be undertaken. In Burma, the problem of rehabilitation is still a large one and it needs technical help as much as money. The Philippines has had no problem of resources because of generous U.S. assistance, but it has not had the talent to utilise it effectively. Japan's position in Asia would be the better for the acceptance of this moral obligation.

FRESH BARGAIN OVER CEYLON INDIANS?

The casual manner in which the Ceylon Prime Minister's visit to Delhi was arranged—over the telephone interrupting a stormy party meeting—is an indication of its importance and of the talks on the question of Indians in Ceylon. Mr. Nehru indicated that no new agreement was likely to be discussed—and indeed the working of the old agreement and understandings would not encourage faith in the efficacy of new ones. The January agreement provided the widest latitude to the Ceylon authorities than any other understanding reached till then. If there had been sufficient practical good sense and statesmanship in Ceylon, the issues could have been satisfactorily tackled. Unfortunately, the question of Indian citizenship and repatriation has become involved in a controversy which the political opponents of Sir John Kotelawala have fully exploited to criticise his leadership. The Indian

High Commissioner in Ceylon became the target of an unbecoming local controversy, for carrying out the instructions of the Government of India which were consistent with the agreement. There would clearly be no purpose served if the Government of India should now offer any clarification merely to assuage the Ceylon Prime Minister's critics, without the assurance that the agreement would be regarded as a two-sided affair, in which the Ceylon Government also has obligations to fulfil.

There is, of course, no reason to regard Ceylon's politics as particularly awkward. There are equally unseemly conflicts in many Indian States and many desirable national policies have been thwarted because of local pressures of the crudest kind. It is necessary to bear all this in mind in dealing with an independent country which is much smaller than most of our States. The distrust of a neighbouring big country may arise naturally in such situations. The Government of India has not been unaware of the need to approach the issue with the maximum of tolerance for the Ceylonese views even if they were often irrational and created among Indians the impression of being childish. This tolerance must continue to be the guiding policy even if it does not pay dividends in the short run. But the Ceylon Prime Minister must be able to take responsibility personally for carrying out his part of any bargain.

INDONESIAN FOREIGN POLICY

The Indonesian Prime Minister's visit to Delhi and his statements here gave the impression that the Indonesian attitude to China would be substantially the same as India's, provided some assurance was forthcoming from China on the policy towards overseas Chinese in Indonesia and the Five Principles were extended to Indonesia. Two other party leaders have spoken this week with distrust of the Chinese attitude, though they have also been, like other Indonesians, supporters of an independent and neutral foreign policy. Dr. Natsir, Chairman of the Masjumi party, now out of power, has stated that he opposes a "paper pact" of non-aggression between Indonesia and China because it would create a false sense of security behind which the Indonesian Communists could continue to build up power in the hope of overthrowing the Republic. The Socialist party in Indonesia has always been nearer to the Masjumi than the PNI or the Communists and Sutan Sjahir, has now gone further and said that China's appeal for non-aggression pacts with other Asian countries was similar to the pre-war Japanese slogan of "Asia for Asians" which actually meant Asia for Japan.

It may be that these views show more suspicion of China's intentions than are warranted, but its existence is a significant factor to be taken into account in the foreign policy of Indonesia. Only the general elections will decide which party will win and it may well be that the moderate Masjumi and Socialist parties will be returned in sufficient strength to form a stable coalition in spite of the uncertainties of the multiple party system. Indonesia's foreign policy is thus in a state of flux. It is also possible that these leaders who have now spoken will not be quite so averse to an understanding with China for whatever it is worth, when they get power. Even if the criticism is made by these parties now in the opposition to prevent the party in power from cashing in at the next general elections on a China-treaty and an Afro-Asian conference, it is clear that it has a strong local appeal. The distrust of the Indonesian Chinese and their loyalty to Indonesia seems to be very strong. Elsewhere in this issue will be found an account of the nature of this problem as seen by the Indonesians. Viewed in the light of the fact that the Communists in Indonesia attempted to seize power six years ago, this distrust is understandable.

THE LOOM OF LANGUAGE

Sir Mirza Ismail's outspoken convocation address at the Poona University probably went above the head of most of the new graduates assembled, for as Sir Mirza rightly said, the new trends in education have killed mastery of language which is the basis of all thought and understanding. The address was, however, most appropriate for a wider audience in the country, which, one must hope, has not altogether given up the habit of listening. Sir Mirza's themes were provocative. The wanton destruction of English, the fetishism over "basic education," the increase of bigotry and the steady process of levelling down now in operation in the name of equality were subjected to a very searching examination. In the most forceful terms. Sir Mirza warned that we are now bringing into our administration, teaching institutions and public life persons most inadequately equipped to understand the nuances of thought and of expression and hence incapable of any but the most imperfect conceptions conveyed by the limited range of the mixture of mother tongue, Hindi and very poor English. "If India unlearns English," he declared, "she can never re-learn it." Perhaps, the urge to re-learn would have been lost beyond recovery in the process of unlearning.

Sir Mirza's criticism of the basic education scheme was also based on this importance attached to language. Some of the more fanatical interpretations of basic education may even result in limiting the function of the mother-tongue and Hindi, inadequate as they are for the modern world. But there is still hope that good sense will assert itself to prevent too great damage being done. The task is to reconcile the importance of craft work in any scheme of education with the emphasis on language—which is essential for conceptual thought. The politician's irresistible impulse to pull down every eminence which points to his mediocrity may suffer a check after a while. The doctrine of the "common man" has just come into vogue with a new passion and if, for a time, it is interpreted as the antithesis of all quality, it should not be surprising. There are indications that counteracting forces would arise even from within the generation now affected by the new doctrines. More of such bold counsel, as that given by Sir Mirza, should strengthen conviction where it is uncertain and inspire action where it is half-hearted.

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WORLDGRAM

AGRICULTURE

Spanish Farm Production Satisfactory: Reports from cereal producing areas in Spain indicate a bumper wheat harvest—estimates set production at 5 million metric tons (a metric ton=2,204.6 lbs.) Spain's population is about 28,000,000. Among other factors for the bumper harvest are greater care in selection of seed, increased use of fertilisers and development of mechanisation in agriculture. Olive oil production, however, is estimated to be considerably below last year's production at 280,000 metric tons; and large quantities may have to be imported this year. Poor harvests during 1953 contributed to decreased purchasing power; and this year the volume of sales—wholesale and retail—declined particularly in luxury articles, household goods and clothing. No decline is apparent for necessities of life. In order to meet this declined purchasing power, merchants are operating the instalment supply plan and to an extent reducing prices.

FINANCE

Indian Union Aid for Rural Housing: A Rural Housing Cell will design suitable houses for different rural areas of the country, according to local needs and availability of building materials. Final plans will be passed through the Community Projects Administration, which will in its working encourage their adoption. A sum of Rs. 10.19 crores has been provided for housing schemes in the States. An experimental Construction Unit will conduct research, field tests and effect economies in construction.

West German Foreign Currency Reserves: As against \$1,946 million (61 per cent in the form of gold or dollars) at the beginning of 1954, West Germany had foreign exchange reserves of \$2,374 million with 70 per cent in gold or dollars. About 1000 items will be freed under liberalising measures to be announced this month, and will raise the proportion of quota-free imports to 65 (at present 47) per cent of all items, from dollar countries.

International Bank Sells \$50 Million Bond Issue: Placement with investors outside the United States of a \$50 million issue of United States dollar bond was announced recently by the International Bank for Reconstruction and Development. Investors in 23 countries have purchased the bonds; this issue constitutes the first private placement of direct dollar obligations of the Bank. Interest is at 2½ per cent a year, payable semi-annually in March and September with the first payment falling due March, 1955. The bonds mature on September 15, 1959.

TRADE

Indian Demand for Foreign Films: During 1952 India imported foreign films totalling 12,456,000 feet, in 1953 some 11,466,000 feet and in the first half of 1954 only 4,230,000 feet. Film imports from America have declined from 5,528,000 feet in 1952 to 4,823,000 feet in 1953 and 2,166,000 feet in the first six months of 1954; from U.K. 3,818,000 feet in 1952 to 3,774,000 feet in 1953 and 1,255,000 feet in the first half year of 1954. Imports of Czechoslovak films were 193,000 feet and 93,000 feet in 1952 and 1953 respectively, and only 43,000 feet in the first half year of 1954. The figures for Russian and French films are 111,000 and 53,000 feet and 111,000 and 55,000 feet respectively.

Rise in British Co-operative Sales: Shops owned by Co-operative Wholesale Societies in the British Isles, took £743 million in 1953 as against £702 million in

1952. Dividends were £1.5 million higher than in 1952; sales rose 6 per cent in England and Wales, and 2½ per cent in Scotland. Funds of the Co-operative Insurance Society reached £125 million or £11 million more than in 1952. Premium income was £33 million. Co-operative employees in all branches totalled 365,000, and their wage amounted to £115 million.

Japanese Export and Industrial Export Councils: The Japanese Cabinet recently approved the formation of the export and industrial export councils. Annual targets would be set to expand exports to \$1,740 million in 1957. The Export Council will comprise the Prime Minister and the Foreign, Agriculture, International Trade and Transport Ministers, the Director of the Economic Council Board, and the Governor of the Bank of Japan. The Industrial Export Councils will comprise representatives of industries concerned, economists and some government officials.

INDUSTRY

Indian Salt Production Declines: During 1953 salt production in India was 86,316,000 maunds, in the first seven months of 1954, output compared with the same period of 1953 has fallen 11 million maunds to 65.49 million maunds. Declining production is the result of a fall in demand by the main buyers of Indian salt. Japan is turning to sources nearer home and Pakistan is expanding indigenous production.

Soap Production in India: According to official figures, the annual per capita consumption of soap in India is about 10 oz. compared with 300-400 oz. in some Western countries. Under the Plan, production of soap is to go up to 2 lakh tons by 1955-56 ensuring a per capita availability of about 15 oz. after setting aside about 10,000 tons for export. Soap is being exported to Pakistan, Iraq and some other countries.

West Bengal Aid for Industries: The Government of India have sanctioned a loan of Rs. 11,83,000 and a grant of Rs. 1,89,600 to the West Bengal Government for its scheme for the development of small-scale engineering industries in Howrah. The loan covers two-thirds of the total expenditure expected to be incurred by the State Government on the scheme; the remaining one-third is to be provided by the State itself. The grant will meet 75 per cent of non-recurring expenditure on a central organisation as well as 50 per cent of its recurring expenditure during the first year. The balance of expenditure on the scheme is expected to be met by the State Government.

Electricity Output in India: During June this year, electricity generated by 660 public utility power stations in India was 625.3 million kWh, of which 510.3 million kWh were sold to ultimate consumers. The data includes figures for 3 new generating and 6 purchasing undertakings. The generating undertakings are Bogaro and Tilaiya in Bihar and Tamralipta in West Bengal; Kharar, Kurali and Model Town (Elissar) in Punjab; and Kurda-Jatni and Pipli in Orissa. As compared to May there was a decrease of 6.6 million kWh in output. The corresponding figures of output and sale for June, 1953, were 543.1 and 450.2 million kWh and for June, 1939, 209.9 and 177.2 million kWh respectively.

Key Technicians for Hindustan Steel: One hundred and eighty maintenance and operation technicians for the Rs. 72.5 crore Hindustan Steel Works are to be sent to Germany for training early next year. The Managing Director of Hindustan Steel Limited, left New Delhi for Germany recently to complete arrangements for the training of the technical personnel with the



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German Combine of Krupp-Demag, Consultants for the Steel works. Training will be imparted both in steel works abroad and within the country.

U.S. Cuts Synthetic Rubber Production: Only 467,000 long tons of general purpose synthetic rubber will be produced by the U.S. Government this year, according to the Federal Facilities Corporation. This is the lowest total for any year since 1950, when Government plants turned out 350,000 tons and sales were 388,400 tons. The 1953 total was 688,386 tons and sales were 611,748 tons. This year sales are expected to be down to 489,000 tons.

Development of Village Industries: The Government of India have further sanctioned grants and loans to All-India Khadi and Village Industries Board for the development of various village industries. The Board gets a grant of recoverable advance of Rs. 1,50,000 for the purchase of hand-made paper against Government orders. A grant of Rs. 1,20,000 has to be utilised for training 500 candidates under the "Agency Sales Scheme" prepared by the Board. For developing soap-making industry with non-edible oils, a grant of Rs. 1,28,250 and a loan of Rs. 70,000 has been announced. A grant of Rs. 58,500 is for the revival of industrial arts like patola weaving, sujani weaving, Sambalpur weaving, kani shawl and mahin sut katal. The Board has also been given a grant of Rs. 23,850, to develop village leather industry.

MISCELLANEOUS

UNICEF Board's Allocations for Asia: According to an announcement made by UNICEF's Asia Regional Office in Bangkok, the UNICEF's 26-nation Executive Board have just allocated \$3,618,330 to Asia for child health projects, disease control, production of antibiotics and long-range feeding programmes. This amount will be used for the following purposes: (1) \$1,468,100 for maternal and child welfare programmes, in Burma, Ceylon, India, Indonesia, North Borneo, Pakistan and Singapore; (2) \$445,500 for Malaria control in Burma, North Borneo and Pakistan; (3) \$305,800 for yaws control in Indonesia and Netherlands New Guinea; (4) \$327,700 for B.C.G. vaccination against tuberculosis in India, Indonesia, Pakistan, the Philippines and Thailand; (5) \$8,800 for leprosy control in the Philippines; (6) \$612,200 for Production of Antibiotics and Vaccines in Afghanistan, China (Taiwan) and Pakistan; and (7) \$450,200 for Long-range Feeding programmes in China, (Taiwan) India, Japan, the Philippines, Sarawak and Singapore. In addition to these allocations the UNICEF has also sanctioned: (1) \$1,068,800 for Emergency Relief in India, Pakistan and Korea; and (2) a request of the Government of Viet-Nam for \$122,600 in Emergency Aid for evacuee children and mothers.

Colombo Plan Council's Annual Report: According to the Report of the Council of Technical Co-operation for the year 1953-54 up to the end of June 1954, technical assistance provided amounted to 263 experts and training facilities to 1,653 students from South-East Asian countries. The countries which provided this assistance are U.K., Australia, Canada, New Zealand and India. The experts were supplied by: U.K. (115), Australia (66), Canada (45), New Zealand (30), and India (7). Training facilities were provided in the field of food and agriculture, transport and communications, engineering, health, education, industry, trade, power and fuel. U.K. provided 633 places, Australia 487, Canada 210, New Zealand 170, India 137, Ceylon 6 and Pakistan 5. The value of equipment already supplied or on order for Pakistan, India, Ceylon, Burma and Indonesia is approximately £1 million, and has been provided

largely by the governments of the U.K., Australia, Canada and New Zealand. Under the mutual aid programme, India, Ceylon, Pakistan, and Singapore provided facilities to other countries in the region. Technical experts from the U.S.A. in three years ending June 1954, were sent to: India (165), Burma (154), Philippines (148), Thailand (91), Indonesia (78), Indo-China (71), Pakistan (64) and Nepal (15). The countrywise distribution of the training facilities offered was: Indonesia (534), Thailand (462), Philippines (387); India (366), Pakistan (245), Burma (85), Indo-China (70) and Nepal (15).

Steps for the Prevention of Smuggling: Measures taken by the Indian Government to prevent smuggling through land frontiers include: (a) Customs preventive officers, patrolling vulnerable sectors of land frontiers in jeeps, vans and launches. (b) Staff employed for collecting intelligence. (c) A 'Central Intelligence Bureau' under the control of the Central Board of Revenue for intensifying and co-ordinating intelligence work. The co-operation of the State Governments has been enlisted and Special Armed Police are to assist the customs preventive and mobile squads.

Packing Charges for Cement: The Government of India announced on March 27, 1954, that packing charges for cement would be fixed every quarter on the basis of the average of the maximum and minimum market price for packing material during each week of the immediately preceding nine months plus Rs. 1-4 per ton to cover incidental charges. On this basis, packing charges for the current quarter were fixed at Rs. 12-5 per ton. The packing charges for the quarter commencing October 1, 1954 work out to Rs. 13 per ton. The Government of India have informed all the State Governments of the revised packing charges. These are the maximum charges applicable to cement packed in new bags only. Packing charges for cement packed in old bags will be a matter for settlement between the buyer and the seller subject to the maximum indicated above.

Latest UNESCO Statistics: The highest book production, judged by the number of first edition titles, in 1952, was 13,150 in the United Kingdom, 10,536 in Western Germany, 10,410 in France, 9,643 in Japan and 9,399 in the United States of America. The total of radio sets in use throughout the world in 1953, was over 230,000,000 or 95 for every 1,000 inhabitants. The U.S.A. has the largest number of television receivers. In July 1953, there were 25,100,000 and the number was increasing at the rate of about 40 per cent a year. The United Kingdom had 2,900,000, with an increase at the rate of about 70 per cent a year. In September 1953, twenty countries were broadcasting television programmes regularly.

Thirty-eight Million U.S. Students to Enrol in Schools: An estimated 38 million students will enrol in American educational institutions during the 1954-55 school year, according to the U.S. Commissioner of Education. It is estimated that elementary and secondary school enrollments this year will increase by 1,892,000, reaching a total of 35,160,000. Elementary school enrollments will increase by 1,473,000 students and high or secondary schools by 219,000 students. College and university enrollment is estimated to be 88,000 more than last year's total of 2,444,000. An additional 213,000 enrollments are estimated at private commercial schools and other training schools not affiliated with colleges and universities. To provide the necessary financial aid for the increased enrollments, the grant total expenditure for public and non-public, including current expenses, capital outlay and interest, for 1954-55 is estimated at \$13,700 million.

NEWS IN BRIEF

INDIAN

It is estimated that the total irrigated area in India—approximately 50 million acres—exceeds that of any other country in the world.

Three centres for the training of block development officers, at Nilokheri, Hyderabad and Ranchi have trained 92, 61 and 64 officers respectively making a total of 217. Some 65 officers are still under training at the centres, leaving some 838 officers yet to be trained.

An average of 3,66,000 coins (total installed production capacity) a day are made at Alipore, Bombay and Hyderabad Mints. Alipore Mint makes 4,00,000 (12,00,000) coins daily; Bombay 4,50,000 (10,00,000) coins daily and Hyderabad 16,000 (3,00,000) coins daily.

Proposals for the production of two new fertilisers from coke oven waste gases urea and ammonium double salt at Sindri are being examined by the Government. The U.S. Technical Co-operation Administration is providing funds for research and survey.

Under a two-year scheme some 50,000 wells are to be dug in Assam at an estimated cost of Rs. 50 lakhs to provide water supply in rural areas. The Central Government will share expenses. An estimated Rs. 20 lakhs will be spent this year.

The Art Purchase Committee of the National Art Treasures Fund will meet at the Indian Museum, Calcutta, on October 22, 1954, to purchase objects for the National Museum and the National Gallery of Modern Art, New Delhi.

The Indian Railways fitted 1,145 third class coaches with electric fans during 1953-54, and another 1,113 coaches are expected to be fitted with fans during 1954-55. A new design for metre-gauge third class coaches is being considered.

It was recently announced that the National Cadet Corps expansion programme for the current year contemplates a total increase of 22,500 cadets. Expenditure involved is an estimated Rs. 94 lakhs including Rs. 36 lakhs to be found by the States.

Refined sugar in 1952 has so far been imported from U.K., East Germany, Czechoslovakia, Poland, Spain, France, Cuba, Peru and Formosa. The landed cost of 4.44 lakh tons of sugar received up to September 15, including import duty, clearance and port trust charges, was about Rs. 32.35 crores—a saving of Rs. 3.83 crores is expected on the sale.

A £3.5 million contract for the construction of a one-mile combined road and railway bridge across the Ganga near Patna has been awarded to the Ganga Bridge Construction Co., Ltd. Thirteen 400-foot spans, bedded in concrete piers, will take 11,000 tons of high tensile steel imported from Britain.

It is announced by de Havillands, that the Indian Airlines Corporation have ordered eight 14-seater Heron aircraft. The approximate cost of each aircraft ordered by India is expected to vary between £40,000 and £45,000 according to the special equipment installed.

FOREIGN

A Ceylon Government communique recently announced that Ceylon's export duty on tea would be raised immediately by 15 cents (about 2½d. sterling) from 60 cents to 75 cents (just over 1sh. per pound).

Approximately 670,000 persons are employed in Austria's small business. Some 173,000 small business owners report 475,000 employees and 20,000 employed family members. The liberalisation of imports from EPU countries has increased production and eased the loan position.

On July 1, 1954, the Netherlands had a population of 10,609,154—an increase of 121,000 over the figure at July 1, 1953. The figures available represent a birth rate of 22.2 (22.6), a death rate of 7.9 (8.6) and an excess of births over deaths of 14.3 (14.0) per 1000 inhabitants per year.

Britain, Spain, Yugoslavia, Japan, Chile, India and Pakistan are among the countries negotiating for the purchase of some \$348 million worth of U.S. surplus farm products. These sales will be under the new Trade Development Act authorising the disposal of \$700 million worth of surplus foods for local currencies over the next three years.

During the first eight months of 1954, Malaya produced 370,329 tons of rubber—a decrease of 5,000 tons on the corresponding period of 1953. Over the same period 398,863 tons have been exported. Stocks at the end of this period were 62,737 tons.

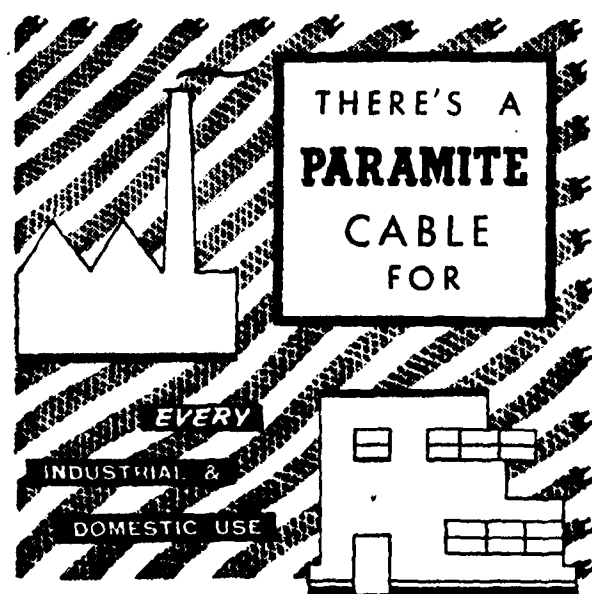
Of the West German Federal budget of 27,100 million marks for 1954-55, some 16,577 million marks are allotted to social services, housing and the settlement of refugees. Occupation costs are 9,411 million marks, absorbing with Social Services, a major part of Federal income.

Australia's sheep population was at the record figure of 127,249,000 as on March 31, 1954—showing an increase of 4,100,000 or 3.4 per cent on the 1953 total. This figure is some 2,000,000 higher than the previous record set in 1954.

British shipbuilders exported vessels and equipment worth £26,633,837 in the first eight months of this year, as against £23,980,661 in the corresponding period of 1953. The biggest customer was Norway, taking £9,142,557 worth.

The Prime Minister of Ceylon is expected to reach New Delhi on October 8, 1954. Indications are that the visit is in connection with the question of Indian nationals in Ceylon; there is at present, however, no proposal for a new agreement.

The British Trade Fair in Baghdad between October 25 and November 8 will be displaying British fabrics, famous for quality, variety, colour-fastness, shrink and crease-resistance. These fabrics will range from simple cottons to synthetic materials.



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A DELHI DIARY

THE LURE OF STAMPS

IN a week which has had resounding international developments like the signing of the nine-power agreement in London and the emergence of the Russian disarmament proposals, it seems wholly out of proportion to concentrate on the International Philatelic Exhibition being held in New Delhi. As far as I can determine, however, there is more popular interest here in international stamps than there is in international thrust and parry. Vast numbers have already visited the exhibition, and I must confess to be being one of those who have been lured back to it again and again. I have a feeling that this is an attack of bad conscience. Like the Prime Minister, (and a host of less distinguished people!) I was once a stamp collector, but found myself unequal to all the exacting demands of this particular hobby. I was quite unable, for example, to follow all the mysteries of Die I and Die II and the trickeries in watermarks and perforations or their absence. Then there is the baffling subject of 'errors'. I had, however, only to see an inverted head on October 1, in order to get all my interest in errors racing back again. On occasions like this, one is quite certain it is really worth while having a most jealous mistress in this hobby, for the small but piercing joy one gets in coming into an exclusive list!

THE PRINTER'S DEVIL?

There is no doubt that the stamp exhibition has been of large educative value. I must confess to have accumulated in my first visit a great deal of extraordinarily interesting information. For example, who knew that in a hundred years the number of articles handled by the Indian post offices had risen from a figure of 28.7 millions in 1854 to 2582 millions in this centenary year? Again, who before this exhibition knew that there were words like "Thematics" applicable to stamps? So far as history is concerned, did anyone know that the first penny stamps were issued for use in the London Penny Post in 1680? I still find this extremely difficult to believe, and a sentence which appears on page 46 of the Indipex catalogue makes matters very difficult indeed. It reads: "In 1680 the first penny stamps were issued for use in the London Penny Post which was a private venture for two years and then, in 1683, became Government controlled." Can 1683 possibly be 1863? If so, perhaps the authorities of this exhibition would issue a correction early. There is always the Printer's Devil to blame!

Who would have thought again that stamps could have been used as skilfully as the U.S.S.R. has done in this exhibition to propagate and proclaim a burning faith? I take off my (figurative) hat—since I possess no other—to the U.S.S.R. on its very able display. While this is unconfirmed I believe that its racks are of a special design which collapse and fold and refold so that the display materials can be very conveniently rushed around. I would venture to comment on this first experience of Soviet furniture that its turn round must be faster than that of propaganda furniture anywhere else in the world!

Great skill has also been displayed in the U.S.S.R. catalogue to describe Soviet political and economic

achievements alongside every stamp. Who would have for example, recognised a preamble such as the following as the prelude to a description of a stamp?

"The U.S.S.R. is a country of peaceful constructive labour. The Soviet people under the leadership of the Communist Party and the Soviet Government devote all their energy and creative efforts to the construction of Communism, to ensuring a steady rise in the material and cultural standards of the working people. The line of going ahead with great constructive efforts and of ensuring peaceful co-existence with other nations is the underlying principle of the policy of the Communist Party and the Soviet Government as repeatedly stated by the head of the Soviet Government, G. M. Malenkov and other leaders of the Soviet State". This is to be found on page 34 of the U.S.S.R. catalogue. This is no single instance. Another is to be found on page 32 of the U.S.S.R. catalogue and reads:

"Keynote of another stand (second right) is the Great Patriotic War of the Soviet Union against Hitler Germany. A number of sets put out during the war reflect the great patriotism of the Soviet people, the glorious combat exploits of the victorious Soviet Army which, jointly with the forces of our Allies, smashed Hitler's armies and liberated the peoples of Europe from the fascist yoke, the heroic deeds of the sons and daughters of the Soviet people, and the Soviet cities awarded the title of Hero City."

Perhaps there is nothing improper in all this. A postage stamp is after all a symbol of a State, and a State can be, and perhaps should be, a symbol of a national philosophy. Why then should a stamp not be an expression of the same philosophy? Not for the first time, I applaud the Soviet Union. Can it be that by slow and unconscious stages I am going totalitarian?

THE U.K. STEEL PROPOSAL

Lest I be mistaken in my enthusiasm for Russian steel and Russian stamps, I must hasten to say that the new proposal from the United Kingdom for the building of a steel plant is, to my mind, even more attractive than the formidable proposals we have already had. For one thing, it has been strong enough to overcome a tradition (now five years old!) to the effect that every steel plant in India must start with half a million tons. It is believed that the British proposal is for a million-ton plant at a cost of Rs. 63 crores which will make it (probably) cheaper than the Russian plant and certainly cheaper than the Hindustan steel plant as now estimated. Again, (since I am attempting to prove how liberal I am!) this is to be a private enterprise effort in the main and, therefore, has some enviable virtue in itself. Or shall I say it contains the public and private sectors in just those proportions which I consider appropriate to a mixed economy?

ARGUS.

THE WORLD ABROAD

CHINESE NATIONALISM IN INDONESIA

It is a fact that in the past, the Chinese from abroad had to suffer many disadvantages in Indonesia. Some of them were unavoidable, but many were enforced upon the Chinese by a narrow-minded and over-zealous colonial administration. But it is also a fact that these disadvantages were insignificant as compared to those which they had to suffer in China, their Fatherland. Far away in Indonesia many of the emigrants found shelter with relative security and a good life. They came into positions, often with a standard of living of which they never even dreamt in their native land. They had with their zeal, their initiative and their perseverance contributed a great deal to the commercial development in Indonesia. But they were annoyed with the treatment they received from the Dutch authorities. They considered this as unfair and discriminating. They compared their treatment with the treatment other groups received; the Japanese, their Asiatic brothers for instance, had the same rights and privileges as the Europeans. The dissatisfaction of the Chinese grew with the increase of their standard of living.

It became very serious after the proclamation of the Chinese Republic in 1912 and the spreading of the idea of Chinese Nationalism, which captured the masses and confused them, but which the Chinese in China itself, and in other countries of emigration, ignored. The Chinese in Indonesia wanted equal rights with the European population but refused to accept the inherent obligations of those rights. Above all, they refused from the beginning to contribute to the National Defence, as they were afraid that in doing so, they could come into conflict with their just-discovered Chinese Nationalism. As they were refused equality with the privileged Europeans, they did not want, unlike the descendants of Chinese immigrants in Thailand or the Philippines, to assimilate with the native population, especially, as according to the Dutch colonial politics, their assimilation would not bring them equal rights with the Indonesians. They imitated the Dutch way of thinking which considered the Indonesians as an inferior race. They mixed, but usually did not marry legally, with Indonesians. According to their race, language and psychology they were closer to the Indonesians than to any other group of population in Indonesia, closer even to Indonesians than to their natural brothers and sisters in China, but still they refused to consider the country where they were born and bred as their rightful Fatherland. And thus it may be said that these Indonesian-Chinese, or better: China-Indonesians, were far more different from the China-Chinese than they were from the Indonesians, from whom, externally, they could hardly be distinguished. With disregard to historical and ethnological facts, they tried as well as they could to become China-Chinese.

This "Chinese Nationalism" became an obsession which narrowed their minds and obstructed their political evolution. This kind of nationalism with its separating characteristics made it impossible for the authorities to grant them privileges. But this was not always the case. The immigrants of the period before and at the beginning of the East India Company were completely absorbed by the native population who thus received a good amount of Chinese blood. Some of the well-known royal and other noble families in Indonesia—as the sultans of Palembang, Bantam, Cheribon, the noble families of Tjiamis and Sumedang—have Chinese ancestors and are proud of it. Not well-versed in historical perspectives and international circumstances,

without any political reality, the Indonesian-Chinese of the 20th century could only dream of a new China that, grown into a world-power, would give them automatically the same political status as Japan had requested for its handful of nationals in Indonesia. They launched a movement to reject the "jus soli" element in the Netherlands-Indian Law of Nationality and requested for the Indonesian-Chinese the right of citizenship of the Republic of China. Formally they announced their intention of looking for compensation for their complaints outside the existing political system. This attitude was the more puzzling as the country of their origin, China, in reality never wanted them. China never was in a position to care for them or to offer them means of living. Only after they made amends by bringing into their native country a fortune of several millions, would the Chinese Government forgive them and welcome them back as Chinese citizens. They were not aware that what the Chinese authorities welcomed was not their person, but their money, as has been the case since the days of imperialism until now. They were particularly unable to understand that residence in a foreign country during generations would have as a consequence the assimilation of new habits, customs and traditions, the loss of the original mother-tongue and the acceptance of a new one, changing them thus completely from what they originally were.

Almost everybody born before 1919 certainly had an Indonesian great or great-great-grandmother if not an Indonesian mother or grandmother. Very few among the Indonesian-Chinese can claim to be 100 per cent Chinese, and certainly none who belong to the 3rd or the 4th generation of Chinese immigrants. And the process of mixing continues to take place and separates them more and more from their old relations. They are non-Chinese; denationalised and denaturalised, from any point of view, with, perhaps, the exception of their names, which most of them could not even write properly, and some religious customs. Influenced by an irrational bigotry they refused to accept the frame of the existing political system as a basis for their emancipation. They also refrained from action in any local or communal political movement. All their hopes were set on the Chain of their dreams. The few who worked in collaboration with the Dutch or the Indonesians, were considered selfish renegades. Those who pointed out the difference between the Indonesian-Chinese and the China-Chinese were denounced as traitors and boycotted. The real patriot had to consider everything Chinese as superior to everything non-Chinese. He ought to contribute freely to the so-called patriotic fund, for which account was never asked nor given. He thought above all, after the end of the Chinese-Japanese hostilities, Chiang Kai-shek as the greatest hero in the world-history to whom a religious adoration was due and he was to stand at attention the moment Chiang's name was mentioned. And later he was asked to do exactly the same for Mao Tse-tung. The less the Indonesian-Chinese knew about China, the more they were expected to become patriotic. The Chinese nationalist propaganda had found here a rich and fertile soil. And nobody, not even the colonial government, had ever taken any steps to point out the mirages of this Chinese nationalist movement and to explain the irrationality of the Indonesian-Chinese ideal.

The birth of the Republic of Indonesia and their integration in this republic as full citizens offered the Indonesian-Chinese the opportunity to drop their old mistakes, to adopt a new attitude and to adjust themselves to reality. A first condition to it was their

acknowledgment that China was not interested in their person, but only in obtaining their money to fill the pockets of those who held the power. The China-Chinese of course knew before that the abstract idea which the Indonesian-Chinese cherished and which they called "China" never existed. They knew their China only too well to be influenced by propaganda. They were patriots only when they could gain by it. The Indonesian-Chinese had to take care of the dignity of patriotism. The fruit of that patriotism, however, was reaped by the China-Chinese, their agents and their propagandists who travelled abroad with a Chinese as well as a Dutch passport. The Indonesian-Chinese were purposely advised to reject the offered "warganegara"—Indonesian citizenship—and unfortunately for themselves, many thousands foolishly succumbed to this propaganda, ignorant of the fact that those who made the greatest propaganda against Indonesian citizenship, least thought of rejecting it themselves and cherished it as their greatest treasure.

The whole group of Indonesian-Chinese should show their willingness to collaborate with the Indonesians in order to establish a mutual understanding. Whether China is powerful and prosperous, or insignificant as a nation and poor has little to do with their life in Indonesia. Their interests are identical to those of the Indonesians, not to those of the China-Chinese, who only look upon them as so many objects for exploitation, whether China be an empire or a republic, whether her political colour be blue or pink or red. The Indonesian-Chinese have furthermore to discard their idea that they are obliged to remain a minority in Indonesia, an idea which has been carefully kept up

by the former Dutch authorities. The friendly disposition of Indonesia's leaders towards the Indonesian-Chinese already resulted in giving them in parliament far more seats than were allotted by the Dutch. But every exceptional treatment may bring about obstacles in the way of entire assimilation of the Indonesian-Chinese, and further in the growing of the different ethnological groups into one homogeneous entity. For a quick and entire assimilation the next step is to abolish all institutions and organisations which smell of discrimination and separation.

The deed of an automatical "Kewarganegaraan" (Indonesian citizenship) was a deed of goodwill. It was the declaration of the Republic of Indonesia that the former Chinese are welcome as citizens of Indonesia. The deed would make them formally and legally Indonesian citizens. But there was no pressure to accept this gift. The automatical change favoured the Chinese as compared to the Indo-Europeans who were obliged to tender a petition in order to receive the Indonesian nationality.

A clear response is necessary. It concerns in taking advantage of the opportunity to do away with the present situation, which will become unbearable in the long run. The commercial relations with China will of course continue. It is naturally permitted to everybody to arrange this personal relationship with China in the way which pleases him most. But the idea that China is the Fatherland of the Indonesian-Chinese has to disappear. The one and undivided devotion should belong to Indonesia.

(Information Service Indonesia)

A LETTER TO THE EDITOR

THE RACE: PROFITS AND WAGES

Sir,

The article 'The Race: Profits and Wages' appearing in the September 24, 1954 issue of your weekly when read together with the article 'Profits in India: 1950 and 1951' published in the previous issue looks like a fine piece of sophistry. After having admitted in an unguarded moment that the smaller volume of employment today than in 1945 shows the failure of private enterprise, you hasten to shift the blame to the shoulders of employed workers. From your reasoning it seems that it is only the workers who have to make sacrifices both for their unemployed comrades as well as for their employers! They have only to choose between their present condition and going on looking helplessly at their unemployed brethren!

Further, mere curves in a statistical graph do not reveal the real conditions of the workers. The real question is whether they are really living well, whether they are getting all the necessities and comforts of life in an adequate measure and whether the standard of living of the profit-earners has really gone down. It may, of course, be argued that the fall in profits has affected the expansion of firms and not the standard of living of the capitalists. But this is belied by the figures given by your September 17, 1954, issue. Those figures show that the gross profits of all limited companies in 1953 are higher than they were in 1951 (when they were already very high) and you estimate that the capacity of these companies to finance themselves would be about Rs. 50 to Rs. 60 crores, exclusive of depreciation. You add that "these figures are so much beyond existing estimates that it seems difficult to explain the shortage of capital in the expansion of these companies". This shows that, in spite of high wages, the companies did not suffer from lack of finance for expansion. In the face of this it is absurd to say that high wages were

the cause of the companies' failure to expand. It will be no use reducing the gap between wages and profits since the companies are not utilising even their existing profits for expansion, compelling us to ask "where is private capital formation in Indian companies spending itself?"

Yours faithfully,
H. V. VOHRA.

BOMBAY,
September 27, 1954.

[Mr. Vohra is labouring under some misconceptions on facts. (1) There is no evidence to show that companies are not utilising their profits for expansion. Indeed the progress of Indian industry has been maintained largely through the investment of company profits. In the last five years there have been almost no major company flotations. (2) The point made in the article was that the private sector has no resources for the finance of investment on the higher scale demanded in the second Five-Year Plan. It has not been argued at any time in "The Eastern Economist" that the rate of rise of real wages has prevented a rise in industrial production.

It has, however, been argued and with complete justification that, had there been no rise in real wages, there certainly would have been a growth in employment. Labour cannot escape the point that by keeping wages high it has kept employment correspondingly restricted.

Mr. Vohra's point would only have force if he could indicate that the rise in profits distributed in dividends could have led to much greater investment than as in fact occurred. If he will consider the facts, he will recognise that since major increases of profits have been ploughed back, there is not much force in this contention.—Ed.]

SPECIAL ARTICLES

ECONOMIC REPORT ON CHINA

MR. NEHRU'S passing reference in the foreign affairs debate last week to the relative industrial and economic strength of India and China underlined the potential economic vitality of China even while assuming that India is today far ahead in many important respects. India's lead has long been taken for granted but the precise implications of this superiority have not been widely understood. In some respects, China's assets and the output of her industry are below India's even in absolute quantities; in others, the absolute volume, though greater, would still yield, because of the larger population, a much lower per capita figure than in India. For example, the railway mileage for China in 1953 was only 15,338 miles against India's 34,123, and the addition of new mileage in 1953 was about 360 miles whereas India has long been in a position to undertake new constructions of up to 1000 miles a year, though such a programme has hitherto not been given sufficient priority in the present Plan. But some of these obvious differences need not induce the complacent belief that China is still slow-moving. The world outside lacks reliable data. Statistics, which elsewhere in the world are used to illuminate information, become in Communist hands an instrument to obscure real data because of the adoption of the method of showing only percentage variations. The People's Government of China appears to be a little less reserved than the Soviet Union in this respect. Mr. Chou En-lai's report to the National People's Congress on September 23 and the communique issued by the State Statistical Bureau contains, however, some direct figures. If they correspond even approximately with the actual figures of output and economic development in China, there will have to be a substantial revision of current notions regarding India's relative position.

China's vastly higher physical output in agriculture has been well established. The larger irrigated area and intensive cultivation with organic manure had, even in the past, led to higher productivity per acre and more than offset the smaller sown area compared to India. The pre-war production of food grains in China was estimated to amount to about 103 million tons in all, comprising 50 million tons of rice (paddy), 22.6 million tons of wheat and rye and 30.5 million tons of coarse grains. The State Statistical Bureau's report now claims a total production of 165 million tons of food crops, which presumably includes soyabbeans, oilseeds and sugarcane and beet; the corresponding pre-war figure was 126 million tons (1931-37 average) and the pre-1949 peak was about 140 million tons so that the rate of increase now shown is not higher than what has been achieved in the last two years here.

Some of this increase in agricultural production claimed by China would, however, be consistent with the much higher sown area now shown. Just as the old statistics had shown China's population to be around 480 millions against the 600 millions now estimated by the Communists, the arable land had been estimated to be 91 million hectares (1 hectare=2.47 acres), which was probably a fault of underestimation. The S.S.B. now claims 126 million hectares under food crops and 11 million hectares under industrial crops. This sown area (of 338 million acres) has to be compared with the Indian estimate for 1953-54 of 210 million acres under cereals, 50 million acres under gram and tur and about 52 million acres under oilseeds, sugarcane, tea, coffee, tobacco, cotton and jute—the total of all of which is slightly below China's sown area.

The Indian output of all grains was 66 million tons in 1953-54 which is two-thirds of China's pre-war output and about 40 per cent of the level now claimed, so that even the per capita figure in China would be higher. China has also had a traditional lead in vegetable oils and oilseeds but has had no sugar. Cotton is the only other major Chinese crop. Against the pre-1949 peak crop of 825,000 tons, the Peking Government now claims an output of 1,170,000 tons which is not so excessive as to seem improbable especially when special plans had been made to secure this output. This would give an equivalent of about 6 million bales, which is about 50 per cent more than India's current output. The main significance of this total assessment of China's agriculture is not that China is richer, because per capita it certainly would be lower. It lies in the claim that all this larger production amounts to only 54 per cent of the gross product and that modern industry accounts for 31 per cent—a proportion which seems comparable to India's, in the proportions of the gross product.

The year 1953 was the first year of China's first Five-Year Plan and official claims show everywhere (except in matches) an achievement far in excess of 100 per cent of the targets which prima facie seems improbable. Prime Minister Chou En-lai has said that the average annual increase in the total value of the industrial output was 36.9 per cent during 1949 to 1952, the period of rehabilitation preceding the Plan. The total value of the output of modern industry in 1954, he claimed, would be 4.2 times the 1949 figure, whereas the combined total value of industrial and agricultural output would be 2.2 times that of 1949. The use of 1949 as a base may be good propaganda but it was a year in which the Chinese economy was dislocated and the mere return since to the older levels of production cannot be construed seriously as a claim for achievement by the new regime. The industrial output estimated in 1954 in physical quantities shows the rate of advance claimed by the Chinese Communists in the industrial sphere under the Plan.

INDUSTRIAL OUTPUT IN CHINA, 1954

Industry	1938	Pre-1947 Peak	1954	Percentage increase over 1949
Electric Power (billion kwh.)	3.13	3.6	10.8	250
Coal (million tons)	36.9	50.0	82.0	260
Pig-Iron (million tons)	1.5	2.5	3.0	1240
Steel Ingots (million tons)	0.8	0.8	2.17	1370
Cement (million tons)	0.7	1.0	4.73	720
Cotton Yarn (million bales)	2.2	2.3	4.6	260
Paper (thousand tons)	..	..	480.0	450

It has been admitted that the floods this year would affect agricultural output, and that industry has to cope with many physical shortcomings.

Even the rate of progress that has been possible so far seems high only because of the capacity that had existed before and lay unutilised because of the confusions of the war years. Though cotton yarn production is high, because of higher cotton yield and triple shift working of the limited capacity, cloth production is still running at about 1800 million yards a year even with the maximum working of existing capacity. Meanwhile, there has been a proposal to export some of these textiles, showing that welfare is subordinate to the

needs of overall totalitarian planning, just as rice exports were once made possible even while food shortages existed. There is very little basis now to accept Mr. Chou En-lai's statement that the purchasing power of the rural inhabitants rose 76 per cent in three years ending 1953 or that the wages of industrial workers increased by 34 per cent. The 1949 basis is an unreal one. It is hardly conceivable that coal consumption of the order of 82 million tons would be needed for the

present industrial capacity, along with power consumption which is 50 per cent more than India's. It would also be interesting to discover how the restricted transport facilities help the movement of coal and raw materials to the factories for production on a scale comparable to India's in many lines. Finally, the most striking of all is the low stage of development of the engineering, chemical and other industries that have grown up in India during the last two decades.

EMPLOYMENT AND EARNINGS IN SMALL INDUSTRIES

AN economic survey of small-scale industries in the city area of Calcutta was organized by the Statistical Bureau of the West Bengal Government last year, the results of which have now been made available in a published report of 121 full-size pages. The report which is perhaps the first comprehensive and organised statistical work on the subject, brings out clearly that the importance of small industries is much greater than is generally realized.

The survey which covered small industries in the Calcutta City area alone reveals that they turn out goods worth about Rs. 54 crores in a year. In 30,428 small establishments in the city, raw materials worth Rs. 35.5 crores were processed and the value of the final product raised to Rs. 54 crores. The total number of workers employed in them was 1,21,529 of which 43,731 was family labour and the rest hired labour. On a rough estimate the small industries of the city directly support a population of about three lakhs. This, of course, does not take into account the population supported by ancillary trades and occupations pertaining to the industries in the sale of raw materials, sale of products etc.

The survey shows that small industries not only give high employment but also adequate wages. Wages per man-month calculated on an overall average of the 63 industries for which data was collected, is estimated at between Rs. 67 and Rs. 75. It has been found that except for four or five, all industries have shown profits after meeting all costs including the usual rate of interest on investment and the wages of the family labour of the owners of the establishment. A great majority of industries show more than 6 per cent profit after providing for the services of family labour which should perhaps be the norm in a city like Calcutta where competition is keen. This shows that the inherent position of these industries is quite strong, although it may happen that due to absence of trade union activity or because of Government regulations, family labour does not always equitably share earnings with hired labour. Table I shows the rate of profit in some of the more prosperous industries. It also includes industries running at a loss.

Moreover, if some of the present handicaps of these industries are removed, the level of wages in them can be easily raised. For instance, if instead of having to depend on private sources of credit, these industries are provided with credit facilities by the banks, a considerable saving on interest charges will be effected, the benefit of which can be given to workers. Actually, data have been collected in the survey to show that many of these industries have incurred liabilities mostly from private sources, and that only a few industries received credit from banks. Private sources of finance, besides being un dependable, are very expensive. For instance, the thread and threadball-making industry received loans from the State at 3 per cent, but from private sources at 9 per cent. The laundry industry got bank credit at 4.5 per cent, but industries like glass and glassware had to pay 15 per cent to private creditors. Similarly, hosiery industry paid 4.5 per cent interest to banks but 15 per cent to private sources. If credit from

the banking system is extended to small industries its cost can be considerably reduced.

TABLE I

Industry	Cost and Rate of Profit Per Establishment (Rupees in hundreds)			
	Cost of Production	Value of Product	Profit	Percentage Profit
Paper and Card-board Products	166	210	44	26
Cotton Textiles (Spinning Weaving)	159	191	32	20
Woollen Textile	12	19	7	58
Chemicals including Drugs etc.	281	326	45	16
Footwear and Leather Manufactures	112	131	19	17
Bricks, Tiles, Lime, Surkhi	230	266	36	16
General and Electric Engineering: Steel Trunks etc.	115	139	24	21
Iron and Steel Smelting, Rolling etc.	215	253	38	18
Hosiery and Other Knitted Goods	456	440	-16	-3½
Rope Making	333	330	-3	-1
Bidi	102	119	17	17
Printing and Lithographing	104	135	31	30
Automobile and Coach Manufacture	312	173	-39	-12
Electroplating and Minoplatting	70	85	15	20
Textile Dyeing, and Bleaching	63	75	12	20
Clothing and Tailoring	170	196	26	15
Electric Fans	58	56	-2	-2½
Starch Manufacture	1,696	2,394	698	41

Table II shows that investment in small-scale industries is quite considerable and a good deal of saving on interest account can be effected. Secondly the percentage of workers having some technical education is found to be negligible, and facilities for vocational training in different industries should be provided.

TABLE II

Distribution into Groups by Average Value of Assets Per Establishment	
Average Value of Assets (Rupees)	Number of Establishments
Up to 500	460
501—2500	10,132
2501—5000	2,434
5001—10,000	13,704
10,001—25,000	3,283
25,001—50,000	409
50,000 and above	6

The survey throws some light on the extent of mechanisation in these industries and its profitability. The four categories into which industries are divided are as follows: (i) Establishments using power and employing less than 10 persons; (ii) establishments using power

and employing more than 10 workers; (iii) establishments not using power and employing less than 10 workers; and (iv) establishments not using power and employing more than 10 workers. Separate analysis of cost and production figures has been made for each category.

Table III shows that in the industries mentioned therein, the value of work done per man-month does not increase as a result of mechanization. Mechanization that does not raise output per unit of labour, cannot improve profits. There is thus no necessity for running these industries on mechanized lines.

TABLE III

Table showing value of work done per man-month in the four categories of each industry

	(In Rupees)			
	I	II	III	IV
Soap	..	659	735	703
Tanning	296	591	316	981
Glass and glassware, bangles	269	210	276	192
Aluminium, copper and brass products	212	373	402	612
Footwear and leather mfr.	..	202	366	358
Thread and threadball making	1438	960	432	1816

But industries in which mechanized categories show higher productivity of labour may earn or may not earn more profits than non-mechanized categories, depending on the relative efficiency costs of labour and machinery. Table IV shows the value of work done per man and the rate of profit in different categories of industries which have higher labour productivity in mechanized establishments. In two industries, namely, tobacco products and plywood and its products, the value of work done per man-month is greater in the mechanized categories but the rate of profit has a wide margin in non-mechanized over mechanized establishments. But in other industries, namely, paper and cardboard products, printing, saw milling and biscuit manufacturing, etc., there is an obvious move in the same direction.

TABLE IV
Showing value of work done per man-month and rate of Profit in each category in different industries
(Value in Rupees. Profit in Percentages)

		I	II	III	IV
Biscuit mfr. Bakeries and Confectioneries	Work	1152	1138	355	531
	Profit	8	3	Nil	8
Tobacco Products	Work	2118	5720	315	..
	Profit	19	2	46	..
Saw Milling	Work	458	512	240	..
	Profit	7	13	7	..
Plywood and Its Products	Work	1379	543	193	528
	Profit	9	Nil	16	7
Paper and Cardboard Products	Work	367	634	270	207
	Profit	13	83	17	19
General Engineering	Work	343	309	200	365
	Profit	23	33	14	25
Printing	Work	256	252	139	136
	Profit	41	30	18	22

It is clear from the rates of profit earned by different industries, and more so from the wages paid to hired labour in different industries, that prosperity is by no means equally shared by them. The obvious reason is that certain industries are overcrowded. Actually, there are eight industries which account for about twenty-three thousand out of the total of 30,428 establishments. This calls attention to the problem of immobility of labour. Workers or families stick to particular lines even though earnings there are very low. This may be due partly to lack of enterprise and partly to the fact that they have no facilities to acquire technical and vocational knowledge of some other industry.

TABLE V Distribution into Groups by Average Wages Paid to Hired Labour Per Year Per Establishment			
Average Wages Paid to Hired Labour	No. of Industries	No. of Establishments	
Up to 500	4	202	
501—2,500	37	27,223	
2,501—5,000	13	2,800	
5,001—7,500	4	281	
7,500—10,000	2	106	

THE BUSINESS WORLD

ADMINISTRATIVE PUZZLES

By
CROESUS

Is it not some relentless curse, I have often wondered, that afflicts this country which deprives it of the services of efficient men in particular positions just when these men come to know all that one in these positions ought to know and become more or less indispensable? True, Government codes of administration regard this as inevitable because of certain conventions such as that no civilian officer (I.C.S. or I.A.S.) must be kept in the same office or same place beyond four years. Frequent transfers, as any student of polity knows, is a recognised practice to ensure corruption-free administration. Indian history provides several instances of the rigid adherence to this practice of frequent transfers. But I feel there is no point or wisdom in a blind adherence to any practice or principle, however good it may be, especially when it is clearly established that a breakaway from the tradition is in the best interests of the country.

I can recall at least three notable examples when the Government of India might have waived the enforcement of this wooden convention. The first is the transfer of Mr. P. C. Chaudhuri, I.C.S., from London where he had established a Central Purchase Office for our country during the war (World War II) years. At the time he was called back to India, I know, he had established connections with all the leading manufacturers in the U.K. and the Continent and had paid personal visits to most of the works of these manufacturers, so much so that, if an order for any plant or machinery was placed in the U.K. or the Continent (whether it was the Government or a private party that placed the order), Mr. Chaudhuri could say whether or not the order was placed with a dependable party that could deliver the goods. There would then have been no possibility of jeep scandals! One could have appreciated the Government's decision, had this high official been at least placed in some position where the Government could have benefited from the valuable experience acquired by him, during his stay in the U.K., in some way or other. But no, Mr. Chaudhuri was asked to take over as Secretary of the Broadcasting and Information Ministry! I have still to find out the fine sense of logic or administration that prompted this decision.

The second is the posting of Mr. Jagannathan, the I.C.S. officer, who was Director-General of Shipping, Bombay, as Joint Secretary to the Production Ministry, Government of India, at New Delhi. Here, again, when the whole shipping world had just begun to feel confident that their affairs were in the able hands of one who had a thorough grasp of all aspects of the subject, the officer was transferred. Although, in this instance, Mr. Jagannathan did not completely cut himself away from shipping—the Vizag Shipbuilding Yard is in charge of the Production Ministry—many feel to this day that his going from here was not called for in the best interests of the country.

The third and the latest example is the taking away of Mr. T. Swaminathan, I.C.S., Textile Commissioner, who has earned the distinction of being the most successful incumbent of that office, and posting him to London as Commercial Minister to the Indian High Commissioner in the U.K. It is not for the progressive removal of textile control or for the record cotton textile output that his regime witnessed that we in Bom-

bay miss Mr. Swaminathan. It is for his personal qualities, qualities which endeared him to one and all that came into contact with him whether as a business man or a job seeker, whether as a journalist or as a subordinate. Few can excel him, I am told, in evoking the best from his officers and all without any fuss. No wonder that on the day on which Mr. Swaminathan shook hands with almost every one in his office—from the Joint Textile Commissioner down to the lowliest chaprasi—many eyes were visibly swollen. Some, who might not be holding permanent posts today, but for the way he went all out to reduce retrenchment in his office to the minimum most possible extent, wept bitterly as they took leave of this extremely genial person.

It is not because of his human and humane qualities that the textile interests in particular and the public of Bombay generally and his own office people, for that matter, feel for the laying down of office as Textile Commissioner by Mr. Swaminathan. There are other reasons, besides. With him at the helm of affairs, everybody felt confident that the interests of neither the mills nor the powerlooms nor of the handlooms would be allowed to suffer under the integrated rationalisation scheme proposed by the Kanungo Committee. In fact, as I understand, it was the genius of Mr. Swaminathan that conceived the acceptable and practicable idea of "live and let live" provided each sector strives its utmost to keep its house in order. What a pity—It is a thousand pities, I would say—that he is not being kept on to continue his good work. I have no doubt that at the rate at which he was carrying on, he would have achieved in the sphere of the handloom industry also something that most others have only been content to say must be done in their lectures from public platforms. But this would have meant a complete breakdown in his already shattered health. A victim of gout, Mr. Swaminathan never let anyone notice how much he was physically unfit, because of his always smiling exterior. Whatever the degree of importance of a meeting, it is seldom that a Union Minister condescends to trek down to the bedside of his Secretary, but even the not-so-easily accessible (not to those whom he likes) Mr. T. T. Krishnamachari did not mind conferring this honour on Mr. Swaminathan when he was in bed with a severe attack of gout on a day on which an important meeting was scheduled to be held. Hearing of the Textile Commissioner's condition, the Union Minister ordered the meeting to take place at "Rafat Manzil", the residence of Mr. Swaminathan. Such has been Mr. Krishnamachari's reliance on this erstwhile Textile Commissioner's knowledge of things, insight and experience that he could not think of carrying on the meeting without him even when the latter could not leave his bed.

Mr. Swaminathan has made a remarkable contribution to the country's textile industry. During his term as Textile Commissioner, he has converted many a cynic of a millowner to learn to place more faith in the Government's way of handling business, despite all its shortcomings which are perhaps a feature of all bureaucracy. He has succeeded in placing bodies like the All-India Handloom Board and the All-India Silk Board on sound and secure foundations and even his final act, in his capacity as Textile Commissioner, namely the giving of a good start to the pre-export inspection scheme for textiles, has been done with such



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Knowing all these, my first impulse when I heard about the proposal to send away Mr. Swaminathan to the U.K. was strongly to protest against disturbing the Textile Commissioner at this critical juncture, but when close friends confided to me that Mr. Swaminathan could continue in this office, carrying all the responsibilities he used to, only at the risk of a physical breakdown beyond repair, I had to restrain myself.

TEXTILES: THE IMPORTANCE OF INSPECTION

BY
CROESUS

At a Press conference last week, the Chairman of the Cotton Textiles Fund Committee, Mr. R. G. Saraiya, and the Textile Commissioner, Mr. T. Swaminathan, explained the significance of the scheme of inspection which may be said to have been inaugurated now. I advisedly say 'may be said to have been inaugurated', because the general expectation all along had been that the Union Minister for Commerce and Industry, Mr. T. T. Krishnamachari, would himself go over to Bombay formally to inaugurate the inspection scheme. The fact that Mr. Swaminathan felt it necessary to apologise for the inability of the Commerce Minister to fulfil this engagement because of heavy pressure of Parliamentary work and other preoccupations is undoubtedly an indication of the importance that the authorities attach to exports of cotton textiles from this country. Considering that the target of India's exports of cotton textiles has been placed at 1000 million yards and that, as Mr. Saraiya pointed out at the Press conference, exports this year may reach about 900 million yards, this concern is understandable. It is as natural as it is necessary that those who account for the absorption of such a sizable portion of the country's total cotton textiles output should be completely satisfied with the quality of our exports. Mr. Krishnamachari, who attaches very great importance to this aspect of the matter, was accordingly fully justified in insisting on Mr. Swaminathan, before latter's leaving this country for the U.K. to take up a more important assignment as Commercial Minister to the U.K. High Commissioner in London, properly to launch the scheme and put it on a sound footing.

Although it may seem strange, there are even today millowners in our country who do not seem to attach much importance to exports of cotton textiles. This is no doubt born out of a sense of smug complacency engendered by the knowledge that the internal market itself is so vast that one need not bother to go out of one's way to explore markets outside the boundaries of the country. That is why, by and large, the textile interests of this country as a whole cannot be credited as having been overzealous at any time to search for markets abroad. However, conditions have changed in recent years. One of the blessings of World War II in so far as this country is concerned has been to open the eyes of both the mill interests and the exporting interests to the possibilities of large-scale export trade in cotton textiles. As for the Government, its anxiety in this matter is quite understandable, inasmuch as cotton textiles earn for the country a fairly large amount of valuable foreign exchange.

One has to go back to the war period to trace the origin of the Cotton Textiles Fund Committee. That was actually constituted in the year 1944 by an ordinance. Those were the days when prices of cloth simply soared in all countries, not excluding India, but even so, India's prices were very much below those

But I repeat it is some relentless curse that takes away such splendid men from positions where, if they are kept, as long as possible—the longer the better—they are capable of achieving results that would redound to the credit of any country. Let me now conclude by wishing Mr. Swaminathan (and, his family too) 'bon voyage' and the best of health. May he return soon fully restored in health, for India needs him and many more men of his type—if they could be found—in the present struggle against poverty and low living standards.

ruling in other countries at the time. Because of this attraction of cheaper prices, the demand for Indian textiles naturally shot up to an unprecedented extent. The disparity between Indian prices and prices in other countries prompted the authorities also to claim a share in the profits by imposing an export duty. At least the proceeds of this duty in the initial stages provided the nucleus of the Cotton Textiles Fund, which now exists as such, except for the balance of about Rs. 3 crores that was there to its credit in 1946 or so. If the committee wants any money, it has to go before Parliament every year for the requisite provision. Probably so long as the present balance (Rs. 3½ crores) lasts, the inspection of textiles meant for export (which is now limited to 15 descriptions of standard cotton textiles, about all of which are grey varieties) will be free of all charges. But one could gather, from what both Mr. Saraiya and Mr. Swaminathan said at the Press conference, that a nominal levy would be imposed, if the idea caught on and the volume of work rose. Enquired whether this would not add to the cost of our exports and make them less attractive in the keenly competitive buyers' market of today, the Textile Commissioner expressed the view that, if the export could bear the extra incidence, taking all the relevant factors into consideration, there was no reason why the free service should continue indefinitely.

There are differences of opinion as to whether the inspection scheme should be compulsory or voluntary. Indeed, a suggestion was made to the Textile Commissioner at the conference which made the point that inasmuch as the Millowners' Association had yet to decide its standard contract form for export and considering the unjustifiable way in which the exporter had been blamed for the quality of textiles exported, it would be better to have a compulsory scheme even to start with. In reply, Mr. Swaminathan stated that, as a matter of fact, the suggestion that was first made was that the scheme should be compulsory. But when it was discussed with the concerned interests, in particular the millowners, the point seems to have been raised that some mills had already established a reputation for their exports in foreign markets and that there was no need for them at least to avail themselves of the stamp of approval as to quality and standards prescribed by the Government. But perhaps a more convincing explanation for not making the scheme compulsory, to start with at any rate, is, as the Textile Commissioner pointed out, that it would mean inspection of at least 10 million yards even on the basis of a 10 per cent sample for inspection out of the export target of 1000 million yards. This would entail considerable physical strain. Another factor which must have weighed even more in deciding the issue in favour of voluntary inspection is the probable adverse psychological effect on our customers abroad in the event of there being—for arguments' sake—a very heavy percentage of rejections by the inspectorate. All the same

it seems certain that, eventually, the scheme would become compulsory, that is, if the voluntary scheme does not work all right.

The specifications for standard cotton textiles for the present cover only 15 descriptions of cloth, almost all of which are of the grey variety. The explanation given by the Textile Commissioner for this was that we must standardise ordinary cloth first and then proceed to standardise other varieties gradually. Moreover, he added, our exports consist mostly of the grey variety. The authorities would, however, be prepared, according to what was disclosed, to add to this list if either the importing countries or the Indian mills or exporters demanded such inclusion. When the scheme was explained to consular representatives in this country the other day by the Textile Commissioner, the Indonesian representative is already believed to have pointed out that none of the varieties included in the list as standard cotton textiles was being imported by Indonesia, although Indonesia was interested in importing Indian textiles. (By the way, Indonesia has been

evinced greater interest lately in importing Indian textiles, because there has been a reduction in the offtake of Japanese goods consequent on payment difficulties). The Textile Commissioner said, he had readily offered to include the qualities that Indonesia would like to import from India. This could be considered as a very auspicious augury for the successful functioning of the new scheme of export supervision. Normally, the need for such supervision becomes less and less when conditions of buyers' market emerge, because the very competitive factors at such times determine the production of only that kind of cloth which will find a market; the indifference that one notices during conditions of sellers' market automatically disappears. In the ultimate analysis, it is the buyer who is to be pleased and who should be satisfied about the quality of the goods that he purchases and, if that fortunate day dawns when the quality of Indian goods, whether of textiles or of any others, is accepted without any demur in all the highly competitive world markets, I have no doubt whatsoever that the authorities would be the first to scrap the inspection scheme.

FIBRES: LONG-TERM CONSUMPTION PROSPECTS AN FAO STUDY

[The following note is an extract from a statement presented by FAO at the Thirteenth Plenary Meeting of the International Cotton Advisory Committee (ICAC) which was held in Sao Paulo, Brazil and reprinted in the September issue of the FAO Bulletin. The FAO comments formed part of a discussion of the ICAC Standing Committee's report on expanding world cotton consumption.]

FAO's economic research work in fibres recognizes, as does the ICAC Standing Committee's report, that cotton, the most important of fibres in terms of volume, shares in large measure with man-made and other natural fibres common textile and end-use markets and that the influence of fibre prices on textile consumption levels may actually be outweighed by that of textile manufacturing and distribution margins. While not underrating the importance of these factors, FAO's recent studies have been devoted in the first place to the relationship of fibre consumption to population and income, the other two key factors in the long-term outlook.

In considering income elasticities for various fibres, one must take account of their end-uses. As a rough guess, on a world basis about two-third of the fibres involved are absorbed in apparel, whose proportion in consumer expenditures varies with the level of income. Other things being equal, a given percentage increase in income will be associated with a relatively large percentage increase in fibre consumption in low income areas and a relatively small increase in high income areas. On the other hand, the so-called "apparel fibres" also have important outlets in industry and other non-personal uses which increase in high income areas even when consumer expenditures on clothing have become relatively static. This suggests that a uniform percentage relationship may be applicable. Thus, the choice of curve—if it is to have lasting validity—hinges on the regional pattern of income as determined by the flow of investment, internal and external. It is fortunate, therefore, that the two alternative relationships, which have been worked out for an average of the years 1948 to 1950, have an equally high correlation value, although the uniform percentage curve fits the data somewhat better (Table on next page). On the other hand, in this period disparities in per caput fibre consumption levels were relatively wide and consumption in industrial countries relatively heavy. Both formulae have, however, a use; the uniform percentage (Formula 1) arrives at what might be the over-all prospects for fibres at the end of the decade, while the variable per-

centage (Formula 2) introduces qualifications arising from the unsolved problem of the regional investment pattern; and the application of both, of course, requires the very important qualification that other things remain equal—principally because fibre prices and textile margins have not been taken into account.

Prospective fibre consumption on this basis requires a cardinal assumption as to the rate of economic growth. There is some historical evidence of a long-term rate of increase of 3 per cent annually in the total income of the more industrialized countries; and economic growth at 4 per cent has been envisaged by the Economic Commission for Europe and FAO in projecting timber requirements to the end of the current decade. As regards agriculture, FAO has calculated that world production increased at an annual rate of 2.7 per cent between 1948 and 1952, and that if countries' plans are fulfilled, the rate will rise to 3.3 per cent between 1952 and 1956. An assumption of a long-term rate of growth in world income of about 3.5 per cent may, therefore, be postulated, and this accompanied by the current rate of growth in world population (1.5 per cent according to FAO sources), indicates an annual increase of 2 per cent in per caput income. Formula I indicates that a 2 per cent increase in income is associated with a 1.5 per cent increase in fibre consumption, and the position at the end of the decade may be calculated as shown in Table I.

It may be noted that this projection involves a diminution of the rate of increase in per caput fibre consumption, the annual increase between 1949 and 1952 being about 2 per cent. Empirically, however, this latter rate can be adjudged relatively high. In the earlier post-war, but longer, period of 1920 to 1930, the increase was about 1.25 per cent only. The projected rate cannot be expected to be realized if investment by key countries in the world economy should decline and with it the rate of economic growth.

Turning now to the regional aspect, at what point on the income scale is a 2 per cent increase in income associated with a 1.5 per cent increase in fibre consumption according to Formula 2. It is in countries with a per caput income of 200 dollars. Up to this point and covering about one-half of the 60 countries included in the correlation chart, the income elasticity is higher; and above this point, it is lower. On this basis, the cardinal assumption, as to the rate of income growth, requires the corollary that it should at least apply to countries falling below the point indicated, if the volume-

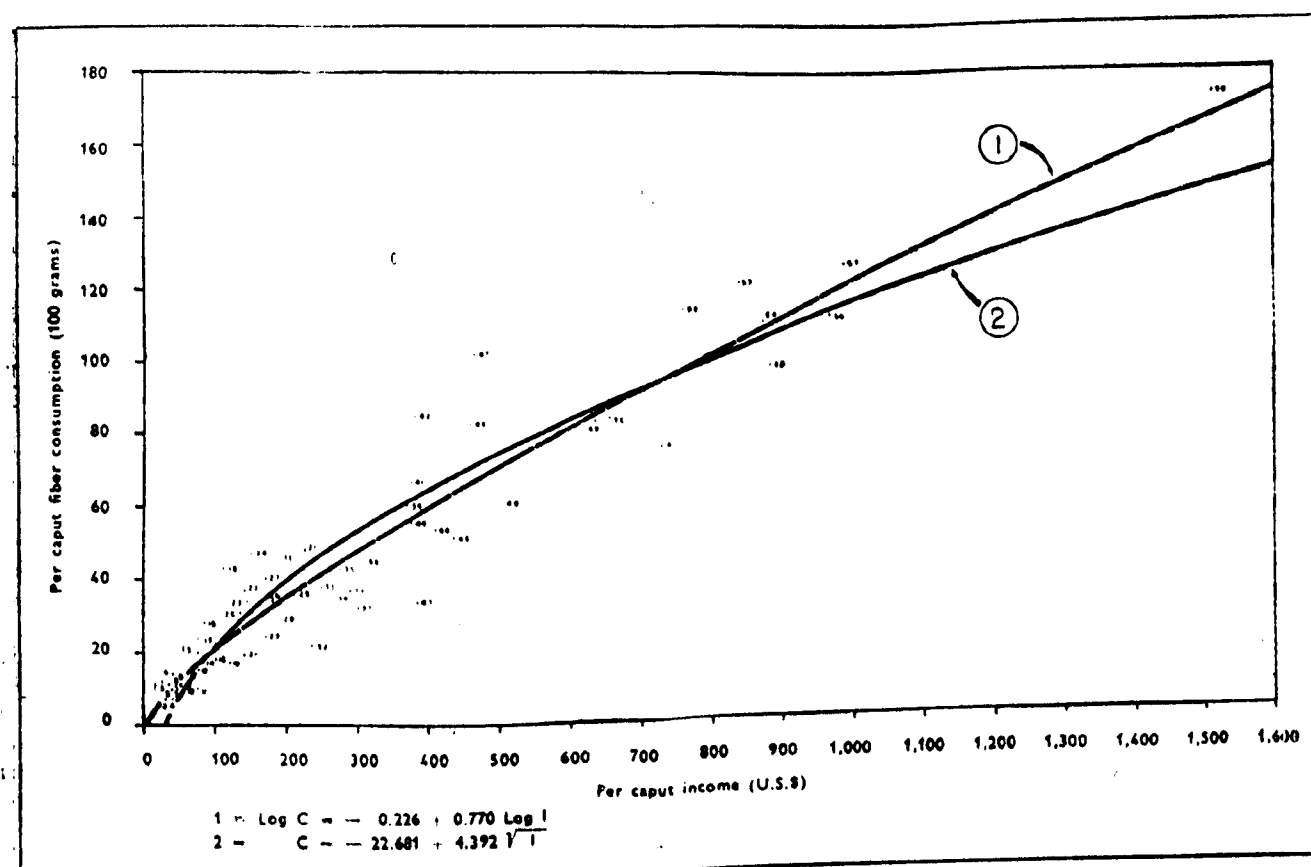
of fibre consumption projected is to be realized. Under-developed countries, mainly in the Near and Far East and in Latin America, have plans for a rate of increase in agricultural production broadly in line with the expansion in income postulated. Their fulfilment will depend to a considerable degree on the technical and financial assistance they receive from more advanced countries.

TABLE I
ACTUAL AND PROJECTED FIBRE CONSUMPTION

Year	Per caput fibre consumption (Kilograms)	World population (Millions)	Total fibre consumption * (000m. tons)
1948	3.6	2,357	8,550
1952	4.0	2,474	9,800
1960	4.5	2,760	12,500

Cotton, wool, rayon and other man-made fibers.

RELATIONSHIP BETWEEN INCOME AND CONSUMPTION OF FIBRES

Per Caput National Income and Fiber Consumption (Cotton, Wool, and Rayon)
Average 1948-50 — Basis for Correlation

Country	No. on Figure	Per caput		Country	No. on Figure	Per caput	
		Income	Consumption			Income	Consumption
		US \$	100 grams			US \$	100 grams
China	1	25	12	Italy	31	225	48
Indonesia	2	30	7	Jamaica	32	235	22
South Korea	3	35	11	Portugal	33	250	34
Burma	4	40	7	Yugoslavia	34	265	35
Belgian Congo	5	40	10	U. of S. Africa	35	275	43
Haiti	6	40	14	Malaya	36	290	37
Kenya	7	45	10	E. Europe, U.S.S.R.	37	300	33
Philippines	8	45	11	Cuba	38	310	45
Thailand	9	50	11	Germany, Western	39	370	61
Pakistan	10	65	11	Uruguay	40	375	56
Dominican Republic	11	75	10	Israel	41	375	67
Ecuador	12	75	15	Argentina	42	380	85
India	13	75	20	Venezuela	43	385	34
Iran	14	80	17	Ireland, Rep. of	44	410	54
Iraq	15	85	28	Austria	45	435	52
Japan	16	100	18	France	46	460	43
El Salvador	17	100	22	Netherlands	47	465	102
Syria	18	110	43	Finland	48	505	61
Ceylon	19	120	17	Belgium	49	635	84
Southern Rhodesia	20	135	31	Norway	50	655	85
Guatemala	21	140	19	Denmark	51	730	77
Turkey	22	140	37	United Kingdom	52	760	115
Mexico	23	145	34	Australia	53	840	122
Greece	24	150	47	New Zealand	54	875	111
Peru	25	170	24	Switzerland	55	885	99
Egypt	26	170	33	Sweden	56	970	112
Brazil	27	170	40	Canada	57	990	126
Colombia	28	190	29	United States	58	1 515	173
Spain	29	210	36				
Chile	30	215	46				

Sources: United Nations Statistical Office; FAO, Per Caput Fiber Consumption Levels, Commodity Bulletin No. 25.

Formula 1
 $\log C = -0.226 + 0.770 \log I$
 $I = + 0.950$
 $I = \pm 8.0$ (100 grams) or 17%

Formula 2
 $C = -22.681 + 4.392 \sqrt{I}$
 $I = + 0.946$
 $I = \pm 9.6$ (100 grams) or 20%

Alternative Formulae
 $(Income = I)$
 $(Consumption = C)$

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BUSINESS NOTES

HIGHER EXPORT DUTY ON TEA

The Government of India's action in raising the export duty on tea last week was not unexpected. The recovery of the tea industry after the difficult phase of depression in 1952, accompanied by a sustained rise in export prices to new levels, hardly left any doubt that the exchequer would not lose the opportunity to claim a share in the boom. If the export duty remained unchanged since 1947, it was because this commodity could not be bracketed with many other articles which came in for a sizable mopping up of their extra earnings without any mentionable repercussions on the volume of their export. The timing of the higher export duty at the present phase in the export trade in tea is, if anything, belated, nor can the increase from 4 annas per lb. to 7 annas per lb. in the duty be regarded as high. The losses of 1952 have been wiped out by the market conditions prevailing in 1953 and the current year and the industry has been enabled to build a position much stronger than the needs of rehabilitation, between a year ago and now export prices have shot up sharply. Medium Assam Grainy Dust (cheapest quality) improved from Rs. 1-9-6 per lb. to Rs. 2-9-6, while Good Assam B.P. (best quality) rose from Rs. -4 per lb. to Rs. 3-8 per lb. The damage from flood as been restricted to a few gardens and although there is the threat of more damage, the industry on the whole has not been seriously injured. The Government has been well advised not to pitch the rate of duty above annas per lb. The immediate context in which the increase in duty was decided related to the price trends in London. Last week London prices ruled at an average of 6sh. 0.86d. per lb. which registered for the first time in the current season a quotation above the Calcutta parity. The behaviour of the London market need not be taken to imply that there is still a margin for rise without provoking consumer resistance. At the moment buying activity is pitched high, but with larger and ready arrivals of stocks, prices may slide down. If Indian tea is to consolidate and hold its new position in Lincing Lane, the incidence of the additional duty cannot be passed on straightaway to the overseas buyer. An inroad into the profit is thus indicated. How long the duty can be maintained at the new rate will be determined by overseas price trends. But the addition of higher costs in terms of the Plantations Labour Act has brought a permanent element of inflated production costs and there is need for vigilance to ensure that the export duty does not detract from the competitive strength of Indian tea in London.

ACK TO 48-HOUR WEEK

The Indian Jute Mills' Association has announced a decision in favour of a return to 48 hours' working week in the mills from October 18. The decision obviously demonstrates that the current rate of production is inadequate to cope with the volume of demand. This is good news for an industry which has been forced through a series of crises and had to restrict production. The 48-hour week is not intended to be in force indefinitely, but its duration is fixed tentatively till the end of January 1955. Its continuance thereafter, or suspension and return to 45 hours per week (introduced on July 13 last) is to be determined in the light of the demand for jute goods and the position of stocks at that time.

There is no reason to warrant the apprehension at the ill-fated experiment of the introduction of 48-hour week in December 1951 is likely to be repeated in time. But the Association has been well-advised to proceed with caution. The accumulation of stocks at the end of the Korean war and the considerable surpluses which locking up of capital brought with it

compelled a reduction in working hours and it was only about three months back that the number of working hours was increased from 42½ hours to 45 hours per week. This revision of working hours was necessitated by the rising rate of disposal of stocks. During the last three quarters, offtake helped to liquidate stocks until they were reduced to 70,500 tons in August—about 9,500 tons below the monthly output of 80,000 tons on the basis of 45-hour week. On this basis again, monthly output will be raised by more than 5,300 tons with 48-hour working per week. Continued enquiries and steady orders from Africa, Australia, Burma, the Middle East and Western Germany, and possibly a greater interest that the U.S. and Argentina are expected to show, will sustain a higher rate of production which is expected to secure marginal economy in cost.

ART SILK INDUSTRY: PROTECTION

The artificial silk fabrics and cotton and artificial silk mixed fabrics industry has been granted protection for two decades now, although at the beginning of this period it was not in existence. This was the result of the grant of protection to cotton textiles in 1934 against the competition of artificial silk mixed fabrics along with cotton textiles of foreign manufacture. After the art silk industry came into being, the protection was extended periodically and the present time-limit expires in December 1954. No doubt need be entertained about the continuance of protection inasmuch as synthetic fabrics have emerged as powerful rivals of natural cotton fabrics and this country, which occupies a front rank among cotton textile manufacturing countries, cannot afford to ignore the development of the art silk industry to supplement its strength as a producer of fabrics. Mr. B. N. Adarkar's opening speech at the enquiry into this industry's request for extension of protection before the Tariff Commission tends to show that at home the industry has still a long way to go before it can rise to the stature of its foreign counterpart, while in the overseas markets Indian art silk fabrics have suffered a decline in recent years.

The gap between the industry's production capacity and actual output explains one of the important causes of its present position. The higher estimate puts the size of the industry to include 1,849 units with a total of 17,737 powerlooms. Of these powerlooms, three-fourths have been concentrated in Bombay State. Estimates of handlooms used exclusively for production of art silk vary between 56,995 and 67,779. The capacity of the powerlooms has been put at 475.87 million yards, exclusive of units in one important producing centre—Bhivandi—in Bombay State and 125 units which are not affiliated to any associations of producers. About handloom capacity, no estimate is available. The actual production of mills which are members of various associations fluctuated between 189.9 million yards in 1950 and 246 million yards in 1953, which, however, is lower than the 1951 figure. Actual output on these estimates amounts to 50 per cent of the installed capacity. Widely differing views have been expressed about the volume of demand, the extremes ranging between 150 million yards and 450 million yards per year. The Art Silk Mills' Association estimates the requirements at 350 million yards which was also the Tariff Board's estimate in 1951; but latterly the demand has declined. The shortfall in home production by a margin of not less than 100 million yards makes imports essential, but it does not disprove the claim for import restriction. At present the import restriction for the half-yearly period amounts to 10 per cent of one-half of the best year's imports. Art silk yarn is the most vital raw material required by the industry. As against the installed capacity of the three units producing yarn of the order of 13.6 million

lbs., output has progressively improved to an annual rate of 10.4 million lbs. in the first six months of 1954. This works out to about 20 per cent of the officially estimated demand for yarn of 50 million lbs. Actual imports of yarn in 1953 were 34.9 million lbs. which implies that this official estimate errs on the higher side. The situation is complicated by the prevalence of high speculation in art silk yarn.

SUGARCANE PRICE

The decision of the Government of India in fixing the minimum price of sugarcane at Rs. 1-7 per maund, when delivered at the factory, during the 1954-55 crushing season, maintains the status quo. The price for delivery at railway centre has been fixed at Rs. 1-5 per maund. The rebate permissible to sugar factories is fixed at three pies per maund per mile subject to a maximum of 3 annas per maund out of the minimum price of Rs. 1-7 per maund, when cane is transported by the manufacturer by road at his own cost from the purchasing centre to the factory. Suitable rebate on account of any other reasonable cause is also promised in the interest of sugarcane growers.

There is nothing surprising in this decision and it is clear that the new price should satisfy the cane growers. Their demand for a higher price was obviously untenable and certainly, in pressing for the determination of the minimum price at Rs. 1-12 per maund at which level it was fixed in 1951-52, they pitched their claim too high. There was in fact no justification for any upward revision and the plea of an appropriate incentive to step up the output of cane and its supply to the factories was unsubstantiated. Imports were clearly dictated by the urgent need to fill the gap in supply as also to counter any tendency on the part of the trade to hoard stocks in the vulnerable areas. The higher rate of consumption should stimulate greater production of cane as well as of sugar and for this purpose the price fixed is quite adequate. Sugarcane prices cannot be maintained out of parity with the prices of other agricultural produce, if the overall equilibrium in output is not to be upset.

BOMBAY STATE CO-OPERATIVE BANK

The Bombay State Co-operative Bank's financial operations during the year 1953-54 show a further accession of strength to the Bank. The affiliation of new societies and increase in the share capital are a reward for a tradition and practice of sound business policy which follows a firm middle course without falling into the error of extra-conservatism. The share capital of the Bank now stands at Rs. 60.47 lakhs—an increase of Rs. 47,950 over the previous year. Government contribution accounts for Rs. 26 lakhs. During the year under report the Bank contributed to the share capital of two central financing agencies Rs. 2 lakhs (equivalent to the amount received from the State Government) and its total subscription to the share capital of central financing institutions was raised to Rs. 8.75 lakhs. The fall of Rs. 57.47 lakhs in the Bank's deposits in the last year is explained mostly by the withdrawal of surplus funds deposited with it by co-operative societies and individuals, but it need not be taken to signify a disturbing trend. In fact, the withdrawn amounts were utilised by the apex institutions and other co-operative societies or individuals for agricultural finance. As a logical effect of the withdrawals, the Bank's borrowings from the Reserve Bank as well as at call were raised. The reserves are being fortified. Total reserves went up in 1953-54 by Rs. 2.88 lakhs to Rs. 57.22 lakhs. The special appropriations to reserves for doubtful debts and overdue interest reserve disclose that due precautions are taken to safeguard the Bank's interest where the borrowers constitute a vulnerable class.

The Chairman, Mr. R. G. Saraiya, has deliberately chosen to focus attention on the long-term problem of

agricultural credit. The organization of agricultural credit through the agency of co-operatives must not be taken to imply that the entire responsibility for its provision devolves on co-operative credit institutions. The structure of agriculture and the nature of the credit required to finance it indicate clearly that such an exclusive apportionment of liability cannot be made. The large number of small borrowers to whose requirements the credit societies have to cater enlarges the margin between borrowing and lending rates of credit societies and there are obvious limits to cheapening the rate of interest. The magnitude of the demand for agricultural finance cannot be coped fully by co-operative societies functioning on their own nor with the assistance of the State Co-operative Banks and other credit agencies, supplemented in a small measure by the Reserve Bank. Granted credit-worthy borrowers and credit-worthy purposes of loans, the risks involved in recurring natural calamities make it obligatory that a parallel provision ought to be made for rehabilitation finance. Mr. Saraiya expresses the hope that the report on the Rural Credit Survey will suggest positive lines of policy for adequate credit and provision of vigilant safeguards to ensure its proper use.

SMALL INDUSTRIES IN BOMBAY

The clarification of the Bombay Government's policy on small and medium industries given by Dr. Jivraj Mehta, the State Minister for Industries, at an industrial conference in Poona, indicates that, while there has been some positive advance in the Government's attitude towards this problem, the small industries have not yet bestirred themselves to organized effort to take action in concert for their improvement. This is evident from the lack of interest shown by three-fourths of the small units in acquainting the Government with their problems and immediate requirements in response to a specific query addressed to them. The price preference of 25 per cent which the State Government has granted to their products over the products of large units, subject to the condition that the small units act on the basis of industrial co-operatives, constitutes an interim measure of encouragement. At a subsequent stage the co-operatives ought to achieve a competitive stature.

The financial assistance which the State Government has offered to the small units proceeds on the lines recommended by the international team of experts in their report on small industries. Loans have been offered to them to the extent of Rs. 25 lakhs during the current financial year for purchase of mechanised equipment and as provision for working capital on much favourable terms. It is not clear how many units will qualify for the State Government's financial assistance. But on the basis of 4,000 small units (with a labour force of not more than 50 workers each but employing a total manpower of the order of 84,000 or an average of 21 workers per unit), the loan would amount to Rs. 625 per unit. The actual allotment will be higher, but spread over a smaller number of units. When the electric power expansion projects are completed in the course of the next five years, the demand for cheaper rate will be met. But it is problematical how many of the small units will avail themselves of it. Measures of State assistance will not be grudged to small industries, but it is for the units themselves to develop their structure and function in an ancillary capacity to large industries.

CLIMATE FOR INVESTMENT

The restoration of confidence and buoyancy in the stock exchanges in India in respect of practically all the industrial scrips, for the first time this year during the last seven years, follows the vital changes in the economic situation creating a favourable atmosphere for the stimulation of industry and business. Freedom from controls, which was made possible by the levelling

up of production, and re-establishment of a more stable equilibrium between demand and supply that followed the upward curve in production have been responsible in this country, as in other countries also, for the creation of a climate conducive to investment. In this country, after the initial search for a secure industrial policy, a better appreciation of the role of private enterprise in the mixed economy and of the contribution which it has to make to planned development has brought about a salutary change in official policy calculated to encourage the expansion of industry. Mr. K. R. P. Shroff, Vice-President of the Bombay Shareholders' Association, draws the conclusion that the successful flotation of new issues in the capital market and the appreciation in share values in several industries are due to a number of factors that have gone to restore confidence on the part of the investor. Seasonal causes as in the case of tea prices in London, capital resources provided to some industries and substantial increases in output in others do not explain all the forces behind stock market buoyancy. The psychology of confidence strengthened by the anticipation of a liberal deal for industry in the Plan in the immediate future also constitutes an important element leading to an improved climate for investment.

This analysis of share market optimism is unexceptionable but while Mr. Shroff subscribes to it in essence, the advocacy which he makes for stringent check on company managements to the point of a rigid system of government intervention hardly squares with it. As a spokesman of organised shareholders, he has urged that recurrence of losses in successive years in the case of certain companies ought not to be interpreted as a normal concomitant of business risk. The amplification of his viewpoint that he frankly gives makes it plain that in some cases at least the bona fides of the management may be called in question. If this is really so, shareholders as aggrieved parties have remedies in law to protect their interests and invite penal action where it is proved to be merited. But his plea for direct government intervention to investigate all such cases (with the help of an investigating authority to be specially set up for this purpose at a subsequent stage) is not only preposterous but it ignores the serious injury which such interference is bound to inflict on private enterprise. Happily, the cautious and sparing use which the Government has chosen to make of its powers of enquiry and intervention gives an assurance that it is unlikely to entertain this desperate counsel.

PROMOTING COAL EXPORTS

The counsel of the Coal Consumers' Association of India has sometimes proved of practical value in shaping the policy of the coal industry in relation to its problems for the obvious reason that the Association, representing the big and organized section of coal consumers, has sought to base its outlook on considerations of the concrete requirements of consumers, which need not be conceived as coming in conflict with those of the coalmines. The Association's memorandum to the Coal Export Committee draws initial attention to the fact that since the decline in the exports of Indian coal has not been caused or matched by an increase in consumption at home, the coal industry will be constrained to undercut production, if measures are not successfully adopted to restore the export outlets. Reduction of output in coalmines implies higher overheads and increased production costs. Since an upward trend in coal prices is bound to affect a large sector of industry using coal for power, the Association urges that the problem must be viewed from the broader angle and the prospective demand at home for coal in the coming decade should be carefully assessed, as no policy for coal export can be conceived in isolation. This word of caution may appear as placing premature emphasis on a remote possibility, but production policies for collieries cannot be determined in the short-term context.

The major steps that are stressed by the Association for the restoration and promotion of exports do not lose importance if they have been pleaded before. Strict inspection and check on quality and size of coal is the first requirement since Indian coal has suffered a setback, among other vital factors, on the score of quality. In view of the time that must be taken for establishing central washeries, suitable loans (and in appropriate cases, grants) need to be considered by the Government for private washeries. The relaxation of present stringent controls on production and transport is urged in the interest of raising quality and allowing fuller scope for consumer preference. Congestion in Calcutta port has tended to subject export shipments to delay and added costs and sometimes defaults in delivery terms. But while this fact is not on dispute, the suggestion to construct a subsidiary harbour near Diamond Harbour is not a short-term remedy, but irrespective of the time element this measure must be taken up for prompt decision. Transport from collieries to the port in entire train-loads strengthens the case for fresh concessions in freight charges and in the current drive for exports several countries have taken recourse to concessional freight charges as an indirect aid to enhance the competitive capacity of export industries. But the Association's suggestion for an outright grant of an export subsidy for coal can be sustained neither as an emergency measure nor on the ground of the weight of this commodity in the composition of India's exports.

PROGRESS OF BANK LIQUIDATION PROCEEDINGS

The Court Liquidator appointed by the Government of India in Calcutta under the Banking Companies (Amendment) Act of last year has already taken over possession of 68 West Bengal banks, the liquidation proceedings of which were pending at the time the liquidator was appointed. In regard to a few of these banks, the Court Liquidator has already declared, as an interim measure, the dividends to be paid to the creditors. A simplified procedure of liquidation proceedings has been authorised under the Amendment Act of last year. This Act was passed on the recommendations made by a Committee set up by the Government of India to examine the then prevailing procedure and to recommend procedures for expediting liquidation proceedings. An important proviso in the Act is that when banks go into liquidation every depositor in a Savings Account should be entitled to a preferential payment up to Rs. 100.

In the case of those banks for which interim dividends have been declared, the Court Liquidator has been able to award full preferential payment. As regards other categories of depositors, interim dividends have been announced pending the ultimate disposal of all available assets when final dividends would be declared. The Court Liquidator, acting under the supervision and instructions of High Court, has also taken several steps to reduce liquidation expenses. One of the schemes which has led to substantial economy and convenience of working aims at the concentration of different bank offices at Calcutta National Bank Building and the centralisation or the storage of books and records of different banks scattered throughout Calcutta at one or two places. Steps have also been taken to reduce legal expenses on the liquidation proceedings. The appointment of Court Liquidator as a single executive authority for the liquidation proceedings of all banks, acting under the direction of the High Court, has also led to a temporary utilisation of the liquid assets of the banks pending their final distribution. These assets which were lying as balances in the current accounts of the banks concerned with their bankers have now been pooled and invested in short-term deposits yielding interest which will ultimately benefit the general body of creditors of such banks.

COMMODITY NEWS AND NOTES

FINAL ESTIMATE OF TOBACCO

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India final estimate of tobacco for 1953-54 puts the current year's acreage and production at 890,000 acres and 256,000 tons, as against the partially revised estimate of 895,000 acres and 241,000 tons for 1952-53. This shows a decrease of 5,000 acres or less than one per cent in area and an increase of 15,000 tons or 6.2 per cent in production. The decrease in area has mainly occurred in Andhra, U.P. and Bihar and is attributable to unfavourable weather conditions at the time of sowing in the case of Andhra and Bihar and to enhanced excise duty in the case of U.P. This decrease has, however, been offset to a large extent by an increase recorded in Bombay due to favourable weather conditions at the time of sowing. The increase in production has mainly been shared by Bombay and Madras and is attributable to favourable weather conditions during the time of growth. This increase has been reduced to some extent by a decrease recorded mainly in U.P. due to a decrease in area.

EXPORT OF INDIAN RAW WOOL

The Government of India have reviewed the policy for raw wool in the light of its availability and the requirements of the indigenous industry. As a result of this review, it has been decided to release a further quantity for export during the period October 1, 1954 to March 31, 1955. Exports will be allowed by established shippers and newcomers on a quota basis. The details of the licensing procedure are being notified by Export Trade Controllers at the ports concerned.

RISE IN MANGANESE ORE EXPORTS

Overseas demand for Indian manganese ore has revived with the abolition of the 15 per cent ad valorem export duty, and shipment from major ports last month amounted to 951,480 cwt. as against 843,560 cwt. during July, 1954. The larger exports, however, have failed to check the fall in prices, and high-grade ore is now nominally quoted at Rs. 60 per ton as against Rs. 170 at the beginning of the year and Rs. 92 prior to the abolition of export duty. Low-grade ore prices have fallen from Rs. 95 at the beginning of the year to Rs. 39 per ton. The price decline is attributed to keen competition from other exporting countries like Russia, Brazil and South Africa, which have captured some of the Indian markets.

EXPORT OF KYANITE

The Government of India have reviewed the export policy for kyanite in the light of progress of exports against current allotments, and the conditions prevailing in international markets. As a result of this review it has been decided to grant additional quotas to mine-owners and established shippers who have exhausted their previous allotments to enable them to fulfil the balance of their contracts. Quotas will also be given on a reasonable basis to other shippers against contracts concluded by them with overseas buyers. The quotas so allotted will be valid for shipment till December 31, 1954.

EXPORT OF CHROME ORE TO BE LICENSED FREELY

The export policy for chrome ore has been reviewed in the light of the mined stocks, progress of exports against current allotments, and the position in the international markets. In the light of this view, it has been decided to license the export of chrome ore freely

on presentation of shipping bills. This decision comes into effect immediately.

STEEL PRODUCTION IN INDIA BY 1961

A programme of intensive industrialisation and production of steel in India will be given high priority in the second Five-Year Plan to be launched two years hence. The Union Minister for Industry has fixed a target of 6 million tons of steel to be attained by 1961, but its implications have not yet been fully worked out. Industrial circles feel that the target is quite "realistic" and that it could not be lowered without detriment to India's industrial progress. Consumption of steel in the country stood at 1.7 million tons in 1914 and 2.2 million tons in 1932. During the war period, steel consumption amounted to 1.6 million tons per year, and it has remained more or less at this figure in the post-war period. Steel is at present a controlled commodity. It is pointed out, however, if control is lifted, consumption might go up by an appreciable amount. The U.S.A. produces over 100 million tons of steel per year, the U.K. about 16 million tons, Russia about 35 million tons and West Germany 13 million tons.

CEYLON TEA EXPORTS IN JULY

Ceylon tea exports were well maintained in July, 1954, despite lower offtake by the U.S.A., and totalled 34.6 million lb. as compared with 32.9 million lb. in the corresponding month of last year. The fall of 2.5 million lb. in exports to the U.S.A. was more than offset by increased exports to the U.K. and Australia. While exports to the U.K. increased by 3.3 million lb. to 13.5 million lb., Australia imported 8.2 million lb. as against 6.5 million lb. in the corresponding month of last year. Shipments to Egypt were slightly higher at 3 million lb., but offtake by Africa fell from 2.6 million lb. in July last year to 1.8 million lb.

PHILIPPINE BAN ON JUTE BAGS IMPORTS LIFTED

The ban on the grant of foreign exchange for importing jute goods into the Philippines has been temporarily lifted to allow imports of jute bags to be used solely for the export of sugar and copra, according to reports from Manila. The new arrangement, which will continue up to the end of June, 1955, allows imports of jute bags only by the producers, who are to apply to the Central Bank of the Philippines through their agent banks. The ban on the import of jute goods was first imposed on January 6, 1954.

FINAL ESTIMATE OF PULSES

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the consolidated all-India final estimate of pulses (including gram and tur) for 1953-54 puts the current year's area and production at 50,649,000 acres and 9,898,000 tons, as against the partially revised estimate of 48,627,000 acres and 9,008,000 tons for 1952-53. This shows an increase of 1,962,000 acres or 4 per cent in area and 890,000 tons or 9.9 per cent in production due to very favourable weather conditions, both at the sowing and growing periods. All-India final estimates of gram, tur and other pulses have already been issued separately, but the pulses-wise details of the consolidated final estimate are as follows:

	Area		Production	
	(Thousand acres)		(Thousand tons)	
	1953-54	1952-53	1953-54	1952-53
Pulses	50,649	48,627	9,898	9,008
Gram	18,898	18,014	4,551	4,168
Tur	5,776	5,927	1,783	1,675
Other Pulses	25,980	24,746	3,565	3,165
Total Pulses	50,649	48,627	9,898	9,008

COMPANY AFFAIRS

THE AMALGAMATED COALFIELD LIMITED

The results of the working of the Amalgamated Coalfield Limited (Managing Agents: Shaw Wallace and Co. Ltd.) for the half-year ended March 31, 1954 show a slight decrease of Rs. 1.42 lakhs in sales over the previous half-year. Though the output of the company has increased from 3.75 tons to 3.91 tons, despatches have decreased from 3.92 tons to 3.83 tons. The net profit, after providing for depreciation and taxation, has also gone down to Rs. 2.0 lakhs as against Rs. 2.24 lakhs during the preceding half-year. The directors have, therefore, reduced the dividend rate per annum from 10 per cent to 7½ per cent for the half-year under reference.

Out of the available surplus of Rs. 3,13,097, the directors have appropriated Rs. 96,031 for taxation; Rs. 1,00,000 for machinery replacement and development reserve and Rs. 95,625 for payment of the proposed dividend. The balance of Rs. 21,441 has been carried forward to the next half-year.

The following table shows at a glance the working of the company during the last three half-years:

Half-year ended	31-3-53	30-9-53	31-3-54
Raisings (in tons)	3,72,975	3,74,537	3,90,696
Despatches (in tons)	3,68,886	3,92,351	3,82,889
	Rs.	Rs.	Rs.
Sales	56,43,652	60,05,198	58,63,423
Stocks	2,92,759	74,154	1,73,012
Net Profit	2,23,725	2,23,865	2,00,112
Depreciation	2,44,498	2,83,964	2,74,523
Taxation	87,098	85,000	96,031
Dividend rate per cent per annum	10	10	7½

Balance sheet as on March 31, 1954.

Liabilities: Paid-up capital Rs. 25,50,000; Reserves and Surplus Rs. 19,71,441; Unclaimed Dividends Rs. 87,318; Current Liabilities and Provisions Rs. 26,52,284; Total Rs. 72,11,043.

Assets: Fixed Capital Expenditure Rs. 26,40,000; Current Assets Rs. 45,71,043; Total Rs. 72,11,043.

THE FENCH VALLEY CO., LTD.

The audited accounts of the above company (Managing Agents: Shaw Wallace and Co. Ltd.) for the seven months ended March 31, 1954 show all-round progress. The output for the period under review stands at 2,51,508 tons while despatches are at 2,52,289 tons. The figures for sales and stocks are 38.69 lakhs and Rs. 0.89 lakhs respectively.

The net profit, after providing for depreciation and taxation, comes to Rs. 3.12 lakhs. The ordinary dividend rate has been decreased from 17½ per cent per annum for the previous half-year to 8½ per cent per annum for the seven months under review.

Out of the available surplus of Rs. 5,53,423, Rs. 1,75,000 have been set aside for development reserve, Rs. 1,27,813 for the proposed dividend and Rs. 218,306 for taxation. The balance of Rs. 23,304 has been carried forward to the next half-year.

The table below outlines the working results of the company during the last three accounting periods.

	Half-year ended		Seven months ended
	Feb. 1953	Aug. 1953	Aug. 1954
Raisings (in tons)	2,10,704	2,14,306	2,51,508
Despatches (in tons)	2,04,748	2,16,775	2,52,289
	Rs.	Rs.	Rs.
Sales	31,42,277	33,33,238	38,68,900
Stocks	1,03,740	78,846	59,433
Net Profit	2,13,534	2,70,382	3,12,225
Taxation	1,66,868	2,12,888	2,18,306
Depreciation	1,50,384	1,93,761	2,03,160
Dividend rate per cent per annum	15	17½	8½

Balance sheet as on March 31, 1954.

Capital and Liabilities: Paid-up Capital Rs. 15,75,000; Reserve and Surplus Rs. 13,22,304; Unclaimed Dividends Rs. 1,02,618; Current Liabilities and Provisions Rs. 16,87,942; Total Rs. 46,87,864.

Assets: Fixed Capital Expenditure Rs. 12,95,000; Current Assets Rs. 33,72,864; Total Rs. 46,67,864.

THE NILGIRI NEERUGUNDI ESTATES CO., LTD.

The working results of the above estates (Managing Agents and Secretaries: Peirce, Leslie and Co., Ltd.) for the year ended June 30, 1954, are very encouraging as compared with the previous year. The tea and the coffee crops weighed out at 11,80,348 lbs. and 1756 cwt. respectively, as against 8,66,726 lbs. and 767 cwt. in the preceding year. The company was allotted 1,51,296 lbs. export quota of tea which is equivalent of 83.5 per cent of the basic crop.

The amount realised from the sales of the crop stands at Rs. 6.78 lakhs—Rs. 2.52 lakhs more than the last year. The net profit, after providing for depreciation, comes to Rs. 1,15,967 as against a loss of Rs. 66,258 in 1952-53. The dividend on the ordinary shares has been recommended at 20 per cent per annum. No dividend was paid during the year 1952-53. The crops of tea and coffee for 1954-1955 have been estimated at 10,00,000 lbs. and 800 cwt. respectively.

The working of the company during the last two years is summarised below:

	1952-1953	1953-1954
Tea Crop (Green Leaf) lbs.	8,66,926	11,80,348
Coffee Crop (Cwts)	767	1,756
Sales (Rs.)	4,26,680	6,78,205
Depreciation (Rs.)	16,556	17,696
Taxation (Rs.)	800	42,900
Net Profit (Rs.)	-66,258	+1,15,967
Dividend per cent per annum	..	20

Balance sheet as on June 30, 1954.

Capital and Liabilities: Paid-up capital Rs. 3,67,221; Revenue Reserves Rs. 3,81,680; Debentures Rs. 52,100; Liabilities Rs. 1,04,985; Profit and Loss Account Rs. 62,567; Total Rs. 9,68,563.

Property and Assets: Fixed Capital Expenditure Rs. 6,47,167. Stores and Spare Parts Rs. 28,501; Loose Tools Rs. 5,253; Nursery and Green Manure Seed Stock Rs. 21,025; Stock-in-Trade Rs. 1,34,312; Book Debts (Unsecured) Rs. 34,653; Cash and other Balances Rs. 97,667; Total Rs. 9,68,563.

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48	306.1	377.5	261.6	284.4	456.2	308.2	..	..	..	..
1948-49	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
November 1953	378.0	441.4	355.5	365.6	715.2	390.6	90.2	101.4	87.2	96.0
December 1953	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954	391.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February 1954	373.3	471.3	360.1	368.3	692.9	395.0	90.3	101.6	88.0	102.0
March 1954	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
April 1954	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May 1954	366.2	464.6*	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0
June 1954	343.2	441.0	355.6	378.7	647.3	381.6	90.3	100.9	88.5	106.9
July 1954	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6
August 1954	362.4	420.9	351.9	375.7	608.9	382.5	90.8	100.6	89.4	117.4
Week Ending 21-8-1954	361.4	420.7	351.8	375.2	605.6	381.7	90.8	100.6	89.3	118.1
28-8-1954	365.1	426.5	352.8	377.2	610.2	384.8	90.8	100.6	89.4	119.9
4-9-1954	364.6	428.6	352.6	377.7	616.6	385.2	90.8	100.6	89.7	119.9
11-9-1954	366.3	421.0	353.6	377.4	603.3	384.3	90.8	100.4	88.5	121.2
18-9-1954	361.1	426.1	354.7	377.0	604.0	383.5	90.7	100.4	88.5	121.4

†Economic Adviser's Series.
††Reserve Bank Series.

WORKING CLASS COST OF LIVING
(August 1939=100)

Period	Bombay			Delhi	Bengal	U. P.	Central Provinces		Madras	E.P.	Bihar	All India†
	Bombay	Bombay June 1934 = 100	Ahmedabad July 1927 = 100	Delhi†	Calcutta	Kanpur	Nagpur	Jubbulpore†	Madras June 1936 = 100	Ludhiana†	Jamshedpur†	
1939 (Aug.-Dec.)	103	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	349	484	372	153	325	165	145	139
1951	314	330	261	142	370	451	391	168	334	167	160	145
1952	321	337	250	143	351	441	380	150	330	151	154	142
1953	346	363	275	140	349	453	387	151	351	147	156	146
1953 August	358	376	285	144	373	469	397	157	352	149	160	153
September	353	371	283	145	366	464	391	154	351	150	163	152
October	350	368	282	144	349	457	389	153	352	150	162	149
November	344	361	280	144	339	453	385	148	353	149	155	146
December	342	359	268	140	329	438	380	146	350	149	145	142
1954 January	346	363	269	139	325	442	377	144	353	151	142	144
February	331	348	257	139	316	432	375	144	352	151	141	141
March	332	349	257	138	319	416	374	143	345	150	136	139
April	338	355	255	141	323	426	377	144	341	151	138	141
May	338	355	251	142	339	415	374	142	341	150	142	142
June	350	367	240	135	332	396	375	—	342	—	143	143
July	349	366	—	134	331	400	—	—	339	—	140	140
August	—	—	—	135	330	408	—	—	338	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	2-10-1954			25-9-1954			18-9-1954			11-9-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola)	87-9	86-6	87-1	88-4	86-11	87-2	88-1	86-7	87-5	88-13	87-6	88-1
Silver (per 100 fine tola)	138-1	136-13	137-7	138-5	136-10	137-2	138-14	136-6	137-4	138-10	136-5	137-2

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupce Coin	Rupce Securities	Total Assets
1938-39*	182.36	28.28	210.64	44.42	36.95	111.37	52.91	87.11	32.16	210.64
1947-48*	1,227.82	47.12	1,274.95	44.42	1,135.32	1,179.74	92.53	32.36	62.84	1,274.95
1948-49*	1,231.84	22.02	1,253.86	42.49	907.47	949.96	75.43	42.86	265.62a	1,253.86
	(5.58)	(—)	(5.58)					(90)		(5.58)
1949-50*	1,128.94	24.00	1,152.94	40.02	647.04	687.06	59.59	59.53	415.36	1,152.94
1950-51*	1,163.21	17.19	1,180.40	40.02	624.70	664.72	56.31	57.21	458.47	1,180.40
1951-52*	1,189.84	27.78	1,217.62	40.02	625.27	665.29	54.64	63.98	488.36	1,217.62
1952-53*	1,114.84	27.87	1,142.72	40.02	664.40	704.42	61.64	80.22	458.08	1,142.72
1953-54*	1,133.95	23.03	1,156.97	40.02	594.02	634.04	54.80	92.83	430.11	1,156.97
Average of Fridays										
February 1954	1,174.68	16.14	1,190.82	40.02	635.65	675.67	56.74	93.80	421.35	1,190.82
March "	1,190.15	12.48	1,202.63	40.02	648.15	688.17	57.22	92.12	421.34	1,202.63
April "	1,220.24	13.08	1,233.32	40.02	674.15	714.17	57.91	97.81	421.34	1,233.32
May "	1,220.26	25.82	1,246.08	40.02	688.15	728.17	58.45	96.49	421.22	1,246.08
June "	1,196.24	36.20	1,232.44	40.02	679.40	719.42	57.96	96.80	421.22	1,232.44
July "	1,163.71	35.99	1,199.50	40.02	638.15	678.17	56.52	100.81	421.22	1,199.50
August "	1,149.93	32.78	1,182.71	40.02	618.15	658.17	55.65	103.42	421.22	1,182.71
September "	1,152.24	25.76	1,178.00	40.02	618.15	658.17	55.41	105.22	420.35	1,178.00
Week Ending										
20-8-1954	1,146.42	31.62	1,178.04	40.02	613.15	653.17	55.45	103.65	421.22	1,178.04
27-8-1954	1,137.35	41.94	1,179.29	40.02	613.15	653.17	55.39	104.90	421.22	1,179.29
3-9-1954	1,149.51	26.69	1,176.20	40.02	613.15	653.17	55.39	104.81	421.22	1,176.20
10-9-1954	1,161.37	17.41	1,178.78	40.02	613.15	653.17	55.42	104.29	421.22	1,178.78
17-9-1954	1,161.03	28.72	1,189.75	40.02	613.15	653.17	55.37	104.85	421.22	1,189.75
24-9-1954	1,147.14	30.20	1,177.33	40.02	613.15	653.17	55.48	105.42	417.75	1,177.33

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS*	Notes and Coins	Bills Purchased and Discounted	Reserves Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14.90	16.93	102.47	75	31.84	1.38	43.12	28.38	1.53	4.21	1.72	2	6.36	90
1947-48*	366.79	16.93	102.47	34.21	530.40	14.55	544.95	47.24	2.62	408.95	1.57	21	21.88	4.85
1948-49*	222.17	6.62	80.53	56.52	365.22	15.33	416.05	22.12	4.28	307.78	1.71	3.34	75.65	4.14
	(14.32)	(3.04)						(1)						
1949-50*	141.19	23.12	67.00	64.39	295.69	15.76	321.45	24.12	4.30	280.91	3.35	3.39	900.54	4.34
1950-51*	148.60	17.71	62.22	62.29	290.82	16.14	316.97	17.31	3.04	107.70	2.27	6.77	76.72	5.06
1951-52*	181.30	15.95	58.68	69.23	325.15	18.62	353.77	27.92	6.31	187.14	5.90	19.43	95.19	11.91
1952-53*	136.40	7.79	52.89	61.93	259.02	22.69	292.71	28.03	6.64	123.56	2.85	19.03	89.77	12.83
1953-54*	105.44	23.40	46.52	57.45	232.80	23.91	266.72	22.22	9.46	123.31	1.78	19.84	81.58	7.51
Average of Fridays														
February 1954	89.83	31.74	40.14	61.95	313.36	22.49	245.85	16.36	12.76	105.09	75	31.19	71.29	8.40
March "	80.90	42.08	40.44	42.99	206.41	24.91	241.32	12.73	10.46	99.86	1.12	39.83	68.70	8.64
April "	64.51	30.52	42.16	45.31	182.41	27.95	230.36	12.35	12.98	78.55	1.21	40.01	65.17	9.09
May "	92.14	30.81	43.30	46.10	203.15	28.47	241.62	25.99	10.11	65.23	1.12	57.83	71.91	9.51
June "	110.59	18.52	45.21	43.79	218.04	28.28	254.47	24.44	9.07	171.44	1.29	39.09	85.31	9.84
July "	121.13	20.39	46.52	36.55	234.61	28.96	263.57	26.21	1.76	103.01	7	19.84	93.06	1.73
August "	126.44	14.64	58.51	36.01	235.60	22.98	268.60	22.03	3.02	112.99	1.41	16.86	93.11	6.20
September "	137.93	13.37	62.04	34.29	247.63	12.90	271.48	26.77	6.22	117.74	1.09	18.04	95.23	6.43
Week Ending														
20-8-1954	131.11	13.71	60.03	34.04	238.88	28.05	266.94	21.89	3.08	117.83†	1.83	15.35	92.24	4.51
27-8-1954	135.08	17.11	64.65	33.96	250.71	12.06	275.79	42.21	3.45	116.42†	1.47	15.41	91.78	6.10
3-9-1954	132.75	14.83	64.82	34.55	246.95	12.27	269.22	29.96	4.18	116.58†	1.34	16.30	94.64	6.33
10-9-1954	135.16	11.16	58.24	34.53	249.14	12.30	263.55	17.64	5.23	117.81†	1.45	18.73	95.41	6.43
17-9-1954	143.62	12.99	61.49	34.03	251.13	14.74	275.87	28.97	6.81	119.17†	64	18.43	95.28	6.46
24-9-1954	141.20	14.49	62.59	34.01	252.30	11.39	277.46	30.50	8.96	117.39†	93	18.43	95.49	6.49

Note: Figures in brackets relate to Pakistan. *Includes Rs. 5 crores each on account of capital paid-up and Reserve Fund. †Average of Fridays. ‡ Includes cash and short term securities.

SCHEDULED BANKS

(Rs. in Lakhs)

Period	LIABILITIES			Cash (Notes + Coins)	Balances with Reserve Bank	(5+6) as percent- age of (4)	Advan- ces	Bills Discount- ed	(8+9) as percent- age of (4)	Invest- ments in Govt. Securities in India
	Demand	Time	Total (1+2)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1938-39*	123.81	103.30	227.11	6.38	15.88	9.80	111.34	460	51.05	..
1947-48*	706.05	343.89	1,050.54	39.92	100.81	13.40	427.54	16.82	42.30	..
1948-49	674.56	303.88	978.44	37.61	79.46	11.95	424.85	16.44	45.10	..
1949-50	597.79	272.59	870.38	34.47	65.85	11.53	426.74	15.35	50.79	..
1950-51	599.13	278.45	877.59	34.68	60.78	10.88	447.03	11.87	52.29	..
1951-52	593.73	290.82	884.55	37.33	57.29	10.70	523.59	22.81	61.77	303.49†
1952-53	546.23	309.26	855.49	33.33	51.82	9.95	461.64	39.47	58.46	306.34
1953-54	526.75	328.26	855.00	31.97	44.48	8.98	442.79	51.40	57.80	321.29
Average of Fridays										
June 1952	557.25	298.72	855.97	33.01	50.13	9.71	483.75	45.90	61.88	298.17
July	559.78	309.90	869.69	33.71	55.10	10.21	466.25	45.15	58.80	299.95
August	556.29	313.64	869.92	32.81	61.28	10.82	448.58	38.18	55.95	302.30
September	549.13	317.19	866.32	33.04	65.75	11.40	442.73	27.49	54.28	305.43
October	546.05	316.42	862.48	33.95	61.88	11.11	439.48	25.82	53.95	312.63
November	542.19	318.51	860.70	32.81	55.14	10.22	426.22	26.65	52.62	321.54
December	535.07	317.85	852.92	33.42	44.65	9.15	432.43	28.08	53.99	327.66
January 1953	526.17	315.26	841.44	34.14	45.08	9.41	450.25	32.29	57.35	313.69
February	526.03	315.32	841.35	32.64	43.08	9.00	459.73	40.99	59.51	303.13
March	530.19	313.43	843.61	32.58	41.08	8.80	465.93	52.18	61.42	302.29
April	541.81	317.11	858.91	32.94	44.49	9.01	469.89	58.62	61.53	301.43
May	529.18	322.18	851.36	31.91	39.92	8.44	473.54	60.87	62.77	300.46
June	527.17	324.95	852.11	33.22	39.94	8.59	464.10	58.38	61.32	309.77
July	532.42	328.21	860.64	31.56	42.99	8.70	443.60	62.83	57.69	314.39
August	527.25	329.39	856.64	30.56	44.55	8.77	430.70	49.09	66.01	323.14
September	525.51	330.22	855.73	31.12	48.48	9.30	422.67	43.68	64.50	331.04
October	527.00	332.50	859.50	31.11	53.01	9.78	417.26	39.55	58.15	336.85
November	525.93	334.01	859.94	32.18	55.21	10.15	414.71	39.76	52.96	338.57
December	523.72	332.41	856.13	31.83	51.10	9.68	412.87	42.06	53.15	337.21
January 1954	518.58	329.04	847.60	33.11	41.00	8.74	436.63	50.08	57.42	325.85
February	519.30	330.61	849.91	31.99	38.41	8.34	460.45	50.11	60.85	320.55
March	524.03	328.75	852.78	31.72	39.25	8.32	466.96	66.33	62.54	318.19
April	541.21	327.70	868.91	32.30	43.11	8.68	450.05	75.08	63.89	316.86
May	537.42	328.08	865.50	32.93	41.43	8.58	484.46	95.91†	66.98	323.65
June	542.87	332.10	874.97	33.01	41.75	8.54	472.41	87.81†	64.01	326.97
July	548.54	340.72	889.26	30.91	44.18	8.55	460.27	82.45†	61.04	329.51
August	533.09	349.08	882.17	30.43	54.43	9.41	444.12	82.07†	58.33	338.22
Week Ending										
26-2-1954	520.70	331.38	852.08	31.33	38.90	8.24	458.52	62.89	61.19	319.23
5-3-1954	522.74	330.71	853.45	32.13	37.38	8.14	461.30	66.30	61.82	318.76
12-3-1954	525.76	329.57	855.34	31.75	40.19	8.41	466.18	64.16	62.00	316.03
19-3-1954	518.74	327.14	845.88	30.93	38.60	8.22	470.51	66.51	63.49	317.10
26-3-1954	528.89	327.57	856.46	32.07	40.83	8.51	469.85	68.34	62.84	318.87
2-4-1954	541.51	325.41	866.93	31.38	50.45	9.44	472.23	73.27	62.92	318.83
9-4-1954	539.86	327.84	867.70	31.26	41.56	8.39	477.93	74.23	63.64	316.33
16-4-1954	542.20	328.06	870.26	33.00	41.07	8.51	481.61	75.13	63.97	312.38
23-4-1954	545.57	328.71	874.28	33.45	41.96	8.63	481.30	76.83	63.84	313.93
30-4-1954	536.92	328.47	865.39	32.43	40.52	8.43	487.10	75.93	65.07	322.85
7-5-1954	528.34	329.15	857.49	32.32	39.65	8.39	491.29	75.96	66.15	323.25
14-5-1954	536.75	328.60	865.35	33.64	42.01	8.74	485.31	93.52†	67.17	323.03
21-5-1954	541.35	328.95	870.30	33.04	42.93	8.78	482.86	96.72†	66.60	324.28
28-5-1954	543.23	329.64	872.87	32.73	41.12	8.46	478.37	94.21†	65.60	324.05
4-6-1954	539.45	329.62	869.07	33.42	41.60	8.63	480.44	91.96†	65.86	326.31
11-6-1954	543.30	330.94	874.24	33.19	42.23	8.63	473.09	88.03†	64.18	327.31
18-6-1954	541.94	333.43	875.37	32.40	41.34	8.42	470.47	86.51†	63.63	327.44
25-6-1954	546.80	334.40	881.19	33.02	41.83	8.49	465.64	83.95†	62.37	326.83
2-7-1954	546.35	335.62	881.97	32.18	43.57	8.59	469.82	81.26†	62.71	327.31
9-7-1954	544.05	336.96	881.01	31.60	42.95	8.46	467.30	79.87†	62.11	328.04
16-7-1954	550.19	340.47	890.66	30.75	44.54	8.45	459.67	82.01†	60.82	328.97
23-7-1954	552.87	344.51	897.38	30.29	48.07	8.73	454.20	83.23†	59.89	329.88
30-7-1954	549.73	346.04	895.27	29.62	46.79	8.53	450.38	87.87†	59.67	333.86
6-8-1954	540.59	347.68	894.17	29.95	48.43	8.77	450.14	82.50†	59.57	336.11
13-8-1954	547.85	347.64	895.49	30.71	48.71	8.87	446.46	82.31†	59.03	337.71
20-8-1954	553.77	350.47	906.24	29.96	58.80	9.80	441.03	82.18†	57.73	339.21
27-8-1954	602.13	350.62	912.75	31.08	61.77	10.17	438.83	81.30†	56.98	339.81
3-9-1954	557.92	351.87	909.79	30.37	65.08	10.49	446.13	79.34†	57.76	342.61
10-9-1954	558.60	351.12	909.72	33.04	58.33	10.04	446.76	77.82†	57.66	345.71
17-9-1954	558.35	350.66	909.01	31.81	59.69	10.07	449.57	77.52†	57.99	347.91

FOREIGN TRADE OF INDIA

SEA, AIR AND LAND

Year & Month	Imports Rs. Lakhs	Exports Rs. Lakhs	Index Nos. of Average Unit declared Value 1948-49=100		Index Nos. of Quantum of Foreign Trade 1948-49=100	
			Imports	Exports (Including re-exports)	Imports	Exports (including re-exports)
1950-51	610.36	624.65	109.0	114.6	93	124
1951-52	955.39	742.78	130.2	168.9	118	94
1952-53	660.65	578.36	125.8	118.7	90	109
1953-54	565.25	527.98	..	..	..	..
1950						
October	43.59	60.70	98.8	114.6	79	141
November	47.51	58.64	114.9	108.8	79	143
December	47.62	55.30	100.1	111.0	89	134
1951						
January	50.66	61.87	121.4	113.0	94	146
February	54.21	64.73	122.2	121.9	90	146
March	59.82	87.47	126.2	126.7	96	188
April	58.33	56.48	127.7	140.5	96	06
May	72.98	88.41	125.1	181.5	120	133
June	81.56	64.95	137.1	191.6	109	192
July	78.13	59.90	127.9	185.2	113	88
August	76.67	64.16	129.2	180.0	115	95
September	74.22	62.33	129.0	175.3	111	95
October	73.37	48.64	124.4	167.6	112	76
November	76.74	65.37	126.7	161.6	116	06
December	78.30	59.53	121.4	173.5	128	190
1952						
January	94.37	66.60	129.0	169.1	147	06
February	84.86	49.54	131.4	162.3	128	183
March	93.53	56.87	133.8	150.0	141	99
April	81.11	45.10	135.4	150.2	126	78
May	79.73	51.14	132.8	128.4	125	103
June	63.29	52.05	132.3	119.4	98	113
July	60.22	54.20	132.4	122.0	94	118
August	59.33	55.28	121.4	117.0	101	126
September	49.12	47.71	128.3	116.7	78	111
October	47.00	53.36	122.0	122.6	77	20
November	43.68	41.11	129.1	115.8	67	97
December	47.37	45.59	128.3	108.4	73	114
1953						
January	43.49	44.45	120.0	110.2	73	10
February	39.99	39.24	122.7	110.5	68	98
March	47.08	48.84	116.4	112.2	84	120
April	56.49	38.87	116.7	110.7	103	97
May	56.07	40.99	120.2	111.7	99	101
June	51.41	40.03	120.6	113.1	88	98
July	51.77	40.98	111.0	110.3	94	102
August	49.95	40.05	110.5	113.2	92	96
September	46.64	49.35	109.9	111.9	84	121
October	45.55	48.02	113.7	110.5	82	119
November	38.95	48.66	110.7	112.0	72	119
December	39.98	52.10	112.3	113.1	72	124
1954						
January	39.90	44.63	111.2	109.9	73	111
February	40.07	40.86	115.0	110.8	73	101
March	49.59	46.04	118.5	105.3	87	121
April	47.79	31.49	114.7	106.0	87	81
May	51.69	38.70	114.4	109.3	94	97
June	45.72	43.30	..	..	..	..

CENSUS OF INDIAN MANUFACTURES 1950—BICYCLES

Table I—Number of Factories* in the Industry

State	Number of registered factories in existence	Factories from which returns were received		Number of fac- tories which remained closed throughout the year	Average num- ber of working days (for facto- ries which work- ed during the year and sub- mitted returns)
		Number	%		
1. Bengal (West) ..	7	7	100	1	271
2. Bombay ..	6	6	100	—	307
3. Uttar Pradesh ..	1	1	100	—	306
4. Bihar ..	1	1	100	—	254
5. Punjab ..	6	6	100	—	251
6. Delhi ..	5	5	100	—	280
TOTAL ..	26	26	100	1	277

* Factories which employ twenty or more persons and use power

TABLE 2—PRODUCTIVE CAPITAL EMPLOYED

State	FIXED CAPITAL				
	Land	Buildings	Plant and machinery	Other fixed assets	TOTAL
	Rs.	Rs.	Rs.	Rs.	Rs.
1. Bengal (West) ..	1,47,199	1,21,835	5,70,731	41,992	8,81,757
2. Bombay ..	..	6,13,283	35,02,857	2,16,657	43,32,797
3. Punjab ..	..	5,125	1,42,532	2,832	1,50,489
4. Uttar Pradesh, Bihar and Delhi ..	..	3,74,772	9,99,220	1,82,805	15,56,797
TOTAL ..	1,47,199	11,15,015	52,15,340	4,44,286	69,21,840

State	Working Capital					Total pro- ductive capital employed	Rent paid for fixed capital items taken on lease
	Stock of raw materials and fuels	Stock of finished products and by products	Semi-finished products in stock or in process	Cash in hand and at the banks	Total		
1. Bengal (West) ..	1,74,149	73,305	40,996	14,583	3,03,033	11,84,790	6171
2. Bombay ..	24,19,022	10,76,524	1,75,459	8,40,253	45,11,258	83,44,055	55,540
3. Punjab ..	10,724	29,636	3,703	6,031	59,094	2,09,583	5,556
4. Uttar Pradesh, Bihar and Delhi ..	3,75,077	15,92,194	4,97,034	8,366	24,72,671	40,29,468	23,175
TOTAL ..	29,87,972	27,71,659	7,17,192	8,69,233	73,46,056	1,42,67,896	90,442

TABLE 3—NUMBER OF PERSONS EMPLOYED

TABLE 3.—WORKERS								
State	Workers						Number of persons other than workers	Total number of persons employed
	Directly by factory				Through Contractors	Total		
	Men	Women	Children	Total				
1. Bengal (West) ..	387	..	..	387	..	387	82	449
2. Bombay ..	1,478	23	..	1501	19	1,520	241	1,761
3. Punjab ..	95	..	3	98	11	109	15	124
4. Uttar Pradesh, Bihar and Delhi ..	462	..	..	462	..	462	108	570
TOTAL ..	2,422	23	3	2,448	30	2,478	426	2,904

Continued on the next page.

Census of Indian Manufactures 1950—Bicycles

TABLE 4—PRODUCTS AND BY-PRODUCTS MANUFACTURED FOR SALE

(Products used in the Factory are excluded)

State	Products							
	Bicycles complete							
	Men's		Women's		Children's		Total	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
	No.	Rs.	No.	Rs.	No.	Rs.	No.	Rs.
1. Bengal (West) ..	30	3,705	..	..	..	..	30	3,705
2. Bombay ..	99,389	1,15,05,044	155	17,360	..	..	99,544	1,55,22,404
3. Punjab ..	..	..	..	..	..	..	..	..
4. Uttar Pradesh, Bihar & Delhi ..	13,665	18,03,780	2	280	4	480	13,671	18,04,540
TOTAL ..	1,13,084	1,33,12,529	157	17,640	4	480	1,13,245	1,33,30,649

State	Products							
	Tricycles		Bicycle Components					
			Frames		Bells		Chains, steel transmission	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
	No.	Rs.	No.	Rs.	No.	Rs.	No.	Rs.
1. Bengal (West) ..	2,664	50,616	707	13,433	3,73,967	5,83,052	..	..
2. Bombay ..	23,501	5,07,545	..	..	..	..	5,485	21,940
3. Punjab ..	..	..	..	..	..	..	..	..
4. Uttar Pradesh, Bihar and Delhi ..	424	17,169	..	..	1,58,832	2,77,016	..	..
TOTAL ..	26,589	5,75,320	707	13,433	5,32,700	8,60,068	5,485	21,940

State	Products		By-products	Total value of products and by-products	Cost of transport of products from the factory, commission to selling agents, etc. such as are included in the previous column (minus)	Total ex-factory value of products and by-products
	Others	Total				
	Value	Value				
	Rs.	Rs.				
1. Bengal (West) ..	3,88,616	10,39,422	..	10,39,422	17,425	10,21,997
2. Bombay ..	21,58,951	1,42,10,840	12,660	1,42,23,500	70,956	1,41,52,544
3. Punjab ..	2,16,540	2,16,540	..	2,16,540	..	2,16,540
4. Uttar Pradesh, Bihar and Delhi ..	2,98,035	23,96,750	..	23,96,750	15,496	23,81,254
TOTAL ..	30,62,142	1,78,63,552	12,660	1,78,76,212	1,03,877	1,77,72,335

MONTHLY STATISTICS
(Monthly Averages or Calendar Months)

	1951	1952	1953	1954				
				Jan.	Feb.	March	April	May
Foreign Trade								
i By Land, Sea & Air—								
Imports (Rs. lakhs)	71.20	66.93	48.11	39.90	40.08	49.06	47.79	51.68
Exports (Rs. lakhs)	65.30	51.58	44.26	44.45	40.76	43.72	31.49	38.69
ii Unit Value Index— (1948-49=100)								
Imports	128	130	115	111	115	119	115	..
Exports	160	131	111	110	111	105	106	..
iii Quantum Index— (1948-49=100)								
Imports	108	105	84	73	73	87	87	..
Exports	114	106	108	111	101	121	81	..
I Industrial Production								
i Cotton Cloth (Million yards)	340	383	406	419	401	399	426	427
ii Cotton Yarn (Million lbs)	109	121	125	132	124	124	129	129
iii Jute Manufactures (000 tons)	73	79	72	67	68	76	75	71
iv Steel (Ingots & Castings) (000 tons)	125	132	125	154	132	147	129	123
v Paper and paper boards (tons)	10,993	11,459	11,536	10,328	9,385	11,480	11,747	..
vi Sulphuric Acid (000 cwt)	278	160	180	220	240	230	230	..
Index of Industrial production (1946=100)	117	129	135	133	142	137	145	..
III Fuel and Power								
i Coal Production (000 tons)	2,859	3,019	2,987	2,003	3,056	3,071	3,037	2,977
ii Coal Despatches (000 ton)	2,435	2,591	3,065	2,424	2,244	2,594	2,599	2,621
iii Electricity Generated (Million kwh)	488	516	599	590	551	594	613	640
iv Electricity Sold (Million kwh)	399	420	455	478	451	484	504	515
IV Industrial Disputes: Number of man days lost (000)	318	278	282	326	344	331	207	216
V Employment Exchanges:								
i Number on register at the end of the period (000's)	329	438	522	534	539	526	526	533
ii Number of vacancies outstanding at the end of the period (000's)	22	23	21	21	21	22	22	24
VI Inland Transport:								
i Railway Freight Ton Miles (Millions)	2,336	2,372	2,372	..	..	..	..	..
ii No. of Wagons loaded	569	584	575	618	578	623	579	567
VII Public Finance: (Central Govt.)								
i Revenue Receipts (Rs. Lakhs)	43.96	38.72	..	36.70	28.21	43.50	24.39	25.68
ii Import Duties (")	11.31	10.67	960	10.23	10.84	11.88	19.60	..
iii Export Duties (")	6.84	4.88	3.09	2.72	2.41	2.49	1.84	..
iv Central Excise (")	7.66	6.39	7.85	8.64	7.50	8.89	9.34	..
v Expenditure on (")	23.69	15.67	18.79	21.22	21.95	54.84	15.11	8.95
vi Revenue Account	210	175	110	102	86	66	87	1.01
vi Cash Balances with Reserve Bank (Rs. Crores) *	..	..	..	..	..	..	..	..

*Last Friday Figures.

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The Colombo Plan: An Indian Critique

THE meetings of the Council of the Colombo Plan at Ottawa in the last week have followed the acceptance line. There has been much mutual congratulation with just that note of concern about the decline of revenues of some countries in South-East Asia which has now come to be the accepted pattern at every annual review. There certainly is some cause for satisfaction. The main purpose of the Colombo Plan which is to get economic development in South-East Asia is well under way, and while opinions may differ in what part the contribution of the technical or even capital assistance in the Plan has played in the total re-

sults, there is no one who would totally deny this contribution. Nothing, therefore, should be said to imply that the Colombo Plan has failed. On the other hand, nothing is to be gained by pretending that it is equal to the changed conditions which now exist in the most important country in South-East Asia. The targets in India are hopelessly out of date and so, indeed, is part of its original philosophy. The scope of the Colombo Plan in the altered conditions of India at the present time needs fresh examination. It is at least one large failure of the Ottawa Conference so far as India is concerned that it failed to provide.

When the Colombo Plan was first conceived, the Indian economy was believed to be static with an obstinate attachment to stationariness both in agricultural and industrial production. It was believed that capital and technical skill were both necessary and sufficient agents to break this stationary obstacle. In point of fact, however, the bottleneck was broken without any major technical assistance and with far less investment than was believed possible. Indian industry, once it recovered from the shortage of raw materials, has advanced steadily since 1950 at a rate measured in the interim index of industrial production nearly as 10 per cent per year. Agricultural production in the last two years has risen by something between 15 to 20 per cent again without any large impact of foreign investment or foreign technical skill. In other words, the dynamic impulse conceived to have come from abroad has not been necessary in the Indian economy, and, as if to underline the capacity of the economy to rise by itself, India has in the last twelve months been a net exporter of capital. Against a deficit of balance of payments in the Plan supposed to run at a level of Rs. 180 to 200 crores, our favourable balance for the year 1953-54 has now been estimated at Rs. 48 crores. India's spectacular economic progress has therefore been achieved without any foreign capital and, by and large, without any foreign technical skill.

To point out that this result has occurred in the year 1953-54 does not imply that it can go on indefinitely and that all conceptions of the Colombo Plan were fundamentally mistaken even in the special Indian case. For one thing, there has been even as it is some technical assistance from abroad, particularly on the multi-purpose projects. Secondly, as Indian industrial development gets under way, there will be much greater need for technical assistance. The present increases of industrial production have come out of industries like cotton textiles and cement where no new significant know-how was required. On the other hand, in the second Five-Year Plan, certainly conditions will be very different. For new industries know-how is still required. We will need more technical assistance and not less; it may be at the second stage, this know-how will be a condition of advance.

To admit the need of technical assistance, however, is not to admit that the present method of operation of the Colombo Plan is adequate. At the present time national governments are left to prepare projects and then only is the Colombo Plan Technical Bureau in a position to provide technical assistance required. If projects are not prepared for whatever reason, then the Colombo Plan technical assistance mechanism cannot go together. The failure of the Colombo Plan greatly to stimulate the Indian economy arises from this limited character of technical assistance. The bottleneck of India is the preparation of projects. If, as is now the case, projects are short, the Colombo assistance programme is halted at the start.

The third progress report of the Indian Plan shows the failure of expenditure to march with targets but the failure is still not diagnosed for what it is—an inadequacy of the number of projects in the Plan. India's economic problem at the present time is thus the opposite of what the Colombo Plan believed it to be three years ago. Then the emphasis was on resources, financial and technical. India is not in need of foreign capital at least temporarily, and the Finance Minister's statement to the contrary is strangely inconsistent with the report of the progress of the Plan to which, as a member of the Planning Commission, he must have been a signatory. It cannot be repeated too often that the trouble is an insufficiency of projects and, broadly, nothing else. It is obvious, therefore, that if the

Colombo Plan is to assist India it must provide us not with technicians in the abstract or even with a panel of technicians on request. It must supply, or aid the rapid supply of, new and detailed projects, which we can set immediately to work, with or without foreign assistance. The emphasis has, therefore, to be taken off capital and technical skill and has to be placed fairly and squarely on project-making with a passion for speed.

Not merely is project-making our main problem for the short period; it is the only problem of the Indian economy. With the second Five-Year Plan boldly conceived in terms of doubling industrial production in five years and with targets of 10 million tons of cement and 6 million tons of steel by 1961, the need for haste should be evident. Almost nothing came out of the Ottawa Conference in these terms. Amidst much professedly critical examination of India's needs, this emphasis on the rapid preparation of whole projects was not even formulated amongst our major needs.

The course of events in the last few months might be illustrated sufficiently by the problem of technical assistance in steel. One would have thought in this basic field, where the Indian Government's plans were fairly well defined, the Colombo Plan authorities would have been of some assistance in framing a project. As it turned out no help in the first instance was forthcoming either from the Colombo Plan or the United Kingdom. In the end at short notice an agreement was reached with the Krupp-Demag combine and a German technical outfit outside the range of the Colombo Plan Technical Bureau was pressed into service. Last month the Russians were on the scene with their own proposals and now late in the day an U.K. private enterprise offer has been made. Even in the last of the three cases the Colombo Plan mechanism has not been the main instrument of the solution of our problems. It is legitimate to note this failure, and to enquire whether the Colombo Plan does not make itself redundant when, in cases such as this, solutions have to be found without its assistance and, indeed, even outside the Commonwealth.

It is true the Colombo Plan was not intended to monopolise technical assistance to India. But it was intended that the Technical Assistance Bureau should be available for a rather wider assistance than the choice of personnel on requests which, so to speak, came to its door. There is no doubt there is a considerable woodenness of approach amongst the Colombo Plan authorities to the larger questions involved in dynamic economic developments. The Colombo Plan was conceived in a static economic framework and it would appear that the whole machine has been affected deeply by the accidents which presided at its birth.

In this respect it is true that the Indian situation is different from that of most countries of South-East Asia and there was much that was discussed in Ottawa which was good or, perhaps, just good enough, for other countries in South-East Asia. The essential condition, however, of the success of the Colombo Plan must be its success in India. It is to be remembered that the Indian Plan still consists of four-fifths of the total of the Colombo Plan and it is appropriate to measure its success by its contribution to Indian development. Nobody need contend that that contribution has been very large; but at least now a magnificent opportunity has arisen for the Colombo Plan to prove that it is equal to the challenge of a dynamic society. Like much that is being tried out in the East, the machinery of the Colombo Plan will be tested hard in its concluding years. If the conceptions behind that machinery have no capacity for growth, how can they impart life to the surroundings in which they are set to work?

The Indo-Ceylon Agreement

THE agreement reached last Sunday between the Prime Ministers of India and Ceylon does not in any sense represent a change in the approach of either party to the basic problems relating to the persons of Indian origin in Ceylon. The agreement signed earlier this year will continue to provide the terms to be interpreted and implemented. Though that agreement had visualised close consultations between the two Governments on issues arising from time to time, it was hardly expected that a high-level conference would so soon become necessary. The understanding reached at the conference this week shows how pointless have been most of the controversies that were carried on in Ceylon about the terms of the old agreement. Part of the difficulty was that the problems relating to persons of Indian origin became involved in extraneous matters concerning local politics. It is probable that they may become less involved in future, because the Ceylon delegation which has contributed to the present agreement has included many of the critics of the old agreement; to that extent, the present codicil to the substantive agreement represents a great step in advance.

There has, perhaps, been a decline of faith in this country about the prospects of implementation of the Indo-Ceylon agreement in its true spirit. It is unfortunate that Ceylon should have caused this impression, particularly when it has received full assurance on the question of illicit immigration and there has been no complaint about the fulfilment of India's part of the bargain. What remained for Ceylon to do was to honour the Delhi agreement of January 18, in spirit by proceeding to deal with all the applications for Ceylon citizenship from persons of Indian origin so as to dispose of them within the period of two years as agreed. This involved no obligation which could even remotely be considered to have been created outside Ceylon. The Indian and Pakistani Citizenship Act has now been in force for five years and the Government of Ceylon was only expected to carry out a law enacted by the Ceylon Parliament in the exercise of its sovereignty, in accordance with the intentions of its framers. Other issues which have agitated the politicians of Ceylon greatly were only consequential, as the present agreement has appropriately emphasised, and there would have been enough opportunities to deal with them. There has been no impatience on the Indian side to see results; Mr. Nehru had stated even in January last that he expected the implementation to take place over a period of about a decade.

There was hardly any justification for slowing down the process of registration of citizens or for linking the question with India's registration of the rejected applicants as Indian citizens. The total number of 35,000 so far registered as citizens is absurdly low and is not even a tenth of the total number which was formerly regarded as likely to become eligible even on the most conservative estimates. It has been said that nearly 80 per cent of the applicants were being rejected as ineligible in order to compel the Indian High Commissioner to consider all these cases for registration as Indian nationals automatically on such rejection. Even now, Ceylonese politicians have persisted in holding this view that a person rejected as ineligible for Ceylonese citizenship should automatically be granted Indian citizenship. These rejections have been made for such trivial reasons of non-conformity to procedure that there has been no faith in the bona fides of the deciding authorities.

There is some assurance now that this will not recur on this scale. The procedure for registration is to be simplified. The restrictive executive instructions are to be examined afresh with a view to their with-

drawal so that applications may not be rejected on flimsy technical grounds. What transpires from the agreement reached this week is that Ceylon has had no real grievance about the procedure of the Indian High Commissioner in entertaining applications for registration as Indian citizens, though a violent campaign had been set in motion to discredit Mr. C. C. Desai. If the only safeguard that Ceylon had wanted was that an applicant to the Indian High Commissioner should not become ineligible merely because of his earlier application for Ceylonese citizenship—as it has now been explicitly provided—all the fierce controversy was obviously misplaced.

Article 8 of the Indian Constitution is liberal enough to make eligible all persons who were born in India or either of whose parents or grand parents were born in India to seek Indian citizenship. This provision does not impose an obligation to register all such applications but the Government of India has not been averse to register all persons who sought such citizenship voluntarily. India has even acquiesced in the Ceylonese proposal to offer inducements for such registration. The manner in which Ceylon has interpreted these inducements to include deprivation of rations, employment and other discriminatory treatment would be amusing, if the consequences were not so tragic. There is now a bare hope that these crude devices for harassment will not become the main planks of Ceylon's policy towards Indians, whom the country indisputably needs in the interests of her economic well-being. The result may well be that the category of Stateless persons will continue to present a problem to Ceylon because of its reluctance to seek Indian citizenship voluntarily after striking deep roots in Ceylon.

There is a reservation about Ceylon's intentions on this point in the present agreement. The Ceylon Government for its part has stated that it will have to consider in addition what steps may be necessary at a later stage to safeguard the interests of its own citizens in regard to such matters as employment. The only condition of all such domestic measures of a country is that victimization or coercion should be avoided. Whether the residue will be left as an injured minority ready to battle for its rights or in a reasonable frame of mind, would depend entirely on the manner of registration of citizens by Ceylon. If only small numbers are left unassimilable, a modus vivendi could always be found either for their continuance or repatriation on fair conditions. But if Ceylon should pursue a shortsighted policy of enlarging this number by unfair rejections, the residue can well become strong enough to agitate for its rights without seeking a return to India.

The outlook for an eventual solution of this question depends entirely on the atmosphere that the leaders will create on their return to Ceylon for a fair working of the agreement. If the more irresponsible elements who have not participated in the agreement are left unchecked, the problems may be kept alive indefinitely and for no fault of the Indian Government. The Indian problem in Ceylon must be seen as part of a larger problem in South-East Asia. India is seeking to establish in Ceylon and elsewhere that a settler population must be prepared to identify its interests with those of the countries in which they reside. In Ceylon this principle has secured full acceptance by the settlers, in contrast to the Chinese minorities in other areas whose affiliations and loyalties have been to their homeland. Ceylon's co-operation is vital for establishing a principle which has great relevance elsewhere in creating stability and it is to be hoped that these larger implications will not fail to be realised in Ceylon.

Failure on Housing

THE perfunctory note on the working of housing schemes in the Progress Report on the Plan underlines what is indisputably one of the largest failures in the working of the Five-Year Plan. Judged merely in terms of the expenditure planned—which is by no means an adequate test of achievement—the record is meagre enough. In all, the Central Government has now spent just over Rs. 10 crores in three years against the provision of Rs. 38.5 crores in the Plan, while the State Governments have lagged even behind, spending just under Rs. 2 crores against their plans for over Rs. 10 crores. In real terms of the numbers of houses the record is even worse. About 17,000 tenements—mostly single-room houses—had been completed till the end of March, 1954, for industrial workers and projects for about 26,000 tenements are still under examination. The most remarkable fact about the constructions is that except in Bombay, Uttar Pradesh and Madhya Bharat, the achievement has been negligible in relation to needs and even in these three States, the construction has been achieved only by State Governments under the Industrial Housing Scheme which gave half subsidy and half loan. It is high time that the reasons for the States' not taking interest in the scheme and for employers' and co-operative societies' not being ready to take advantage of the concessions offered was fully investigated with a view to quickening the tempo of construction.

There are no indications that the Government of India and the Planning Commission are devoting the attention to this problem which it deserves. Three or four years ago the preoccupation with the shortage of food and cloth might have justified low priority for housing but the country cannot rest on the satisfactory achievements in these fields while the housing shortages persist. House rent still figures as one of the largest single items of the common householder's budget, and remains unrelated to the computations of the official indices of cost of living. The workers' tenements now constructed have to be set against the calculations of overall housing requirements based on the last census, of 4.3 million new houses in urban areas alone. It was not to be expected that anything of this magnitude could have been planned in any short period but this could have well underlined the need to make use of a number of devices—and not merely construction by State Governments to get on with the job in the quickest possible time and to put in motion the policies suited to such a pace.

The Central Government having undertaken this responsibility for finance and planning of urban housing can no longer delay consideration of more schemes which would stimulate urban building activity. There is no reason why the subsidy to employers as well as co-operative housing societies should not be the same as for State Governments, that is 50 per cent, instead of 25 per cent. It is possible that other facilities like adequate supplies of materials for construction would be needed but that is a matter to be settled in closer consultation with these groups. It is unlikely that materials would prove a very serious obstacle, except in the short period or when large demands for cement are made on the present limited output. Workers' and middle class dwelling houses could well utilise brick and lime mortar on a large scale. The difficulty in many cases may lie in making land available for industrial workers' colonies near the sites of factories and to the middle classes sufficiently near their centres of work or near the areas of availability of cheap and quick transport.

These details should not prove very hard to settle so long as there is a sense of urgency about the problem. This unfortunately is what is now seriously lacking. The housing situation in respect of the middle classes in all the big cities has been relieved now to some extent by private construction, which found its main incentive in the relaxation or withdrawal of rent controls. Particularly in Delhi, many new suburbs have been developed because of the temptation of high rents but there is always the likelihood of such construction activity as a form of private investment ceasing when rents begin to decline to reasonable levels. Suburban housing construction has therefore to be encouraged by other ways than rent decontrol. Better transport facilities by itself may add to the attractions of owning houses for the members of the middle and lower income groups who are in a position to finance their building over a long period. The provision of house-sites, for sale or long lease, at nominal prices with conditions attached to ensure quick construction should prove a major inducement. Cheap credit facilities offered through Co-operative Housing Societies, employers, and insurance companies for policyholders could augment all these measures greatly.

Industrial housing will continue to claim priority in State assistance and its claim will be strengthened by reason of the shift in the emphasis in the second Five-Year Plan on industry. If half of the probable outlay of Rs. 4,000 crores on the next Plan is to be allocated to industry, the additional employment which the expansion will generate can confidently be placed above one million jobs. It will be possible to attract a stable labour force of this magnitude to industrial centres only on the explicit recognition of the necessity to provide accommodation for the maximum possible number. This responsibility will devolve primarily on the State, but the willing co-operation which employers extended in the implementation of the subsidy-cum-loan scheme can be stimulated by the offer of assistance on liberal and non-discriminating terms. The flaw in the prevailing scheme, however, consists in the error of equating industrial housing with overall housing. Not even a nominal fraction of the allocation of Rs. 38.25 crores in the current Plan has been expended on non-industrial housing so far. The middle and lower middle income groups which constitute the vulnerable sections of the community, have a prior right to get attention as the sections whose real incomes have suffered the largest decline in the last decade.

Formidable though the problems may seem when we think of the large numbers of dwelling houses needed in urban areas—even assuming an average of five persons per house—Indian climatic conditions and social habits are such as to make even modest efforts go a long way towards relieving congestion and the tensions which such congestion creates. A variety of building materials can be used. But a house is something more than the sum total of the bricks and mortar used or the number of rooms made out of them. In modern housing, lighting, water supply and drainage will play as important a part as the area of a house. These are all services which public authorities have to make available. So is the case with the land on which the houses have to be built some day and which has now to be secured by acquisition and by prevention of speculation in land values. It would be wrong for the State to imagine that its responsibility is limited on the ground that housing is a personal affair of individuals, with the exception of industrial housing. Is it not an undue obsession with building costs and materials that has now caused the failure which is writ large on housing policy?

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THE WEEK'S NOTES

FOURTH TRIUMPH FOR THE FRENCH PREMIER

With the French Socialists having declared themselves overwhelmingly in favour of the London Nine-Power Defence Agreement, M. Mendes-France's chances of receiving a straight vote of confidence in the National Assembly had improved. The Socialists have all along been opposed to German rearmament and it needed a great effort for them to support the Premier on the new negotiations to be conducted on the basis of the London Treaty, without imposing any qualifications. The Popular Republicans are still opposed to the new proposals. M. Schuman has urged that the position of rearmament Germany might change if the divided units are re-united and M. Reynaud, another supporter of the E.D.C., has accused M. Mendes-France of having agreed to the revival of the Wehrmacht. Against these criticisms, the French Premier has cited the close links now established with Britain and the British readiness to allow questions of deployment and withdrawal of her forces depend on the decisions of an international organisation.

Even if the Popular Republicans join the Communists in voting against the French Premier, the latter is assured of support from a majority of the Gaullist deputies, Radicals and moderate groups. The Soviet disarmament proposals, which have attracted widespread attention have complicated the problem for most French politicians. M. Mendes-France's immediate reaction was to reassure the Assembly that the Nine-Power Treaty would not add to East-West tension and that German rearmament would take about two years during which any concrete and honest proposals from the Soviet Union could be studied. When the French Premier thus secures the confidence vote he would have tackled the fourth largest of the problems facing France at the time he assumed office four months ago. After his successful policies for Indo-China, North Africa and economic reform, this success would establish a remarkable record of achievement.

ON THE TORY STAGE AT BLACKPOOL

The Conservative Party Conference at Blackpool provided the platform for statements of policy by the leading members of the British Cabinet. Mr. Anthony Eden became the hero on the Tory stage on this occasion with plenty of support from the other leading characters. To the laurels he had achieved in Geneva was added the triumphant conclusion of the London Nine-Power Conference—which, Sir Winston Churchill conceded, sprang only from Mr. Eden's initiative. "Without his energy and boldness" Sir Winston added, "the London Conference would not have taken place and without his knowledge, experience, tact and skill it could never have reached its favourable conclusion." A similar tribute could be paid to his role in Geneva at a very crucial period of the Indo-China war. There were other notable successes for British diplomacy and Mr. Eden duly referred to the Persian oil settlement, the Anglo-Egyptian agreement and the Trieste settlement. It was on the whole an excellent record of flexible foreign policy, which had been pursued without unduly provoking British allies in the West or in the Commonwealth or antagonising the Communists to the point of destroying hopes for a rapprochement. Mr. Eden has now shown himself eminently qualified for the leadership of the party which may not take long to change, even though Sir Winston Churchill did not choose to satisfy public curiosity on this point.

The Conservative Party Conference had more good news to hear from the third member of its leadership triumvirate, Mr. R. A. Butler. The non-sterling capital position of the Sterling Area, he disclosed, had improved by £200 million in the first part of the year. The Sterling Area had not suffered from the nine per cent fall in U.S. production as was feared once. Production, he claimed, was at an all-time peak for the U.K. and employment had been well maintained. While paying tribute to the U.S. policies which had made all this possible, Mr. Butler went on to declare with clear emphasis that some improvement in U.S. trade practices was necessary before seeking a policy requiring others to lower barriers and promote non-discrimination. His own programme was to strengthen GATT, by meeting Australian demands for revision, by a review of the value of preferences compared with the value on the date they were put on, by fighting for adjustments to meet the special needs of the colonies and by dealing with unfair practices noticed in Japanese competition with Lancashire. For British industry, no hope was held out of relief from taxation; on the other hand, Mr. Butler gave clear warning of the decline in private investment in British capital goods industries.

CANADIAN TAX DISPUTE

A fairly long-standing dispute over the nature of the financial relations between the Provinces and the Centre in Canada has recently developed into a real crisis. The conditions under which it has now arisen and the factors which are likely to influence a solution there deserve to be studied for the important lessons which they may have for this country. Mr. Duplessis, Premier of Quebec, has challenged the right of the Centre to levy income taxes in his Province directly. In the exercise of the Provincial right to levy income tax, he had added to the direct taxation, subjecting the citizens of Quebec to double taxation. This assertion of Quebec's autonomy has been reinforced by the refusal of all Federal grants to the Province for spending on education, health or social services. Fortunately, this demand for Provincial autonomy now arises only from Quebec—which is one among ten Provinces and is predominantly French-speaking and Roman Catholic, still basing its laws on the Code Napoleon to distinguish them from the English common law elsewhere. Fortunately also for Canada Mr. Duplessis has to fight against another French-speaking Roman Catholic from Quebec in Prime Minister Louis St. Laurent who is now determined to assert national unity against all such claims for autonomy.

The issue is deeper than the particular merits of the taxation powers. The French speaking people have been guaranteed their culture and language but that does not necessarily involve a claim for autonomy in every field. The Federal Government will not stand to lose financially if it gives up the right of taxation along with permission to Quebec to waive Federal grants. But the question is being fought out as an issue of principle. The indications are that any settlement reached would be such as to be applicable to all Provinces, not to give special place to Quebec alone. It seems probable that the Federal Government would now agree to collect income taxes imposed by the Provinces. But it is worth speculating whether a modus vivendi would have been possible if the Canadian Prime Minister were an English-speaking Canadian instead of Mr. St. Laurent.

It is unlikely that in India any such dispute would arise on a major tax because of the clear-cut separation

of financial powers. But the attitude of Quebec may well illustrate the lengths to which cultural and linguistic differences can be carried even in a Western milieu where the distinctions are perhaps fewer than elsewhere.

FILMS FOR CHILDREN

The film awards conferred this week and the symposium on the subject of children's films organised under official auspices have focussed attention on a question which is now engaging some of the leading thinkers of other countries. On the one side, there is the pernicious effect on children of films which deal in violent or undesirable episodes. It is very difficult to prevent children or adolescents from seeing most of them; even where restrictive certification is issued, there is no means of preventing large-scale evasion. A constructive step would be to provide alternative opportunities for seeing films which combine interest in story or action with themes which can widen outlook. This, however, is more easily said than done. The danger is that a group of very well-meaning producers of children's films can easily descend to dull didactic themes which fail to grip the interest of child audiences. On the other hand, the commercial film producer always having an eye on the box office may find it difficult to resist the temptation to provide interest in the usual ways known to him. It may be difficult to induce these producers to undertake the production of chaste films which may prove dubious ventures in a commercial sense.

There is no easy solution. The speakers at the symposium do not appear to have faced this problem at all. In a jumble of commonplaces, the speakers dwelt on the virtues of educating the child. The representative of UNESCO made the most useful contribution to the subject by explaining the new techniques in photography and the enormous range of themes to which they can be turned to sustain interest. There is always the danger, when the State is directly associated with the manufacture of children's films, that propaganda would become the chief goal and that the promotion of good citizenship would be regarded as best achieved by propagation of conformity.

RACIAL MEASURES IN THE AFRICAN FEDERATION

A Press communique has drawn attention to the racial measures introduced in the recently established Central African Federation. The Federation of Rhodesia and Nyasaland, which came into existence in September 1953, started with solemn declarations of "the total rejection of any policy of racial domination and suppression, and a sincere acceptance of the fact that black and white are indispensable to each other." But within a year, the first session of the Federal Parliament has given a clear indication of the discriminatory measures to be applied against the African and Asian communities, who constitute about 98 per cent of the population of the Federation. On July 20, 1954, Mr. D. L. Yamba, an African Member of the Federal Parliament, moved "that equal treatment be accorded immediately to all races in all public places within the Federation, and that such action be enforced by legislation to be passed by the Federal Assembly." The Federal Government, if it really believed in the much publicised principle of partnership, should have welcomed the resolution. But the motion was rejected. Even an amended version which sought the abolition of all racial divisions between different races in Post Offices and on the Rhodesian Railways, was not accepted. Speaking on the motion, the Prime Minister, Sir

Godfrey Huggins, declared that the preamble to the constitution which stated that the territories of the Federation "are the rightful home of all lawful inhabitants whatever their origin" had been "forced upon us." And he continued: "You cannot expect the Europeans to form up in a queue with dirty people...."

The Asian community has made its due contribution to the development of Central Africa and yet the Federal Government has decided to slam the door on new Asian immigrants to Central Africa. Replying to the debate on the second reading of the Immigration Bill early in August, the Minister of Home Affairs, Mr. J. M. Greenfield, stated that the policy of the Federal Government was not to permit further Asian immigration with the exception of teachers, ministers of religion and wives of persons already settled in the country. On August 20, 1954 the Minister of Internal Affairs in Southern Rhodesia introduced a Bill in the territorial Legislature which prohibits the entry into Southern Rhodesia of Asians living in Northern Rhodesia and Nyasaland. The entry and movement of persons belonging to other communities, i.e., Europeans, Africans and other coloured people will be free and unrestricted. It seems that the worst fears of Africans and Asians, expressed during the negotiations for the Federation would prove true.

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INDUSTRY

Three-Year Programme for Austrian Coal Mining: The nationalized Austrian coal mining industry has set up a three-year investment programme. The approximate total costs of this programme will be \$15 million—\$8,423,076 of which are to be raised this year, \$4,192,307 in 1955, and the remaining \$2,115,384 in the third year of the programme. After completion of this investment project the production of Austrian coal mining will be 6 million tons per year. This would satisfy 55 per cent of the Austrian demand with coal from the national production; it would raise the quality of Austrian coal in international market competition and would bring about increased stability in the event of an economic crisis.

Increased Productivity in Europe: The O.E.E.C. is to stress on increased productivity during its 1954-55 programme. The European Productivity Agency reports that goals set earlier have been attained in co-operation with the U.S. The success of the European Productivity Agency depended on: (1) making available new ideas to all enterprises concerned, (2) managerial initiative, and (3) acceptance by labour. The 1954-55 programme provides for the dissemination of technical information, training of supervisory staff and research in socio-economic factors of productivity. Priority fields of action will be housing, agriculture and distribution.

British Offer for Steel Plant: The Government of India are reported to be considering a British offer to set up a steel plant in the private sector. The plant is to go into production within three years and the entire equipment, representing 80 per cent of the capital investment will be supplied by British steel manufacturing interests. The British investment bearing an investment, will be supplied by British steel manufacturing spread over ten years. There are two schemes in the offer, one at an estimated cost of Rs. 62 crores envisaging production of 675,000 tons of steel and the other with a capacity of one million tons at an estimated cost of about Rs. 95 crores. A team of British experts is shortly expected in the country to discuss the terms.

Increased Industrial Production in Yugoslavia Planned: Yugoslav industrial output was 50 per cent higher in 1948 than in 1939, and over 100 per cent higher in 1954. The production of capital goods in 1954 is 27.7 per cent higher than in 1953, while output of consumer goods rose by 9.9 per cent. The production of capital goods in next year's plan increases by 9 per cent while output of consumer goods will rise by 17.3 per cent. The increase of basic materials production will in both cases amount to about 16 per cent. Overall industrial production should increase by 31.4 per cent compared to 1953, or 15 per cent as compared to this year's estimates. According to the 1955 Draft Plan, output in iron and steel metallurgy should rise by 80 per cent in comparison with 1953, petroleum output and refining by 61.6 per cent, electric power generation by 29.9 per cent, coal production and processing 28.8 per cent, non-metals 50 per cent, electric industry, 46 per cent and the chemical industry 68 per cent.

U.S. Firms to Spend \$26,687 Million During 1954: According to a Government survey, United States industrial concerns will spend \$26,687 million on new plants and equipment this year or 6 per cent less than the record total of \$28,391 million last year. The fall in plant and equipment buying is spread over most

of the country's biggest industries. Petroleum companies, however, mean to make this a record spending year with a planned outlay of \$2,796 million—\$34 million more than in 1953. The railways are introducing a heavy slash of about one-third with \$851 million as against \$1,312 million last year.

New Fertiliser Plants Planned: The Government of India are reported to have approved in principle a scheme for the establishment of four or more fertiliser plants in the next seven years at an estimated cost of Rs. 80 crores. An advisory development council to suggest expansion of production capacity of fertilisers will be constituted shortly, and will be entrusted with the task of selecting sites for the factories, the types of fertilisers to be manufactured and the working out of economies of production. It is estimated that nitrogen requirements will increase in 1956-57 to 1.50 lakh tons, 1.90 lakhs tons in 1957-58, 2.40 lakh tons in 1958-59, 3.0 lakh tons in 1959-60 and to 3.7 lakh tons in 1960-61. In terms of nitrogen, present production is 1.1 lakh tons.

Development of Khadi and Cottage Industries: The All-India Khadi and Village Industries Board has been given an additional sum of Rs. 28 lakhs to meet loan requirements of registered societies or recognised institutions which are engaged in the production and sale of khadi. The Government have allocated funds totalling Rs. 17,81,000 to Part 'C' States as loan for the current financial year for the development of small-scale industries (Delhi Rs. 10 lakhs; Vindhya Pradesh Rs. 3.75 lakhs; Ajmer Rs. 1 lakh; Tripura Rs. 69,000; Kutch Rs. 57,000; Bhopal and Himachal Pradesh Rs. 50,000 each; Coorg and Manipur Rs. 40,000 each).

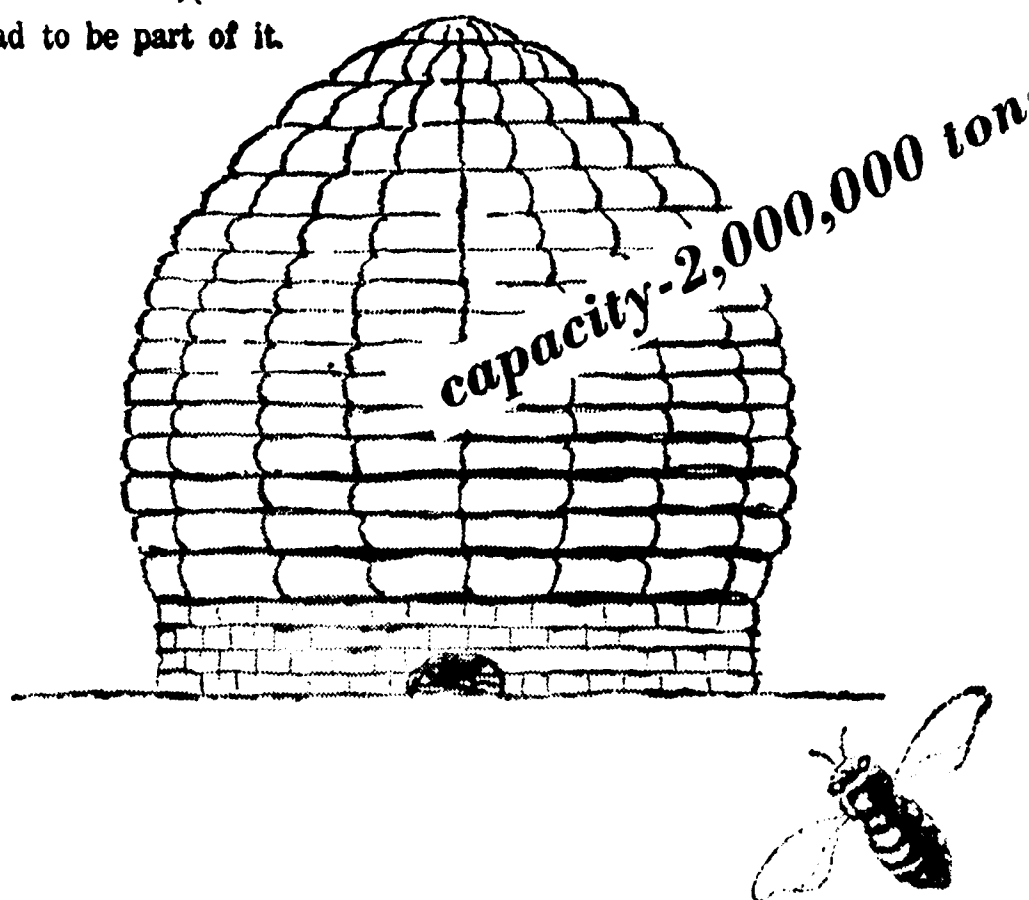
TRADE

German Coal Exports: Improved activity in the European Steel Industry and price concessions made by the German Coal Syndicate have boosted overseas sales of Government coal—2.7 million tons in August, a post-war record. Price concessions of DM 15 per ton have been financed out of the DM 45 million fund established last April as a result of the windfall of DM 66 million per year resulting from the abolition of preferential prices granted previously to railways, household consumers and high-sea fishing. Exports have averaged 2.05 million tons a month for the first half of 1954. U.S.A. exports annually 30 million tons, Poland 26 million tons, and U.K. about 12 million tons. Coal is facing competition from fuel oil. Against 1,000,000 tons consumed in 1953, 850,000 tons have been consumed in the first half of 1954. German pithead stocks of coal have fallen by 1 million tons to 4.1 million tons.

Japan to Cut Imports: The Japanese Government is to cut imports during the remaining period of the year ending March 1955, by \$455.9 millions. The import budget totals \$1,253.6 million, comprising visible imports \$1,090 million and invisible imports \$163.6 million. Imports will include (in tons) rice 450,000; wheat 920,000; barley 349,000; soya beans 245,000; sugar 400,000; potash 230,000; rayon pulp 25,000; iron ore 1.7 million; scrap iron 400,000; coal 1.1 million; crude oil 21 million barrels; raw cotton 1 million bales and wool 360,000 bales.

Australian Government Tightens Import Control: The Commonwealth Government is to tighten import controls in order to prevent importers from obtaining goods in excess of their reasonable needs for the remaining period of the licensing year ending March 31,

Beehives and oil refineries—the juxtaposition is really very apt. They are both places where a basic raw material is turned into useful finished products. They are both designed for a specific function—tailor-made for their job. Our beehive—the largest oil refinery in India—covers 450 acres of land at Trombay. Its capacity is 2,000,000 tons... think of this figure in terms of finished products. Petrol, kerosine, diesel oils, furnace oils and bitumen. Trombay means a saving in foreign exchange of between four to six crores of rupees a year. That is important to the economic life of the country and we are glad to be part of it.



1955. Imports from all sources are expected to exceed £ (A) 750 million in the current financial year as against £ (A) 683 million last year. The result of the new policy is likely to be widespread and substantial.

Britain's Wool Imports and Exports: Wool imports into the United Kingdom for the first eight months of this year totalled 514 million lb. compared with 641 million lb. in the corresponding period in 1953. Wool top exports, for instance, totalled 46 million lb. for the first eight months of this year, as against 48 million lb. in the corresponding months of last year. Woollen fabrics show a figure of 39.4 million square yards for this year, compared with 41.5 million square yards in the first eight months of 1953, and worsted fabrics 21.2 million square yards as against 22.8 million. Carpet export figures continue to show an encouraging increase. For the first eight months of this year the total was 6 million square yards, as against 4.1 million square yards in the corresponding period of last year.

FINANCE

U.S. Aid for British Air Force: The British R.A.F. is to receive \$103 million of U.S. funds for the re-equipment of squadrons. The new allotment comes from funds voted for the past U.S. fiscal year ended June 30, and is made in the novel form of an off-shore procurement order for delivery back to the country making the equipment. The total amount allotted to the R.A.F. from the U.S. Budget for 1953-54 is \$188 million—\$85 million voted as a direct grant, was handed over some months ago.

U.S. Foreign Reinsurance Gains in 1953: According to the U.S. Commerce Department foreign countries received a net amount of about \$40 million in 1953, through transactions with U.S. insurance companies. American insurance companies paid net premiums of \$170.6 million to foreign reinsurers in 1953, against which foreign reinsurers paid losses of \$119.8 million, for a net payment of about \$51 million. Both premiums and losses recovered have increased in every year since 1949, when the figures were \$125.9 million and \$71.8 million, respectively. The amount of reinsurance assumed from abroad has grown steadily since 1949. Net premiums of \$28.3 million received in 1953, were double the 1949 amount. Losses paid abroad in 1953 were \$17.4 million leaving a net receipt of about \$11 million. The U.S. companies received premium payments from 51 foreign countries and made loss payments to 48 countries.

Shipping War Risk Rates Reduced: Reductions in shipping war risk rates for Ceylon, India and Pakistan coastal voyages were announced by the Institute of London Underwriters. The rate for Ceylon coastal voyages is reduced from 1½ sh. to 1 sh. per £100; the rate for Ceylon to or from India or Pakistan is reduced from 1½ sh. to 1 sh., and for India or Pakistan coastal voyages the rate is also down from 1½ sh. to 1 sh. The risks covered are war and strike, riot and civil commotion. The standard rate of 1½ sh. per £100 has been cut for any other voyages to 1 sh. per £100. Unchanged, however, is the rate for voyages to and from or between ports on the China coast, Indonesia, Dutch New Guinea, Thailand, Israel, Jordan, the Lebanon, Syria and Egypt.

MISCELLANEOUS

Strong German Army Envisaged by 1957: By 1957, West Germany expects to have the strongest fully mechanised army backed by the largest reserve of veterans of any West European Power. A 22,000-officer corps headed by 50 generals will command 12

completely motorised divisions. The total force of 500,000 regulars will be divided into 400,000 armymen, 80,000 airmen and 20,000 men in the navy. The Air Force will have 1,300 planes in 10 fighter-bomber wings, 4 fighter wings, 2 all-weather fighter wings, 2 reconnaissance and 2 transport wings. The initial cost of setting up the forces is an estimated at £3,330 million (sterling).

Internal Goods Transport in Holland: The 1953 Report of the Netherlands Railways shows that more than half the internal transport of goods takes place by water. The report for the last three years is summarised in the table below:

Transport Sector	(Millions of ton-kilometres)					
	1951		1952		1953	
	Absolute	%	Absolute	%	Absolute	%
Railways	2,460	31.5	2,311	30.7	2,391	29.6
Inland Navigation	4,111	52.6	3,974	52.9	4,340	53.6
Road haulage	1,247	15.9	1,233	16.4	1,361	16.8
TOTAL	7,818	100.0	7,518	100.0	8,092	100.0

Acquisitions by Indian Defence Ministry: The Indian Union Deputy Defence Minister recently stated that the number of surplus military camps, lands and buildings hired or requisitioned and air-fields held on charge by the Defence Ministry on August 31, 1954 was 120. Of these 42 were in various stages of disposal, the remaining 78 being in the temporary occupation of other Ministries or State Governments or Services concerned. No loss was incurred by the Government in respect of these camps etc. The total annual rental paid was Rs. 10,60,695. Out of this, Rs. 9,01,899 was being recovered from other Ministries and State Governments who were in occupation of some of the properties. Properties under disposal account for an annual rental liability of Rs. 1,32,841. The rest of the total annual rental (i.e. Rs. 25,955) constituted the annual rental in respect of properties which were in the occupation of the Services.

More Welfare Extension Projects: Some 60 new welfare extension projects will be located in the States of Assam, Bombay, Madhya Pradesh, Madras, Orissa, Punjab, Uttar Pradesh, West Bengal, Mysore, Saurashtra, Himachal Pradesh, Kutch and Vindhya Pradesh. They will cover some 1,200 villages and a population of about 12 lakhs. Each project will be implemented by an Implementation Committee set up by the State Welfare Advisory Board with guidance and assistance from the Central Board. Financial assistance to the extent of 50 per cent of the cost will be provided by the Central Board. The other 50 per cent will have to be found by the Implementation Committee from voluntary contributions, assistance from the State Governments and the Local bodies or Municipalities in the areas.

Pakistan Central Jute Committee Meeting: The Pakistan Central Jute Committee concluded its three-day session in Dacca recently. The meeting was attended by the representatives of Government departments concerned, jute growers and firms dealing with jute. Several schemes of research for improving the quality and yield of jute were sanctioned. The Government of Pakistan hopes to conclude an agreement with the U.S. Foreign Operations Administration for aid in respect of technicians and equipment. Personnel are to be sent by the Committee at its expense for training in jute technology in foreign countries.

NEWS IN BRIEF

INDIAN

A Press communique issued by the Lok Sabha Secretariat states that it has been decided that the next Session of the Lok Sabha will commence on Monday, November 15, 1954 at 11 a.m.

A Rs. 7,54,000 scheme to minimise cattle infertility has been evolved by the Indian Government with the assistance of Swedish experts. Six regional and a central station are to be set up. Eight Indians are undergoing training in Sweden in animal gynaecology and artificial insemination.

The Indian Government have raised the export duty on tea by 75 per cent, increasing it from 4 annas to 7 annas per pound. The increase, however, is not expected to affect export prospects, and is justified by the steady increase in prices.

A symposium, jointly sponsored by the Government of India and UNESCO, on 'Solar Energy and Wind Power' will be held in New Delhi commencing October 22. Delegates from Australia, Denmark, France, West Germany, the Netherlands, South Africa and India will participate.

During 1953, India exported sewing machines to 35 countries, including Malaya, Ceylon, Iraq, Burma, Thailand, Iran, Syria, Australia, New Zealand, Indonesia, Afghanistan, Egypt, the African territories, Fiji Islands and other islands in the Pacific.

The UNESCO Advisory Committee on Arid Zone Research is to hold its eighth session in New Delhi. The Committee will meet on October 19, for three days and later leave on a study tour and hold its final meeting at Bombay on November 2, 1954.

The Indian Finance Minister, speaking at the ninth annual meeting of the World Bank and the Monetary Fund stated that total investments of foreign capital in India from 1942 to the end of 1953 amounted to Rs. 1,300 crores.

A five-man delegation will attend the fifth session of the Iron and Steel Committee of the International Labour Organisation being held at Geneva from October 11 to 23, 1954. The delegation will consist of a chairman, two employers' and two workers' delegates.

A Government of India communique reports that the next meeting of the National Development Council is expected to be held in New Delhi on November 9 and 10, 1954. The Prime Minister is expected to preside over the meeting.

The total subscriptions to the 3½ per cent National Plan Loan, 1964, amount to Rs. 156.75 crores. Subscriptions to the National Plan Certificates, which continue to be on sale at all post offices conducting savings bank business, amounted to Rs. 3.84 crores on September 25.

The Government of India are to set up a seven-man committee to prepare plans for organising tea auctions in India. In addition the committee will recommend a plan for banks financing the tea trade on a consignment basis, and visit principal tea centres in India, London and Colombo.

FOREIGN

The 'Australian Insurance and Banking Record' estimates total deposits in Australian savings banks at approximately £(A)1,000 million. The 'Record' estimates deposits with The Commonwealth Savings Bank of Australia—the largest savings bank—at £(A)651 million.

The multi-million U.S. contract for 100 locomotives and 5,000 wagons to be supplied to India under the Foreign Aid Programme is dividend between U.S., Japanese and some European manufacturers. U.S. firms will supply 50, leaving 50 to be shared equally by European and Japanese manufacturers.

The U.S. Treasury received \$8,200 million worth of applications for its offer of \$4,000 million 31-month 1-5/8 per cent Notes. The oversubscription will result in a 50 per cent allotment where large sums are involved; subscription of \$50,000 and less will be allotted in full.

New Turkish foreign trade regulations cut imports to the barest necessities and enforce stricter governmental controls. This step is the outcome of an all-round drop in Turkish exports due to a poor harvest, heavily reducing surpluses of cereals for export.

Vital raw materials with an allotment of \$31.3 million are the largest item in a list of primary needs of the Spanish economy. Under an economic agreement, \$85 million of U.S. aid will be used to strengthen Spanish economy and raise the standard of living in the country.

Denmark's defence costs during the next twelve months will be reduced from 1,190 million to 890 million kroner. Duties on cigarettes, small cigars, beer and spirit are to be raised, while State loans for private house building will be cut 25-30 million kroner, and government building by 50 million kroner.

Reductions of from 20 to 40 per cent in duties on imported cars were announced recently by the Austrian Finance Ministry. The announcement states that these reductions were aimed at assisting the mechanisation of economic enterprises by the nation.

An Australian petroleum company is to spend some £(A)20 million by the end of 1956 searching for oil in West Australia. Results obtained so far are highly encouraging, though not conclusive.

India, Pakistan and Ceylon have been invited to send representatives to the fourth Commonwealth Health and Tuberculosis Conference at London from June 21, to 25, next year.

Czechoslovakia has signed long-term agreements, with prices fixed in advance, ensuring stable markets, with Egypt, Indonesia, Syria, Iraq, Argentina, Brazil, Guatemala, Turkey, India and some other countries. Czechoslovakia offers industrial and capital goods in exchange for raw materials, tea, coffee and fruit.

A Rs. 15-million 100-acre BOC oil installation at Guptakhal near Chittagong, comprising a tin factory, an 18-million gallon petroleum tank, power house, water works, staff quarters and hospital, is to be completed and to begin functioning early next year. Some 40,000 tons of equipment have already arrived.

THE STORY OF TEA No. 3



Pruning the tea bushes (Assam)

The way it should grow...

LEFT IN NATURE'S HANDS alone, the tea plant would grow to the full height of the tall tree of its jungle ancestry.

Pruning must therefore begin early. First the young plant is cut back to a few inches from the ground to provide a main stem and encourage lateral growth; thereafter it is pruned at intervals to shape the plant to a manageable bush, three or four feet in height and span, suitable for plucking.

Shade trees must also be pruned, topped and attended to regularly.

The whole estate must be weeded several times a year; manure has to be spread and other fertilisers applied to encourage leaf growth and ensure a continuous yield of healthy 'flush'—the planter's name for the

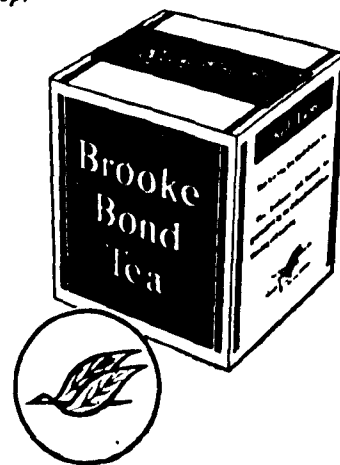
tender 'two leaves and a bud' which produce the finest tea.

If the bushes were not given careful attention, yields would drop.

★ ★ ★

Brooke Bond have thousands of acres of their own tea gardens—more than any other firm of tea distributors in the world.

And Brooke Bond is the only tea firm with five blending and packing factories, each serving its own part of the country, from which fresh stocks are rushed to every shop.



Brooke Bond Tea

Fresher because delivered Quicker

88 49

BOOK REVIEWS

FROM THE INSIDE

Government and Politics. A Survey from the Inside: By Herbert Morrison: Pp. 363: Oxford University Press: 21sh. net: Available from the Public Opinion Bookshop, 52, Queensway, New Delhi.

This was an eagerly-awaited book, as Mr. Morrison is uniquely qualified to write on this subject. Unfortunately, however, the promise implied in the sub-title hardly seems to have been fulfilled in the writing, and one may wonder whether in the matter of expounding the British Constitution, the man of affairs has after all any great advantage over the don or lecturer.

Mr. Morrison is known to have strong individual views on some of the controversial topics of the day. It was in his time that procedure in the Commons was modified, for example; as a result of the report of the Select Committee on Procedure every bill is now referred to a 'smallish' standing committee, with the guillotine working in the shape of a directive to report by a certain date—and this includes politically controversial bills, in regard to which government retains the initiative to take them on the floor of the house. In 1953, the report stage of Resolutions of the Committee of the whole house on ways and means was formulated—in spite of some criticism at that time. This was part of the general proposals originating from the Labour party, intended to save parliamentary time against the heavy rush of Labour legislation. The breakdown of the inter-party conference of 1947 regarding the reform of the House of Lords (and this was ultimately the result of disagreement over the period for which the Lords could delay a Commons bill), and the amendment of the Parliament Act in 1949 also reflected Labour's anxiety regarding its legislative programme. That anxiety was very real, and the statistics given at p. 242 of the legislation passed might, indeed, be the clue to the whole work. Mr. Morrison, however, deals also with other problems; for example, he remains keen on the admission of women into the House of Lords. Another point on which he is keen, although this may reflect Labour's anxieties regarding nationalisation only remotely, is that the public corporations should be protected from a paralysing control by watch-dog committees of the house.

All this comes out in this book. But for some inexplicable reason, a sense of disappointment still remains, and this seems to be due in part to the fact that Labour politicians, when they take to literature, cultivate a hum-drum style, and in part to the fact that Mr. Morrison has refrained, deliberately or otherwise, from revealing the details of the intimacies of party and House of Commons politics, if there were any.

Mr. Morrison is the party boss and administrator par excellence of the Labour party. But even he can nod sometimes, or rather his subordinates can. When the National Fire Service Regulations were framed during the war, someone forgot to lay them before Parliament, and three years thereafter, the Minister had to go to the Commons with an indemnity bill.

One cannot help feeling that this might have provided more real understanding of the inside of British politics, if the general approach to these problems had been that the entire body of men (and some women) who are concerned with public business and administration are human beings, and liable to errors and failings as such. Mr. Morrison's approach in point of fact has been to look at the British institutions of today from the point of view of their efficacy as appropriate instruments for enforcing Labour policy. He is entitled to this point of view. But he will not convince those still

surviving individuals who might, for various reasons, prefer the oddities of the British Constitution as it is to mere stream-lined bureaucratic efficiency.

MID-CENTURY CRITIQUE

The Economist in the Twentieth Century and Other Lectures in Political Economy: By Lionel Robbins: MacMillan: 16s. net.

It is Professor Lionel Robbins' main asset in economic interpretation that he asks the right questions and provides, possibly more than any economist of our time, really lucid answers. This book highlights this faculty in a discussion of some of the most important questions of our time. These include 'The Place of the Economist in the Twentieth Century', 'Full Employment as an Objective', 'The Dollar Shortage', 'The Control of Inflation', 'The Mechanism of Commercial Payments', 'The Classical Theory of Commercial Policy', 'Commercial Policy in the Present Age', 'Problems of International Financial Reconstruction', 'Towards the Atlantic Community' and 'Economic Policy in War-Time'.

It is perhaps appropriate that the book should be described not by its general character but by its first essay 'The Economist in the Twentieth Century'. For this is the only theme that is new. The questions that this essay propounds are set out on page 1. "The position of the economist at the present day is undoubtedly very different from what it was in earlier times. Wherein does the difference consist? What is expected of us in our day and age? How far are we capable of performing what is expected?"

There is no doubt that the economist in the twentieth mid-century is consulted far more than he was two decades ago. This is not because of any superior excellence in analysis or in his capacity for correct business prediction. Professor Robbins finds the explanation in the rise of "collectivism" and the impact of government management on private industry. The paragraph in which this is argued is worth quoting in full. "First comes that stream of tendencies in public policy which, with Dicey, we may label collectivism. Can there be any doubt that it is the extension of state activity in the economic sphere which is responsible for much of the increase of public interest in economics? I am far from saying that where the tendencies of policy are otherwise—in the so-called laissez-faire system—the explanation of economic phenomena is at all an easy matter; very much the contrary indeed. But while, in such a system, such matters may be of absorbing interest for the economist, for the world at large it is otherwise. The business man is not likely to think that very much depends upon a knowledge of economics. The civil servant and the politician, although more intimately affected, are very likely to feel that for all ordinary affairs at any rate, rule of thumb or intuition will see them through. Contrast now a situation where the functions of the state are extensive and continually changing. The business man finds his activities limited and conditioned by rules and regulations whose rationale he does not necessarily understand and whose repercussions he cannot easily foresee. The civil servant and the politician find themselves confronted by tasks where mere rule of thumb or intuitions are helpless, or at least liable to extensive and conspicuous error. Small wonder that, in such circumstances, there is a call for the services of those who have some technical pretensions to furnish advice and assistance in these matters."

Prof. Robbins is almost equally stimulating when he comments (unfavourably) on the concept of "full

employment" as an objective of economic policy. This is the most trenchant of these essays, and is likely finally to dispose of the Beveridge legend, which, in any case, was slowly disappearing on its own.

Every one of these essays is worth reading in itself. Only some are, perhaps inevitably, better than the rest.

CROWN COLONY

Colony of Singapore—Annual Report, 1953: Government Printing Department, Singapore: Price Three Straits Settlements Dollars.

The Annual Report of the Colony of Singapore can justly claim to be the best got-up administrative report in the world. It is a pleasure to handle and, even carefully to read, large portions of this book which has been edited with imagination which does great credit to the efficient government of the Colony of Singapore.

In the year 1953 Singapore, like all Crown colonies, was affected quite considerably by the Coronation. A third of the illustrations in the present report are connected with Coronation celebrations. There are many interesting pictures, particularly those of Chinese dragons in the Coronation procession. One wonders, however, whether in an administrative report a Coronation story should have been given so much prominence. It tends to detract from the substance of the story.

There is a great deal of sound economic progress described in almost every chapter of this Report. Education has made steady and even spectacular progress in the last ten years. There is a graph on page 88 which shows that teaching staff is increasing *pari passu* with education which is not always the case. There have been large developments in housing, road transport, the postal and information services and even in the law and order services. It is a record of progress in all fields which shows, what is known already, that a powerful civil service can operate very successfully when its powers are not questioned.

The largest question is, however, still unanswered. How long can this efficient administration stay around without substantial political change?

MAJOR INDUSTRIES

Major Industries of India (Annual) Vol. III: 1953-54: Editor M. P. Gandhi: M. P. Gandhi and Co., Jan Mansion: Sir P. Mehta Road, Fort, Bombay 1: Price Rs. 10 (Ordinary Edition), Rs. 15 (De Luxe Edition): Pages 274.

Mr. M. P. Gandhi who has for nearly eighteen years published comprehensive annual surveys of India's cotton textile and sugar industries, has now made his survey of major Indian industries also an annual publication. The difference in this case is that except for a preliminary editorial article, the problems of the various sections of industry are surveyed by the leading personalities connected with each sector. The field has not been narrowed down to industry alone; there are articles on agriculture, trade, technical assistance, the five-year plan, banking, insurance, tourism and community projects. The printing and the illustrations on art paper add charm to the subjects which might, in spite of the status of their authors and the wealth of statistics appended, seem heavy otherwise. Mr. V. T. Krishnamachari's article on the role of the private sector in the five-year plan and the American Ambassador Mr. George Allen's description of American technical assistance deserve special mention among more than 34 articles which are no less authoritative in the particular fields to which they relate.

THE EASTERN ECONOMIST ANNUAL NUMBER

1954

INDIA

IN

SOUTH EAST ASIA

AND

AN ANNUAL REVIEW OF CURRENT ECONOMIC AND POLITICAL EVENTS

(RUPEES FIVE)

The central theme of Part I of the Annual Number 1954 of "The Eastern Economist" is 'India in South-East Asia'. Events during 1954 have underlined the tremendous economic and political significance of this area. The Truce in Viet Nam, the outcome of the Geneva Conference, and the Colombo Conference in April are indications of the great scope and urgency for co-operation between nations in South-East Asia. With SEATO in the background, economic co-operation is very much in the minds of nations in this region, and this provides a vast field for analysis both political and economic. "The Eastern Economist" Annual Number seeks to illuminate this theme through special studies in all its aspects.

In Part II the Annual Number will, as usual, deal with economic events in the Indian Union during 1954. An elaborate authoritative view will present the reader with a penetrating analysis of Indian economic affairs.

The Annual Number 1954 will be printed in not less than 8,000 copies. Of its 160 pages only 60 will be available for advertisements.

SUBSCRIBERS TO "THE EASTERN ECONOMIST" RECEIVE THE ANNUAL NUMBER FREE (PRICE RS. 5; BY REGISTERED POST RS. 5-10).

Non-subscribers may make a remittance not later than December 1, 1954, after which no guarantee of supplies can be made. Booksellers and educational institutions will be allowed special terms for bulk orders of not less than 25 copies.

The Manager,
The Eastern Economist,
52, Queensway,
New Delhi.

A Window On The World

WHY TIBET?

BY
ODYSSEUS

MANY HONEST CITIZENS cannot bring themselves to believe that any compatriot, professing as high ideals for the good of the masses as the Communist Party of India, could possibly be as diabolically dishonest as the enemies of Communism allege. The honest as the enemies of Communism allege. The word "conspiracy" arouses distasteful memories in India. That any Indian in his right mind and claiming to be a patriot could possibly (1) take from a foreign power the policies and views that he propagates; (2) place the interests of a foreign power above those of his own country; (3) proclaim himself in favour of reform by democratic parliamentary methods, while secretly working for the destruction of parliamentary government; (4) proclaim his beliefs in one set of harmless and acceptable political doctrines while secretly working for a totally different set to be achieved by violent revolution—all this strikes the ordinary decent citizen as so outrageous, so melodramatic, so like a Hollywood spy thriller, as to be too ridiculous to be taken seriously. Other ordinary decent citizens in the once flourishing and free countries of Estonia, Latvia, and Lithuania, once thought like this, and lived to see their countries absorbed bodily into the U.S.S.R. So did many in Poland, Czechoslovakia, Hungary, Bulgaria, Rumania, and Albania, who now live in Soviet satellite states. None of these peoples would believe the evidence of their eyes. They have paid heavily for their trustfulness.

Ample evidence, taken from Communist documents, speeches, and statements, in support of the four apparently preposterous anti-Communist allegations listed above, has been collected and published by Mr. M. R. Masani in his new book "A History of the Communist Party in India" (D. Verschoyle, London, 1954. Price 18 sh.). Last time, I cited extracts from a Communist document known as the "Tactical Line". This was drafted in Moscow as a letter of instructions to the C.P.I. and brought back to India early in 1951 by Comrades S. A. Dange, Ajoy Ghosh, Rajeshwar Rao, and Basava Punna, all of them members of the Central (controlling) Committee of the C.P.I. It fell into the hands of the Democratic Research Service and was published by the Popular Book Depot, Bombay 7, price Rs. 1-12, in March, 1954. Extracts published here last time laid down that without an armed revolt the present regime in India could not be overthrown, and that the revolt should be a combination of partisan war in the mofussil and of armed workers in the industrial areas.

The publication of this document means that the Democratic Research Service charges the Central Committee of the C.P.I. in general, and the four comrades named above in particular, with treasonable design against their country. I cannot think of any more serious charge that can be made against anyone. Murder, for example, may under certain circumstances be excusable; treason never. If this charge is false, it is libellous, and a successful suit would probably lead to the imposition of a heavy fine and a term of imprisonment on the publishers. But the C.P.I. has made no attempt to refute the Democratic Research Service's charges, beyond a denial unsupported by legal action. All responsible authorities in India, including the appropriate branches of government, regard the "Tactical Line" as an authentic document. Here are some further extracts:

THE LESSON OF CHINESE EXPERIENCE

"India is a vast country, with a backward and basically colonial economy and with 80 per cent of its

people dependent on agriculture. In such a country, partisan warfare, as the experience of China has shown, is one of the most powerful weapons in the armoury of the revolutionary movement, and the weapon will have to be wielded by the Communist Party in their fight for national liberation. At the same time, it must be realised that there are other specific factors of the Indian situation which are such that this weapon alone cannot lead to victory. In China, the split in the united national front in 1927 simultaneously split the armed forces, also the Communist Party had an army of 30,000 to start with. Moreover, because of the sparse development of railways and other means of transport, the enemy found it difficult to concentrate his forces against the areas held by the Communists. Despite these advantages enjoyed by the revolutionary forces, they were repeatedly encircled by the enemy. Time and again they had to break away from this encirclement and threat of annihilation and migrate to new areas to rebuild. It was only when they made their way into Manchuria, and found the firm rear of the Soviet Union, that the threat of encirclement came to an end and they were able to launch that great offensive which finally led to the liberation of China. It was the support given by the existence of a mighty and firm Soviet rear that was of decisive importance in ensuring victory to the tactic of peasant partisan warfare in the countryside of China.

"In these respects the situation in India is different. We have no army to start with; it has to be created. The transport system in India is far more developed than in China, enabling the government to swiftly concentrate big forces against partisan areas. And, above all, the geographical position of India is such that we cannot expect to have a friendly neighbouring state which can serve as a firm and powerful rear. All these do not mean that partisan warfare has no place in India. On the contrary... partisan warfare must be one of the major weapons in our armoury as in the case of all colonial countries. But this weapon alone cannot ensure victory. It has to be combined with the other major weapons, those of strikes of the working class, the general strike, and uprisings in the cities led by armed detachments of the working class. Therefore in order to win the victory of the popular democratic revolution, it is absolutely essential to combine two basic factors: the partisan war of the peasants and workers' uprisings in the cities."

The "Tactical Line" lays it down that "it is also necessary that while utilising all legal possibilities, the existing illegal apparatus of the party is strengthened enormously".

I would draw your attention to a striking development that has taken place since this document was drafted in 1950. The "Tactical Line" emphasises that it was only when the Communists captured Manchuria and found themselves in direct contact with the U.S.S.R.'s "firm rear" (sic!) that the threat of encirclement and annihilation ended and the Chinese Communists were able to launch the offensive that led to the "liberation" (sic!) of China. It was thus, says the "Tactical Line" the support given by the mighty Soviet power that ensured victory. In other words, without foreign aid, the Communists of China would have been unable to secure control either by their powers of persuasion or by their physical force. I conclude that the present regime, admittedly imposed by a foreign power, cannot claim to speak for the Chinese masses.

SINISTER SIGNIFICANCE

Secondly, in the light of the admission that victory in China was secured by help from a neighbouring Communist territory, does not the Chinese liberation of Tibet assume a new and sinister significance? Why did the Chinese give Tibet so high a priority? Admitting that, for reasons of national prestige, the Chinese would in the end have got around to making sure of their control of Tibet, one cannot help wondering what gave the job so high a priority? Tibet presented no threat to them; its liberation could have waited its turn after many more important domestic economic matters, and the forces tied up in Tibet could have been available for use in Korea or Indo-China. And for reasons of geography, if for no others, India was no threat. But if an unoccupied Tibet presented no threat to China, could it be that the Communists thought it necessary to occupy it in order to be in a position to aid Communist allies in neighbouring countries at the earliest possible moment? Tibet borders Nepal, Pakistan, and India.

One point in the programme that Comrades P. Sundarayya and A. K. Gopalan submitted to a conference of "non-Congress democratic M.P.s" on May 13, 1952, catches the eye: "The military budget to be cut down by 50 per cent." This rings as pleasingly in the ears of the harassed tax-payers and in those of "peace-minded" citizens who have absorbed slogans about the dangers of armaments races, as, for opposite reasons, it does in those of the internal forces of Communism which are scheduled to fight the partisan war in the mofussil, and not least in the ears of the external forces of Communism which may be called upon to provide that firm and mighty rear without which it is regretfully admitted that victory in India is impossible.

That the secret "Tactical Line's" stress on rural action has not been ignored is shown by earlier events in Hyderabad and by recent events in the Patiala and East Punjab States Union. It hits the eye a mile off that since the liberation of Tibet, Hyderabad's priority has slumped and PEPSU, which borders Tibet, has moved into first place. The C.P.I.'s campaign in PEPSU was successful enough to necessitate President's rule on March 5, 1953, on which date the Home Minister revealed that 80 panchayats had been set up, which, in many areas, amounted to a parallel administration, which tried cases, collected revenue, and forbade anyone to seek the protection of the law of the land. When Comrade P. Sundarayya denied these facts, the Home Minister quoted a speech made in PEPSU by the good comrade in which he said: "I have brought a model before you—Telengana".

The advance bases of international Communism near India's borders are known. At Kunming, Yunnan, is the G.H.Q. of the "Volunteers for the Liberation of India, Burma and Thailand" (did you realise that you lived in an un-liberated country?). These volunteers could, "if an emergency arose", be propelled forward by the 13th, 14th, and 15th Chinese Communist armies, which total 100,000 men. The G.H.Q. of the "Central Committee of Peoples' Liberation Armies" for South-East Asia is at Monglen, in East Burma, where the Burmese, Thai, Indo-Chinese, and Chinese borders meet. Direct touch is kept between the C.P.I. and the waiting liberators. On January 22, 1953, the Burmese Government published a letter dated June 7, 1952, to Burmese rebels from the Riverine Regional Committee of the C.P.I. in which the establishment of a joint office "to facilitate our future relations" was proposed. The letter continues: "...on the arrival of Comrade Ishwar Singh and the group sent by the C.P.I., Manipur, to our Party, we find that we can maintain regular relations with you through them..."

Do you still consider the four charges against the C.P.I. cited in my opening paragraph to be too ridiculous, outrageous, and melodramatic to be taken seriously?

[This is the third of a series of four articles on the role of the Communist Party in India. Those published previously were: "The Truth About Communism" (September 24) and "Foreign Stooges in India" (October 1. Next week's final article will be entitled: "The Duties of the Decimal Fraction". In writing this series, Odysseus gladly acknowledges his debt to Mr. Masani's authoritative new book "A History of the Communist Party in India."]



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A DELHI DIARY

THE NEHRU BOMBSHELL

THE Prime Minister must have had his silent laugh at the expense of journalists who thought they knew him better than he knows himself. When a month ago he spoke in a Congress party meeting about relinquishing some of his offices, no one took him very seriously. In the same week answering a question at a Press conference in Travancore-Cochin, he said that it was more likely that he would give up the Prime Ministership than the Presidentship of the Congress. This seemed such an unthinkable contingency that observers in Delhi hitherto considered shrewd drew the illogical conclusion that since the Prime Minister was speaking of one or the other office, the chances were that he would be leaving none. Now, like a bombshell, comes a full letter from the Prime Minister to the Presidents of Pradesh Congress Committees in which he proposes that he should relinquish both offices, the Prime Ministership "at least for a while". He says that now that "good and stout foundations" for the progress of the country have been laid, he could think of some change in the nature of his activities. "I want to work hard" he adds, "but at the same time I want some leisure to think and write." He complains of a feeling of staleness in him and says: "I do not like this staleness and I feel it comes in the way of really effective work and creative thought which are so necessary for one who has to function in a highly responsible position. It was somehow to regain that freshness and creativeness that I wanted to leave the present routines that take up all my time."

THE CENTRAL PILLAR

There is no doubt that the Prime Minister is in earnest. He does not wish "to take any step in hurry" because he does not like to "create an upset". There is no doubt that there will be enormous pressure to prevent the Prime Minister from leaving office. There is no doubt whatever that he will be sorely missed. Whatever one might say about the point that "a great nation does not depend on an individual or two" the fact remains that the Prime Minister has been built—and indeed he has also built himself—into a central position in the Indian scene. What happens when a central supporting pillar is drawn away? I think this depends very much on the manner in which the building has been designed to distribute strain and stress on other pillars. My personal view based on an article "After Nehru—What?"—just the kind of article about which the Prime Minister was complaining—is that in the Indian society the strains and stresses have been distributed fairly widely. When the Prime Minister's immediate leadership is withdrawn, the stresses will fall on a large number of shoulders which at present are apt to throw their burdens on the central pillar. I agree with the Prime Minister that he is not indispensable, but (hastily qualifying myself!) consider that he is less dispensable than any man in recent years in any country in the world!

THE DELPHIC ORACLE?

Who in that event would be Prime Minister temporarily while Jawaharlal Nehru rests a bit? I lay my bets on Dr. Rajendra Prasad, President of the Indian

Union. I am not astrologically inclined, but I note with interest that an astrologer has said that the President might be Prime Minister before the end of the year. He was conveniently vague as to whether it was a calendar or an official year, but I expect one need not be carping on this point seeing that the difference is only three months.

CARGO PREFERRED?

Currency is being given in Delhi to a report of a recent conversation the Prime Minister seems to have had with one of his colleagues. It is said that he wishes to go on a voyage round the world in a cargo vessel. The emphasis, I believe, is on the cargo vessel. It is supposed to give one relief not only from work but also from the many tedious obligations one tends to acquire on luxury (or even not so luxurious!) passenger liners. I applaud the Prime Minister's choice of a cargo vessel. It is a secret escape which many of us have planned and only few of us have yet accomplished. Yet the cargo vessel is cheaper in every way giving nearly double the comfort at about half the price. Or am I mistaken about the price?

I can think of no happier way of spending three good months than in and out of ports on the Mediterranean and the North Atlantic. I say the Mediterranean and North Atlantic because that seems to be one way of avoiding the Red Sea and the uncomfortable Equatorial Belt. I have only one complaint against South-East Asia, and that is that so much of it is spread over the Equatorial Bulge!

VENI, VIDI, VICI

I have just time to deal with the whirl of events which surrounded the new Indo-Ceylon agreement reached last Sunday. It was a great personal triumph for Sir John Kotelawala; he came, he saw and he conquered. But there is no doubt he had a full pack of diplomatic cards and he played them all. Firstly, it was wise to bring in his delegation all the difficult members of his party as well as the leader of the Opposition. It was noted that the other members of the team met our Prime Minister before Sir John went into action. Again, he employed world opinion skilfully on his side. "If we had failed to reach agreement", he said later "we would have been the laughing stock of the world." This looked as though the author of the Colombo Conference was hoisting himself with his own petard. In point of fact, he used it as a powerful stick to beat down his own Opposition. I proclaim Sir John Kotelawala one of the most skilful operators of our time.

The agreement was, in spite of all this, a close thing. It had not been reached on Sunday evening at the time of a spectacular reception given by the Ceylon High Commissioner in honour of his Prime Minister. It is significant that the Colombo Powers work best at about midnight. I recall well that the Colombo resolutions were reached at Kandy at just about this time. History seems to be repeating itself. I suggest that all South-East Asian Conferences should be held (Russian style!) when all the rest of the world is asleep!

ARGUS.

SPECIAL ARTICLES

THE DURGAPUR CHEMICAL PROJECT

AN ANALYSIS

THE West Bengal Government has asked the Central Government to help in building up at Durgapur an integrated chemical industry based on coal and its derivatives in five phases, spread over a period of about sixteen years, first phase requiring (a) a coke ovens plant consuming annually four and a half lakh tons of coal and (b) a tar distillation plant, at a total cost of about Rs. 5 crores. Delhi has provisionally turned down the proposal, subject to further investigation of facts. This opposition from Delhi is in line with its traditional policy of strict scrutiny of measures emanating from West Bengal. In the hinterland of this emotional opposition, there is a feeling that Calcutta thinks only of West Bengal to the exclusion of the rest of India; there is also a vague fear that with its unemployment and Communism growing, it may one day turn Communist and hand in hand with East Pakistan work to be independent of India, in which contingency crores spent on West Bengal will be crores wasted for India.

On the other hand West Bengal feels that she has sacrificed much to make India independent; the Partition has hit her hardest; her jute industry has declined and is declining and smaller industries are suffering; her food supplies from East Pakistan, her previous main source of supply, are meagre and cost much more; millions of refugees uprooted from their homes find uneasy shelter and little employment; unemployment among the literates is increasing and discontent and frustration are on the boil, stirred by friendly Communists. West Bengal, therefore, expects favourable consideration for any proposal offering employment to its educated and technically trained men, especially when the Centre benefits so much in her exchange position from the export of tea and jute goods and takes such a large slice from taxes on income on her citizens.

One should remain unbiassed by this emotional politics and tension. This proposal for taking the first step for the establishment of a great chemical industry, with Durgapur as its centre, should be examined on its merits. If a chemical industry based on coal and its derivatives is to be established, there cannot be a better location than Durgapur, considering its proximity to coal, to the market facilities of Calcutta and to cheap power, not to speak of abundance of water near at hand in the Durgapur canal, availability of skilled technical workers and facility of transport by rail and canal to the important market centre of Calcutta.

What has frightened the Centre is the prospect of the scheme embracing five phases to be completed by 1970 at a cost ultimately of about Rs. 100 crores. The Durgapur scheme consists of five phases theoretically required for complete integration but it does not follow that the first phase cannot stand on its own legs without the immediate formulation of the other phases; it only means as each phase of development is followed by the subsequent phase, finance and circumstances permitting, the integration would be better and therefore the cost of Durgapur products will tend to be cheaper.

The first phase of development from 1954-1957, estimated to cost about Rs. 5 crores, consists of a modern battery of by-product coke ovens and a 100-ton tar-distillation plant. The coke ovens will consume 1300 tons of coking coal per day (annually 4½ lakh tons) and produce per day 900 tons of high grade coke suitable for making castings of higher quality and for ferro-alloy production. Its by-products will be 45 tons per day of tar and 7 to 8 million cubic feet daily

of surplus saleable gas after meeting the requirements of heating the coke ovens. The Durgapur tar will be distilled along with 50 tons of Sindri tar per day in a modern 100-ton tar-distillation plant and will produce to begin with, light oils, carbolic oils, naphthalene oil, wash oil (required for recovery of benzol in steel plants), heavy oil, pitch and road tar. These products have a ready market. Later on, some of the products of high temperature distillation will be processed into carbon black and electrode carbon. India manufactures per year 22,500 tons of rubber for which 5,600 tons of carbon black are required and half of this quantity can be supplied from the proposed distillation plant. India imports annually about 10,000 tons of electrode carbon for electro-metallurgical industries, a large part of which can be made at Durgapur from its pitch. Negotiations between West Bengal Government and a private firm have been completed for the manufacture of DDT and other germicides from Durgapur benzene. If the Defence Ministry requires toluene, Durgapur can make it. About 9,000 tons of ammonium chloride are imported annually for galvanising iron sheets and manufacture of dry cell batteries etc. When the DDT plant is set up, chlorine will be available both for the DDT plant and for the manufacture of ammonium chloride from ammonia, a by-product of the coke ovens.

As regards Durgapur's daily surplus of 7 to 8 million cubic feet of gas, part of it will be required for carbon black and heating purposes leaving about 6 million cubic feet per day for sale. Chittaranjan Locomotive Factory uses at present imported furnace oil which could be substituted by Durgapur gas to the extent of 1½ million cubic feet per day demand for which will be increased as the Locomotive Factory is expanded. There are a number of refractory works near Durgapur, also glass works and light engineering industries requiring industrial gas. It is estimated that by 1960 the demand of Asansol area for gas will exceed the supply of Durgapur gas. When that stage is reached, it is proposed to release the gas that would be used for heating the coke ovens by heating them with gas from a producer gas plant. This will release a further 7 million cubic feet of gas per day which will be available for the Asansol and Calcutta area. The cost of the gas pipeline is estimated to be Rs. 1½ crores in the first stage and Rs. 2 crores in the second stage.

So far, so good. The main difficulty, however, is about the disposal of the main product—coke—which will be produced at the rate of about 900 tons a day, i.e. 3,25,000 tons per year. The sponsors of the scheme argue (a) that the existing coke plants of Giridih (which belong to the State), Bararee, Lodna, Loyabad, Bhowra are mostly over 30 years old and the plants generally are in a state of deterioration which adversely affects both the quantity and quality of their coke; their by-products are not generally utilised properly and to that extent they can be said to be wasted; (b) that government should consider a modern coking plant, completely utilising its by-products, a necessity for the country considering its limited resources of coking coal; (c) that it is criminal to work any longer the State owned Giridih coke oven plant at its present ruinous cost and that it should be dismantled as soon as Durgapur plant is ready and the supplies it makes at heavy cost to the Railway and Government foundries should be derived from the proposed Durgapur State Plant; (d) that it is relatively better to export coke than coking coal and thus retain the by-products in the country; if a survey is made of the market for coking coal in

South-East Asian countries and Japan and especially in West Pakistan where there is no coking coal and where a small iron and steel plant is under consideration, it will disclose that any surplus coke from Durgapur will find an easy market abroad and (e) that the Government should consider the future needs of our greatly expanding engineering industries and not remain satisfied with the present demand and supply of metallurgical coke in the country; for instance the Mysore Iron and Steel Factory will require large quantities of coke for its extension programme.

The critics of the scheme argue (a) that without a steel plant at Durgapur, the scheme cannot succeed; for instance if out of an annual production of 3,24,000 tons of coke 1,50,000 tons remain unsold, it would mean locking up Rs. 45 lakhs of working capital in stocking material liable to crumbling to breeze on long exposure; (b) that if a blast furnace plant is put up to avoid the costly risk of stocking coke, it would transfer the difficulty of disposing of coke to disposing of pig-iron and (c) that if to avoid both these risks, a small steel plant is put up, it would be very costly and uneconomical.

The Durgapur scheme in its later phases requires the setting up of two small blast furnaces, each of 400 tons daily capacity, one for pig-iron and the other for ferro-manganese and therefore the solution of the difficulty envisaged by the critics about the disposal of the coke produced lies in a compromise, namely to begin with, instead of two blast furnaces, one for pig-iron and the other for ferro-manganese, only one blast furnace for pig-iron of 400 tons capacity should be put up and the ferro-manganese furnace should be deferred for the present. This will considerably reduce the quantity of coke for which a market will have to be found. Pig-iron if not readily sold can be stored without difficulty. The beneficial effects on the coal industry of the developments suggested in the later phases of the Durgapur scheme are briefly given below.

To utilise the abundant low grade gas coal near Durgapur which is a most suitable site for a thermal power house and to supply cheap electric power to the

Durgapur plant and its ramifications and for the electrification of the Howrah-Burdwan line, it is proposed to instal a 50,000 to 60,000 KW thermal power house at Durgapur to burn low grade coal and gas. It will require 500 to 600 tons of slack of low grade coal per day, that is about two lakh tons a year, and provision is made for doubling its capacity.

In the second phase, it is proposed to set up a Low Temperature Carbonisation Plant utilising per day 700 to 1,000 tons of semi-coking coals of the Raniganj field, after ascertaining which plant is most suitable for Bengal coals. This carbonisation plant will daily produce 500 to 650 tons of domestic coke (of which Calcutta market can consume about 500 tons per day) and 15,000 to 20,000 gallons of low temperature tar. This tar when distilled in a separate distillation plant will give light oil, fuel oil, diesel oil, pitch, tar acids and motor spirit. Low temperature tar when hydrogenated is a source of diesel and aviation oil. Tar-acids are a source of synthetic resin.

As stated previously, the coke oven gas is to be used as industrial and domestic gas for the Asansol and Calcutta area. When the demand reaches 20 million cubic feet per day, it is proposed to instal a pressure gasification plant to produce such gas and divert the coke oven gas towards chemical synthesis. With the coke oven gas then made available, a fertiliser factory of the size of Sindri can be set up at Durgapur.

Lastly the possibility of Synthetic Oil Plant from coal is envisaged in the Durgapur Scheme. But as the Government of India has dropped the idea of a Synthetic Oil Plant, it need not be considered here.

This survey has indicated the wide ramifications of the chemical industry based on coal and its derivatives and their usefulness to the country. The Government of India may do well to help the basic chemical industry to make a beginning, by sanctioning the Durgapur Coke Ovens Plant together with a High Temperature Tar Distillation Plant, a 400-ton Blast Furnace and a Gas Grid for the supply of gas to the Asansol area and a Thermal Power station.

REAL PRODUCT SERIES COMPUTED FROM INDICES

NATIONAL Income studies in India have hitherto been confined to the estimation of the money National Income for an annual period. This has necessarily been a slow process because the details required for a full national income assessment are not available for many months after the close of an official year. In fact, official national income studies have nearly always been more than two years late. Under present conditions with a statistical set-up greatly restricted in scope, it is clear that the formation of policy cannot wait upon the appropriate national income statistics although the larger relays which have been experienced in the last three years may be partly eliminated. India is unlikely to have at any time in the next five years an official figure for national income and its constituent elements within three months of the period to which the studies relate, as, for example, can be obtained in the U.S.A. or the United Kingdom. The suggestion has, therefore, been made that we should have some quicker methods of valuation of the national product even though they may lack many of the refinements of a full national income computation.

One such method is to employ existing indices of agricultural production, industrial production and business activity. There are various ways in which they can be combined, depending on the weightage to be given to industry and business activity in relation to agriculture. There is at the present time some difference in opinion in regard to the most suitable weights. This is partly because the indices of indus-

trial production available take no account of unorganised industries. Again, indices of business activity usually have as one of their components industrial production, so that there is double weightage of industrial production as a result of using the non-official indices available for business activity. It would, therefore, appear that until suitable new indices are computed, the best course would be to plan a large number of series with varying weights in order to see how these different series compare with one another.

An interesting range of possible series has been put together by the Research Section of 'The Eastern Economist'. In these series there have been used 'The Eastern Economist' Index of Agricultural Production, 'The Eastern Economist' Index of Industrial Production, 'The Eastern Economist' Index of Business Activity (with and without an industrial component), the Planning Commission's Index of Agricultural Production, and the Official Interim Index of Industrial Production.

The interest in the table given below which shows the various calculations with the year 1948-49 as base=100 lies in the broadly similar results displayed. Except in two cases the figure for 1953-54 stands between 115.5 and 118.2 and the broad trend is similar in almost every case. This is prima facie indication that the variation of weights in the non-agricultural sector is of the second order in practically all calculations.

It would appear that there is room for further studies on these lines. Since the indices of industrial production and business activity are available three months after the month to which they relate, there is also something to be said for a sub-index to cover industrial production and business activity. It is sincere-

ly to be hoped that official statistics will attempt some computations in these terms so that the non-agricultural sector will be measured fairly promptly month by month. A beginning will thus be obtained for quarterly studies which are available in other countries but which are now completely absent in the Indian Union.

REAL PRODUCT SERIES COMPUTED FROM VARIOUS INDICES

Year	Eastern Economist Agriculture-2	Eastern Economist Agriculture-2	Eastern Economist Agriculture-2	Eastern Economist Agriculture-2	Eastern Economist Agriculture-2	Eastern Economist Agriculture-2	Eastern Economist Agriculture-2	Planning Commission Agriculture-2	Planning Commission Agriculture-2
	Eastern Economist Industry-1	Eastern Economist Industry-1	Eastern Economist Industry-1	Eastern Economist Industry-1	Eastern Economist Industry-1	Interim Industry-1	Interim Industry-1	Interim Industry-1	Interim Industry-1
	Eastern Economist Business Activity-1 (with Industry)	Eastern Economist Business Activity-1 (without Industry)	Eastern Economist Business Activity-1 (with Industry)	Eastern Economist Business Activity-1 (with Industry)	Eastern Economist Business Activity-1 (without Industry)	Eastern Economist Business Activity-1 (with Industry)	Eastern Economist Business Activity-1 (without Industry)	Eastern Economist Business Activity-1 (without Industry)	Eastern Economist Business Activity-1 (with Industry)
1948-49	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1949-50	100.6	101.6	101.0	102.8	102.2	103.6	104.6	102.8	101.8
1950-51	95.9	98.1	95.6	98.4	96.9	99.6	101.2	100.7	99.3
1951-52	101.7	103.1	100.8	102.1	101.1	104.5	105.1	105.1	104.1
1952-53	108.4	109.2	108.4	109.6	109.1	112.9	113.5	109.7	109.0
1953-54	115.7	116.4	117.0	119.4	118.9	123.6	125.8	118.2	117.5

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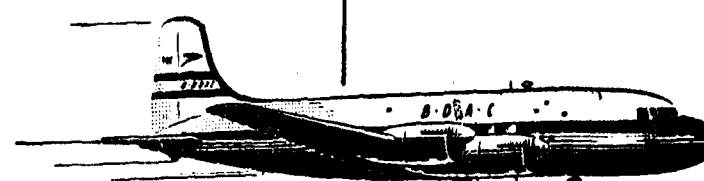
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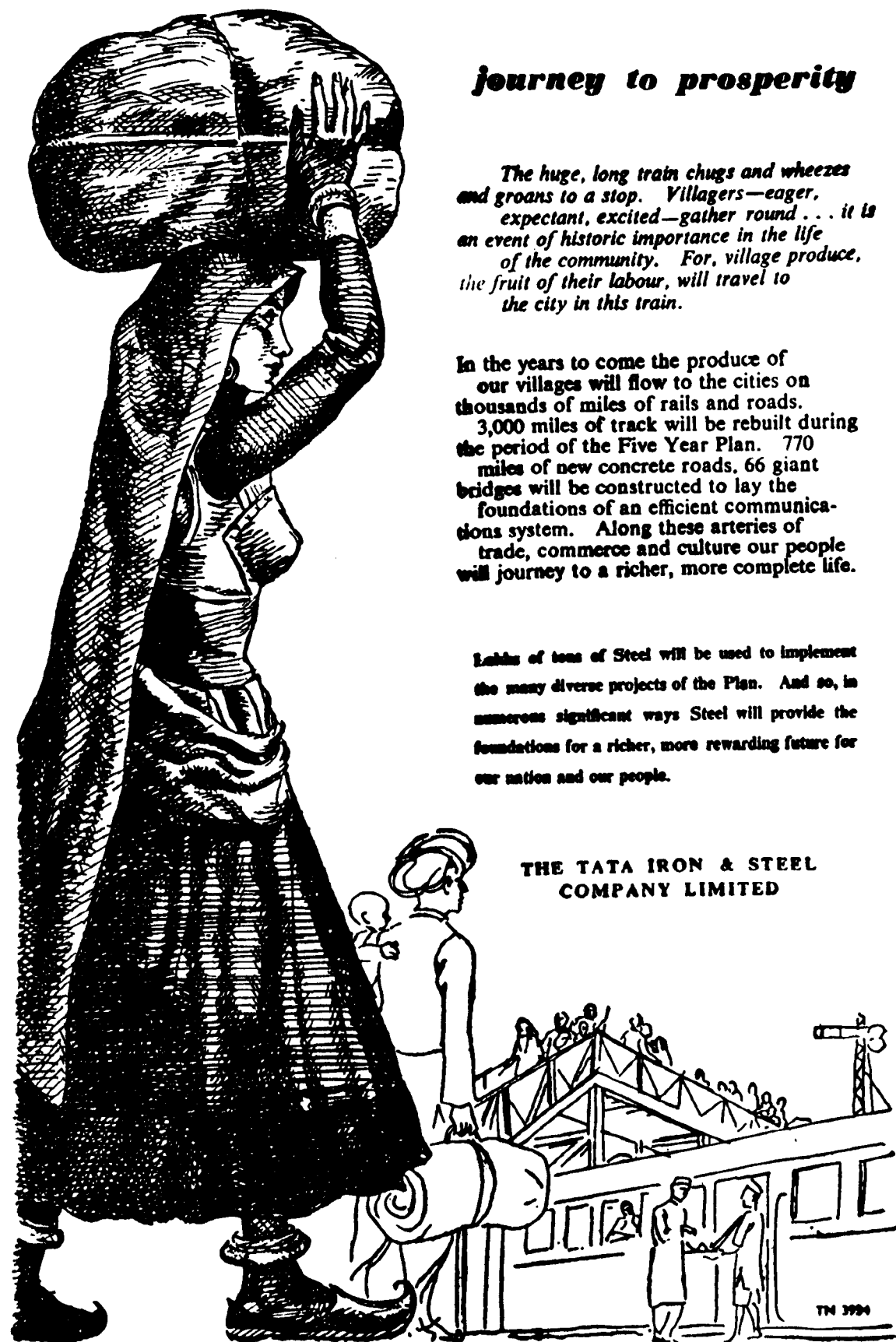
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THE BUSINESS WORLD

REVISION OF RAILWAY RATES

The Railway Board's reluctance to refer the question of investigating the revision of the railway rate structure to an independent committee, representing the Railway Ministry and transport users, springs from an attitude of complacency. The Board apparently feels confident that its policies are motivated by a desire to subserve the highest interests of the economy of the country. The risks inherent in such an attitude on the part of a country-wide nationalised monopoly are obvious and the Board's dogmatic view of the equitable nature of the existing rate structure constitutes a case in point.

In declining to accept the plea of the Federation of Indian Chambers of Commerce and Industry, for investigation and scrutiny of the railway rate structure by a compact and small representative committee, the Board has ignored the basic issue whether a prima facie case exists for the investigation in the present changed context. It has placed an entirely erroneous emphasis on the last revision of the rate structure in 1948. For one thing, that revision was a purely departmental affair with its inevitable bias for concern over railway revenues, and for another, it was conceived against the background of the war-time and immediate post-war situation. In fact, much of the investigation was carried out before partition and the planned development of the economy has radically altered the context.

The Federation has unreservedly endorsed the criteria which should guide the determination of an equitable rate structure and they leave no doubt whatsoever that the revision for which it pleads cannot prejudice the interests of either party. These criteria are:

- (a) A reasonable rate structure should ensure revenues sufficient to meet the requirements of the operating costs, depreciation and reserves.
- (b) It should possess flexibility to stimulate economic development and opportunities for progressive increases in transport revenue—the basic ingredients of a developmental rate structure.

Commitment to these fundamental principles should dispel doubts about any intention on the part of the Federation to take a narrow view of this question. It is on the score of the second criterion—flexibility and developmental rate system—that the Railway Board's complacency stands assailed.

The appellate control of the Railway Rates Tribunal has been largely circumscribed by its jurisdiction and with the adoption of telescopic class and wagon-load rates as also on account of the virtual abolition of station-to-station rates the former complexity of the rate structure has been simplified. The area for the operation of undue preference or undue prejudice in the matter of quoting extra-standard rates has been

narrowed considerably. The real factor limiting the Tribunal's jurisdiction is the exclusion from its authority of class rates the revision of which has been reserved solely to the Central Government. This special feature strengthens the case for a review of the rate structure.

Even within the restricted jurisdiction of the Railway Rates Tribunal, such relief as is available cannot be readily procured. The location of the Tribunal at Madras has been found in practice to involve considerable inconvenience and there is much to be argued for the Federation's plea to give it the character of a circuit court moving to major centres of trade and industry for periodical hearings. Proceedings before the Tribunal have acquired all the elements of costly litigation analogous to the high costs in appellate judicial proceedings. The disclosure made by the Federation in this behalf is startling and certainly the most serious thought needs to be given to the question whether the cost of the Tribunal's forum can be made as prohibitive as over Rs. 25,000 per case. This is a grave allegation and assuming it relates to an average big claim, it cannot but operate as a severe deterrent.

It need not be denied that the previous revision of the rate structure has gone some way towards rationalisation and much of the complexity of the rate has been straightened out. But precisely this reform has brought with it several anomalies arising out of the classification which was subjected to further readjustment. The central grievance of transport users relates to the class rates and the Federation's review reaches the conclusion that the revision of the class rates has resulted on the whole in their upgradation and this fact is amply corroborated by the relative increase in railway revenues.

Despite recent overhaul, the classification of goods is fraught with a number of anomalies resulting in injury to the interests of the user. The very scheme of the classification is complex and application of the specified description to individual items often involves the difficulty of overlap. Instances often recur in booking transactions where items of the same quality or nature are incorporated in different classes and the element of incongruity is enhanced by the prevailing system under which a commodity cheaper in cost and incorporated in the same class has to pay higher freight charges than another. The exclusion of class rates from the purview of the Railway Rates Tribunal makes it all the more pressing that the rate structure should be investigated by joint consultation between the Ministry and users of railway services. The powers conferred on the individual railways to quote reduced rates have hardly been exercised and most of the recommendations of different Enquiry Commissions for concessional rates in respect of specific industries on a limited scale have been overlooked. The case for imparting flexibility to the rate structure for the definite purpose of stimulating development ought not to be brushed aside.

The Prime Minister in Bombay

DEVELOPMENT WORK IN VILLAGES

By
CROESUS

After listening to practically every one of the Prime Minister's utterances in Bombay last week, what appears to me to be uppermost in his mind today is not labour, although nearly all his engagements here had something

to do with labour, but our villages. "Back to the Villages" would verily be the most appropriate title to a pamphlet (if anyone were thinking of it) which included all the addresses of Mr. Nehru during his latest visit to

Bombay. I don't know whether his flying visit—or is it flight?—to Vaitarna, to open the sluices of the dam to let the waters of the river flow into the Tansa lake, the main source of the city's water supply, which formed the first of his public engagements here, set this theme for all his addresses, beginning with the one at Vaitarna itself. No doubt, Mr. Nehru said at Vaitarna he was glad to inaugurate the new water supply scheme, but the occasion reminded him of the no less important problem of water supply in the villages. The Prime Minister felt that the problem was not receiving as much attention as it deserved and regretted this neglect all the more, because, he said, it was through the sweat and toil of labourers from the villages that big cities were built. He did not like the idea of always taking and never giving anything in return. Because of this, Mr. Nehru thought the neglect of the villages became all the more appalling. Proceeding, the Prime Minister made it very clear that the setting apart of some money for village improvement work was not enough. What mattered, he said, was one's attitude to social problems. According to him, for the past fifty years, the cities have been too well cared for and it is now the turn of the villages. "The emphasis must now change and the scales must be tipped in favour of the villages", declared Mr. Nehru. This was why, he said, the Planning Commission was thinking more and more in terms of villages and added that the expenditure on National Extension Services and Community Projects was, therefore, "a step in the right direction".

Up to this point, I could follow Mr. Nehru, but when he went on to charge the industrialists and business men by saying that they seemed to have forgotten that there was a potential market for their goods in the villages, I felt he was not correct. For it is my belief that, if anything the knowledge that they have a secure market for their goods in the lakhs of villages in this country has made them somewhat complacent in the matter of building up export markets. It is only lately, that is, since the re-emergence of a buyers' market and the consequent keen competition all the world over for the available markets, that our industrialists have become alive to the need for, and the urgency of, securing fresh export outlets and nursing their already secured markets abroad. If the statement that "our economic outlook has an urban bias" is true, therefore it can only be in this sense, namely, that everyone turns to the urban areas to earn a living. I also share with Mr. Nehru the view

EMPHASIS ON SELF-HELP

By
CROESUS

Another theme that underlined the addresses of the Prime Minister during his stay in Bombay was, as is only to be expected at this stage, the Five-Year Plan. Since he was stressing the importance of hard work on the part of all, especially workers, as a prerequisite to the economic prosperity of the country, Mr. Nehru elaborated on the national task of building up a new India. More than once he emphasised the fact that, in the ultimate analysis, this task had to be achieved by the people themselves. "No nation can advance and prosper with outside help", declared Mr. Nehru, and, although he was not opposed to the country availing itself of some little assistance that might be forthcoming from other countries, he urged the people to utilise every ounce of their energy for the building up of the nation. Whatever action India took for developing her own resources, the Prime Minister was clear in his own mind, must be deeply rooted in her own traditions and in her own soil.

In order to evoke enthusiasm for the Five-Year Plan among the employees who formed the bulk of the

that this must be changed, but I repeat it is not correct in the sense that Mr. Nehru seemed to imply.

What should be the kind of approach to our villages? India's Prime Minister's answer to this poser is that the approach now being attempted is not the right approach at all. For instance, he strongly deprecated the idea of that know-all type of young men from cities who go to villages and preach sermons to the people there about their work, their duties, and their responsibilities. This kind of thing only serves to belittle these young men in the estimation of villagers, as Mr. Nehru rightly pointed out. Here perhaps is the background to the question he put to the Governing Body of the Tata Institute of Social Sciences, (where he later went to declare open their new buildings in Chembur) whether the course of study at the Institute laid down that students should go and live in a village for a while. Anyway, when students go to villages, Mr. Nehru said, they should not start teaching the villagers. His own view was that students visiting villages should really learn what the people of the village are, their ways, their feelings and their virtues and also try to get in tune with them. Hence also his advice to people who often go to tell him that they would be going abroad for higher studies to go first to Gandhi Ashram and spend some time there so that they might learn something more.

While I entirely agree with all this, I feel that any amount of advice to the younger generation to turn to the villages for their salvation as well as that of the country will only be a cry in the wilderness as long as life in the villages continues to be devoid of all the modern amenities of life that are available in cities (or, to put it differently, the standard of living in the villages continues to remain low) and, what is even more important, as long as those who so readily exhort the younger generation to trek back to the villages—I don't mean Mr. Nehru, when I say this—don't themselves set a precedent. I have in mind the members of the Planning Commission, who, according to the Prime Minister, are thinking more and more in terms of villages. Has any one of the members of the Planning Commission cared to spend at least one month at a stretch in a year in some village or other so as to give a lead to the younger generation? Since almost all the members of the Planning Commission are seasoned veterans, the presence of any one of them in a village will at once be a source of inspiration to the younger generation and a means of supplying leadership where it hardly exists, if it is not non-existent.

audience, Mr. Nehru did not mind giving a secondary place even to the Employees' Insurance Scheme which he was inaugurating, so that he might dwell at some length on the tremendous progress in many spheres that India has undoubtedly made, despite impediments and mistakes. He was convinced that the foundations of new India had been well and truly laid. "It is now up to the people to work hard and bring these projects to fruition", urged Mr. Nehru. Anticipating the criticism of those who might not be satisfied with the volume of benefits accruing from the large-scale expenditure already incurred on the Government's developmental projects, the Prime Minister asserted that, although the benefits might not accrue to the people immediately, they would certainly help to raise the standard of living of generations to come. He was thus merely conveying, to give an appealing analogy, the lesson contained in the story of the old gardener and the vain king. Who has not heard of the reply given by the old gardener to the conceited king who asked him, ridiculingly, why he was planting a mango tree when he

could certainly not even dream of eating the fruit thereof. Pat came the retort of the old gardener: "If I do not live to eat the fruits of this tree, my children and grand-children will surely benefit from it. Had not my father and my grand-father planted trees in their time, would you and I be enjoying the fruits today?"

Painting a glowing picture of the progress so far made in the implementation of the First Five-Year Plan, Mr. Nehru went on to allude to the various multi-purpose schemes launched in the country which would go a long way towards improving the economic condition of our people. As a result of these, he said, new industries would be developed and more and more employment provided. He also referred to the efforts being made by the Government to build basic industries in the country, such as the manufacture of fertilisers, locomotives, aeroplanes and ships, as also to the proposed steel plant to be set up by the Government at Rourkela. Unless these industries develop, the Prime Minister rightly pointed out, it would be difficult for the nation to progress and prosper.

Although the Prime Minister seemed satisfied with the progress already made and appeared to appreciate all the achievements in the post-independence era, especially the self-sufficiency in the matter of food grains, he thought it necessary to caution the people against undue complacency. Significantly enough, he pointed to what happened in Pakistan and wanted the people of India to be alert and vigilant.

Both on this occasion and when he laid the foundation of the Central Labour Institute, the Prime

EMPLOYEES' STATE INSURANCE

By
CROESUS

The inauguration by the Prime Minister of India of the Employees' State Insurance Scheme at Bombay on October 6 certainly marks an important milestone in the progress of social security in this country. It is true that the Employees' State Insurance Act came into existence as early as 1948 and the inauguration of the Employees' State Insurance Scheme, for the first time in India, took place in Kanpur on February 24 in 1952 by our Prime Minister. But because of the number of people covered by the scheme in Kanpur or Delhi or Punjab or Nagpur, where we have only small concentrations of labour, all these schemes, though earlier chronologically, pale into insignificance before the Bombay scheme. This scheme affects no less than four lakhs of industrial workers, according to the Union Labour Minister, and more than 4½ lakh industrial workers and other employees, according to the Labour Minister of Bombay. If only because of the vast number of workers that the Bombay scheme covers thus, it must be considered as "a big step forward", as Mr. Nehru remarked.

What the Employees' State Insurance Scheme is, how many people it affects, the number of medical practitioners appointed to implement the scheme, or the facilities for hospitalisation of the insured persons—these are all questions of details into which I need not go here. But there is one question which both the Union Labour Minister and the Prime Minister asked and also answered in no unmistakable terms, and I must refer to this. The question asked was: Can a country like ours afford such a measure? Mr. Khandubhai Desai's answer was: "Even the poorest country can afford to keep its working population in a healthy and fit state. What it cannot afford is to confine a large proportion of its working population to the sick bed or to put invalids of doubtful vitality and vigour on to the hard tasks of industrial production. It is false economy to run a machine half-steam. The road

Minister praised the concept of the dignity of labour in such an impassioned manner as to remind one of Carlyle. He even went so far as to suggest that the contribution of the worker—he disliked the use of the term 'mazdur'—was in no way inferior to that of anyone else. No distinction must be drawn between the labourers and intellectuals, said Mr. Nehru. He was convinced—and for very good reasons—that without close and willing co-operation between the two, the country could not and would not progress. The Prime Minister deprecated in very strong terms the idea of looking down with contempt on labour and urged that labourers must be treated on par with employees of of any other class. Even a skilled worker, he said, required intellect. The country needed workers both for the factories and fields and for desk work.

Calling accordingly for a change in the public's outlook on this point, the Prime Minister asked the people to respect manual workers in the same way as they respected anyone else. Evidently the Prime Minister wanted to bring home this fact so much that he was prepared to ask the Central Labour Institute—albeit in a lighter vein—to conduct research into the actual labour done by various government departments, including the Ministers of the Union Government! Mr. Nehru further deprecated the mentality of issuing orders and desired that it should be discouraged by all in the interests of the nation. In short, Mr. Nehru called on the people of India as a whole to sink all differences and work hard and thereby contribute towards the prosperity of the country. It is a clarion call that can go unheeded only at the peril of the nation.

to social security may be long and tough, but that is the only way of avoiding violent economic and social upheaval and of building up a prosperous and contented State".

After briefly tracing the history of the Government of India's efforts to introduce the Employees' State Insurance Scheme, Mr. Nehru went one step further and said that, personally, he would like a National Health Scheme to be launched in India as early as possible to cover the entire population. Although to some this might appear a fantastic proposition and too much of a dream, he said, he had no doubt that some day the entire nation could be brought under such a scheme. "If we are going to be a Welfare State, this has got to be done" declared Mr. Nehru, and said: "We are progressing well and it should not be difficult for us to achieve the goal". It is thus obvious that, whatever may be the attitude of the States or their ability to finance the scheme, on the one hand, and whatever may be the attitude of the employers, on the other, the Union Government is determined to push through the scheme. The apparent impatience of the Prime Minister at the present pace of expansion of the scheme is a clear pointer that nothing will be allowed to come in the way of a steady and rapid expansion of the scheme in future.

In so far as Bombay is concerned, it cannot be said that the employers have been opposed to the scheme, although they did want it to be introduced in stages and not all at once on the ambitious scale on which it is now being sought to be enforced. However, they were opposed to a state of affairs under which the employers even in those parts of the country where the scheme had not been extended were asked to contribute so that the State might not be put to a loss on account of this extra amenity to the employees. Of course, this criticism will cease to hold good as far as Bombay employers go.

BUSINESS NOTES

TRANSPORT MUDDLE IN PUNJAB

The protracted controversy over the Punjab Government's plan for the nationalisation of the motor transport services in the State is nowhere near solution and if the whole problem has been muddled through, the blame ought to be put squarely on the shoulders of the Government. Even inside the State Transport Ministry, according to available reports, unanimity of view and harmony in piloting the preliminaries of the plan seem to be lacking. The change in the incumbent of the office of Secretary to the Ministry at this late hour can hardly be explained on any other hypothesis. The change need not be regarded as good tactic since the new incumbent has to study the intricacies of the plan from the start.

Present operators, who have contributed in a remarkable degree to the development of road transport, where the initial risks were by no test insignificant, have never made a secret of their disapproval of the scheme. In any efficient and progressive functioning of the road transport services, their participation is indispensable and it was the recognition of this inevitable factor which induced the Government to offer them a shareholding to the extent of 40 per cent in the capital structure of the Transport Corporation under State auspices. Operators who were opposed to the scheme of nationalisation, for which they have never been given any convincing justification, find their hands strengthened by the Planning Commission's directive to postpone further schemes of road transport nationalisation at least till the end of the period of the second Five-Year Plan. But the interpretation which the State Government has sought to put on this directive and its decision to go ahead with the scheme at the risk of forgoing Central assistance to the extent of the outlay in the nationalisation scheme have stiffened the attitude of the operators. The Government, in the result, has been turned towards a search for new partners in the scheme of mixed nationalisation from other organized investors. It is obvious that none among the institutional investors would choose to immobilise their funds in this enterprise and it is problematical to what extent the public would respond to the offer of subscription to the Transport Corporation's capital.

The existing statutory powers of the Government in respect of control and coordination of road transport services are quite adequate to secure any reform in the present methods of operation of the system and the diversion of State funds or funds in the hands of private investors to the Corporation is totally uncalled for. Nor does the actual operation of nationalised motor services in other States inspire confidence in efficient and economical management. There is no issue of prestige involved in this case and the State Government can apply the funds at its disposal to other suitable schemes of development, if it decides at this stage to respect the directive of the Planning Commission.

WOOL EXPORTS

The policy of the Government of India in respect of exports of raw wool continues to be based on ad hoc decisions, bringing in its train the handicaps to the export trade arising out of the state of uncertainty. In the absence of prior knowledge of the magnitude of the volume which can be shipped abroad, exporters are hampered in their deals with the overseas buyers and at best all that they are at liberty to do is to enter into limited commitments. The consequences of this handicap are easily seen in the context of the current year's

higher global output which has given an edge to competition in the export market. The prospect of competition now promises to be keener in view of Russia's abstention from purchases of Australian wool on sheer political grounds arising from the Petrov affair. The fact that India does not rank as an exporter of quality wool does not, however, make her immune from the impact of the race for exports.

In this situation a wider latitude would have gone to strengthen the position of Indian exporters of raw wool by tackling orders on a longer term basis. The official policy of export for the current half year period ending March 31, 1955, which was recently announced, has again caused uneasiness and dissatisfaction among the export trade. Exports are again restricted to a quota basis and supplementary allotments are to be made in the case of exporters who exhaust their quotas before time on an ad hoc basis, in the light of the stock, demand and price situation prevailing at that time. The All-India Wool Trade Federation has registered its adverse verdict against this policy on more fundamental reasons. In its view, the available quantity of exportable surplus is 41 million lbs. which does not warrant any quantitative restrictions whatever. Supplementary allotments come at a belated stage to capture a reasonable share of the export market. It has urged that free exports should be permitted. The controversy over the size of the wool crop in this country and the margin for export has now become a hardy annual for the simple reason that no machinery exists for the collection of statistics. It is not clear whether Government has proceeded in any measure in its projected scheme of setting up a machinery for the collection of data relating to the production, home consumption and exportable surplus of wool. The Federation has pleaded that the machinery should be introduced without further loss of time, since without it the present state of uncertainty and resort to ad hoc decisions on exports cannot be terminated.

INDUSTRIALISATION OF RAJASTHAN

The backward state in which Rajasthan has been constrained to remain from the industrial angle was due partly to political handicaps and partly to the absence of basic economic aids relating to communications and sources of power. These difficulties have now become either non-existent or amenable to elimination in the post-integration set-up. Prior to the integration of the numerous ex-princely States, customs barriers at several points everywhere retarded the progress of trade and industry, but that situation no longer exists today. If the political handicaps have disappeared, the creation of other resources has become much easier now and there is no reason why a bold programme of industrialisation cannot be pushed through provided the administration is left free from political wrangles to implement it.

The outlines on which the industrialisation can be assisted in this State were defined with clarity by Mr. L. N. Birla, the incoming President of the Rajasthan Chamber of Commerce and Industries, in a recent address to the Industrial Advisory Council of the State. Mr. Birla pointed out that the proverbial scarcity of water and electric power need not be taken as perennial. The Bhakra-Nangal and Chambal projects can be absolutely relied upon to bring new hope to this historic State hitherto bereft of the wherewithal for economic growth. As an outstanding and typical illustration, Mr. Birla urged that a fertiliser plant should be set up at Hanumangarh where electric power from Bhakra can be available in an adequate measure at

cheap rates. The gypsum deposits in the neighbourhood strengthen this claim and it is suggested that trains transporting gypsum to Sindri can very well be utilised to carry coal and coke to Rajasthan. The element of transport cost on this account can be offset by economies in the transport of the finished product to the adjacent markets of the North and West. One of the fundamental drawbacks in the economy of this State is the existing metre gauge railway system which involves additional costs and delays of transshipment in inter-State communication. Mr. Birla makes a well-reasoned plea for the conversion of the Delhi-Ahmedabad line into a broad gauge railway route. It will bring additional benefits of cheaper and quicker transport not only to Rajasthan areas but to the regions of the adjoining States also. All these proposals merit energetic investigation for inclusion in the second Five-Year Plan.

EMPIRE OF INDIA LIFE ASSURANCE CO.

The return of the confidence in the financial position of the company among the public is a tribute to the competent but cautious management of the Administrator under the auspices of the Government. The share quotation has shot up as high as Rs. 700 which makes a telling contrast to the low of Rs. 400 it had touched at one time. The triennial valuation is due at the end of 1954, and the Administrator's optimistic forecast that it will show a substantial surplus justifying a handsome bonus has sent the confidence curve still higher. The Administrator has deliberately chosen the path of conservative management particularly in the matter of investments. The percentage of investments in gilt-edgeds is as high as 70. The tangle of investments which the Administrator has inherited is being straightened out in so far as it is practicable and legal suits have been instituted in the case of specific recipients of loans on mortgages of properties. The overall effect of a policy of firmness and conservatism has been to restore vitality to the company and the task of redeeming the policy-holders' stake has proceeded on reassuring lines.

Some of the figures of financial working during the year 1953 bear quotation. The net new business amounted to 11,489 policies assuring Rs. 3.22 crores of which Rs. 2.43 lakhs were reinsured. The new business after deduction of reinsurance was of the order of Rs. 3.20 crores, representing an annual income of over Rs. 17.85 lakhs. The overall expense ratio was 28.55 per cent which was higher than in the previous two years. The increase was due to costs of litigation, consolidation of field force and increase in the salary bill on settlement of long-standing grievances of staff. The position in respect of the business in force at the end of 1953 was 1,37,791 policies assuring a sum of Rs. 29.22 crores inclusive of bonus. Of this Rs. 24.83 lakhs were reassured. Forty annuities involving payment of Rs. 60,960 were in force.

TEXMACO FORGES AHEAD

The marked improvement in the financial operations of The Textile Machinery Corporation for the year 1953, is fully reflected in the higher dividend of 12 annas per share, tax-free, recommended by the Directors as against the dividend of 8 annas declared in 1952. The secret of this progress is easily explained in the production performance of Texmaco. But in the varied and expanded schemes of manufacture, production of textile machinery will always continue to take the pride of place. The year 1953 was a year of transition from the slump conditions in the cotton textile industry

prevailing in 1952 to conditions of recovery and rapid rise in output. The increasing volume of orders from the textile industry, however, could not suffice to engage the unutilised capacity and it was the management's enterprising bid for new lines of manufacture that was responsible for pressing into service much of the idle capacity of the Corporation. The rate of production of boilers was well maintained and the quality as well as regularity in their outturn won increasing confidence of the Government, which has now started placing orders with the Corporation for the manufacture of railway freight wagons. The satisfactory rate of wagon production recorded in the very first year has put the Corporation on the schedule of regular producers of wagons for Indian railways. Other lines of production to which the Corporation's capacity is being geared deserve mention—welded type of fabricated sluice gates for the Rupar Dam, penstock liners for the Hirakud project and certain parts of the coke oven plant for the Sindri fertiliser factory. Still more items of manufacture outside the range of textile machinery have been suggested by the Government, but at the present moment they are awaiting technical and financial investigation.

Some major items of financial working during 1953 need a brief reference. The profit has amounted to Rs. 7.05 lakhs. This was shown after making a suitable provision of Rs. 12.5 lakhs for depreciation and Rs. 2.4 lakhs for interest on debentures. Net sales aggregated Rs. 87.69 lakhs and closing stocks stood at the figure of Rs. 22.65 lakhs. It is interesting to know that in a year of all-round prosperity the managing agents chose to forgo their commission.

RAW COTTON EXPORTS

In view of the anticipated announcement of quotas for export of indigenous varieties of short staple cotton during the current month, the merits of the respective varieties for a share in the trade are now being discussed. On one vital point there is unanimity. This season is reasonably expected to bring a bumper crop and it is now clear that the two of the important short staple exportable varieties—Dholleras and Bengal Deshi—have emerged completely unaffected by the rains.

The export of these two varieties has certain special features which evoke interest in the size of the quotas that are to be announced in respect of them. Competition especially from Pakistan makes the conditions attached to the permissible exports from this country a matter of vital importance. The time factor again is important in view of the urgency of booking a substantial share of orders from Japan as well as the Continental countries. Currently, the interest that centres round the quota announcement of Bengal Deshi springs from the higher margin of profit available. The cotton trade puts its estimates of the export surplus of Bengal Deshi at 210,000 bales and it has pressed the Government to make the initial announcement for 100,000 bales at least. Whether this suggestion will be conceded is problematical, but indications seem to be that quotas will be spread on a graduated basis over the season. Relatively less enthusiasm is shown about the announcement of the quantities in respect of Dholleras. Shipments of Dholleras in the recent past have not been encouraging and the trade has attributed this slow rate of offtake to the heavy export duty. Fears expressed about a further increase in the export duty on raw cotton are speculative in character inasmuch as the prospect of a good crop and potential competition from the exporting countries offset the probability of higher duty.

CAPITAL EXPANSION FOR TATA CHEMICALS

Interest in the report of the Directors of Tata Chemicals for the year ended June 30, 1954, centres, among other important features, round the readjustment in the financial structure of the company and provision for new expansion programme. The programme of modernisation and expansion which was undertaken about six years ago will be brought to virtual completion during the current accounting year. This programme was financed by raising loan capital and partly out of the savings effected over the past few years, the former amounting to Rs. 1.14 crores. In the result, the present position is that the gross block stands at Rs. 2.87 crores, while the paid-up capital is of the order of Rs. 1.52 crores. Further extensions and improvements to plant which are now contemplated are estimated to involve an outlay of something like Rs. 1.5 crores to Rs. 2 crores. Only a part of this requisite amount can be found out of the depreciation fund and future borrowings. This prospect, coupled with the fact that the disparity between the paid-up capital and the gross block ought to be eliminated, has influenced the decision of the Directors to increase the share capital. In all, 4,78,112 shares of the value of Rs. 10 each are to be issued at par, the scheme of allotment being one new share for the two held at present by existing shareholders and the balance left

over after their priority subscription to be offered to others.

The results of financial operations for the last year reflect the progress in performance and management. This progress has been attributed to higher levels of output, lower costs and quick disposal due to ready sales. After providing for depreciation and managing agents' commission, the profit that emerges is Rs. 12.28 lakhs which bears a favourable comparison with the previous year's figure of Rs. 7.84 lakhs. Allocation to depreciation has been made in a higher amount at Rs. 24.73 lakhs—an excess of Rs. 7.23 lakhs over the preceding year. There is, however, no room for complacency on this score since the size of the aggregate depreciation which now stands at Rs. 95 lakhs does not cover the full amount of depreciation up to the end of June 1954. The deficit is intended to be wiped out by larger appropriations which should be found practicable after the full programme of expansion and improvement is put through. Allocation to the dividend reserve is fixed at Rs. 12 lakhs. The carry-over stands at Rs. 57,571. Payment of arrears of dividend for four years on preference shares, as recommended by the Directors, would leave a residue of arrears on this account for 3½ years and the Directors are confident that this accumulation also can be wiped out, if the current conditions of output and sales are maintained.

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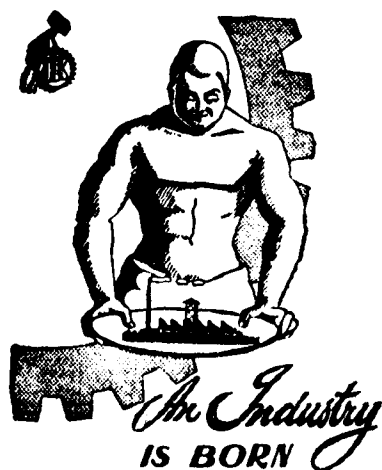
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COMMODITY NEWS AND NOTES

OUTLOOK ON COFFEE

Recently the Minister of Commerce and Industry disclosed in the Lok Sabha that a further two thousand tons of coffee had been permitted for export by the Government during September, making in all 9,000 tons for the year. With a carry-over of 7,560 tons from the last season and 1953-54 season estimate of 29,000 tons there were prospects of 36,560 tons of coffee to be disposed of in 1954. The internal market has consumed about 15,100 tons up to the end of September, leaving 12,460 tons for the remaining three months. It seems, therefore, that with approximately 20,000 tons of internal consumption during 1954, there will be almost same quantity of coffee taken over to 1955 as was carried over from 1953.

A considerable quantity of coffee of the 1953-54 crop is reported to have been affected, and for that reason more exports are not possible. The prices in the export market also have fallen appreciably and the movement still seems to be downward. There seems to have been some miscalculation about the exports which ought to be taken up earlier so that stocks would not deteriorate in warehouses. The 1954-55 crop will begin to be picked in November. It is, therefore, high time that decisions about the quantity to be exported were made in advance so as to make the best use of peak of demand and prices in the export market.

INCREASED AREA UNDER COTTON IN 1954-55

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India first estimate of cotton for 1954-55 puts the current year's acreage at 12,870,000 acres, as against the adjusted first estimate of 11,770,000 acres for 1953-54. This shows an increase of 1,100,000 acres or 9.3 per cent in area over last year.

Details according to Staple Lengths of current and previous years' estimates are given below:

Staple	Area (Thousand acres)		
	1954-55 (First Estimate)	1953-54 (Adjusted First Estimate)	Increase (+) or decrease (-) of Col. (2) over Col. (3)
(1)	(2)	(3)	(4)
Long staple	3,462	3,191	(+) 271
Medium staple	6,039	5,386	(+) 653
Short staple	3,369	3,193	(+) 176
TOTAL	12,870	11,770	(+) 1,100

The increase in acreage under cotton during the current year has been reported mainly by Madhya Pradesh, Bombay, Hyderabad, Saurashtra and Madhya Bharat and has been attributed to favourable weather conditions at the sowing time and to developmental schemes undertaken under the cotton extension schemes during the current year. Slight decreases in acreage have, however, been reported by a few States, especially by Uttar Pradesh and Mysore. As between the different varieties of cotton, the increase in area has occurred mostly in Omras, Verum, Americans, Dhol-laras and H-420. As regards staple length, the increase is marked in the case of medium and long staple cotton.

The information given in this estimate relates generally to the period up to the end of July 1954. Till then the condition of the crop was reported to be on the whole satisfactory. In parts of Bombay, however, the crop has suffered due partly to inadequate rainfall and partly insect pests. This estimate does not cover the entire area sown to this crop during 1954-55. Past experience shows that the area at the first estimate stage forms roughly 65 per cent of the area under the crop finally reported.

DEVELOPING INDIA'S RUBBER INDUSTRY

The Government of India has agreed in principle to replanting rubber estates where the existing trees have grown too old. Implementation will pend the passing of the Rubber Production Bill in Parliament probably during its next session in November. According to the scheme, about 75,000 acres of land will be replanted with good variety rubber saplings so that within 15 years the country might produce enough rubber to meet all its internal requirements at a cost which will bear comparison with costs elsewhere. At present India's deficit demand is met by imports. To attain self-sufficiency, large-scale development is required, which involves much capital outlay. India's 2,00,000-acre rubber crop produces nearly 20,000 tons annually. The country's requirement is estimated at 25,000 tons.

PAKISTAN'S JUTE RESEARCH SCHEMES

Several jute research schemes were sanctioned by the Pakistan Central Jute Committee at its meeting at Dacca recently. It was decided at the meeting to send technical personnel to foreign countries at the expense of the Committee for training in jute technology. The Pakistan Government hopes to conclude an agreement with the U.S. Foreign Operations Administration for aid in respect of technicians and equipment.

PAKISTAN PRODUCES MORE WHEAT

The final estimate of the area under wheat crop for the year 1953-54 is 10,651 thousand acres as against 9,507 thousand acres reported in the final estimate of the previous year. This shows an increase of 12 per cent. The final estimate of the yield is 3,683 thousand tons against 2,438 thousand tons in the previous year, showing an increase of 51.1 per cent. With the exception of East Bengal and Khairpur State, there has been a general increase in the yield and acreage of the crop in Pakistan. By far the largest increases have occurred in the Punjab and Bahawalpur State. The increase is attributed partly to sufficient and timely rainfall during the period of growth of the crop and partly to adequate supply of water and the success of the Grow More Food campaign.

BURMA IS WORLD'S LARGEST RICE EXPORTER

Burma has now recovered its former position of being the largest exporter of rice, according to the Commonwealth Economic Report. Burma exported a total of nearly 768, thousand tons of rice and rice products in the period from January-June this year, this being 163 thousand tons more than that exported during the same period last year. In the current year, Thailand's exports in comparison fell from 708 thousand tons to 484 thousand tons.

COMPANY AFFAIRS

THE TALAYAR TEA CO., LTD.

The directors' report and the audited accounts of the Talayar Tea Company Ltd. (Managing Agents: Parkins Ltd., Kottayam) for the year ended March 31, 1954 disclose an excellent performance. Though the total tea crop for the year decreased from 9,01,176 lbs. in 1952-53 to 8,64,117 lbs. in the year under reference, the total coffee crop increased from 371 cwts. to 1,359 cwts.

The net profit, after providing for depreciation, stands at Rs. 6.25 lakhs as against Rs. 2.37 lakhs in the previous year. Adding to this the sum of Rs. 5,688 brought in from the preceding year, the total comes to Rs. 6,30,423.

Out of this amount, Rs. 1,56,250 have been appropriated for the payment of dividend on ordinary shares at the rate of 12½ per cent per annum. Rs. 2,75,000 have been set apart for taxation reserve, Rs. 45,000 for the payment of dividend and the preference shares and Rs. 1,50,000 for development reserve. The balance of Rs. 4,173 is proposed to be carried forward for the next year.

The salient features of the working of the company during the last three years are outlined below:

	1951-52	1952-53	1953-54
Tea Crop (lbs.)	11,68,469	9,01,176	*8,64,117
Coffee Crop (cwts.)	1,500	371	1,359
	Rs.	Rs.	Rs.
Net Profit Subject to Taxation	6,21,648	2,37,324	6,24,735
Depreciation	40,558	43,474	39,403
Reserve for Taxation	2,15,000	85,000	2,75,000
Dividend per cent per annum	6½	6½	12½

* Including crop from Chinnar for 9 months.

Balance sheet as on March 31, 1954.

Capital and Liabilities: Paid-up Capital Rs. 20,00,000; General Reserve Rs. 3,50,000; Development Reserve Rs. 2,75,000; Debentures Rs. 6,50,000; Unclaimed Debenture Principal Rs. 500; Debenture Redemption Fund Rs. 3,00,000; Interest Due on Debentures Rs. 16,713; Loans Rs. 65,732; Reserve for Taxation 37,223; Unclaimed Dividend Rs. 29,038; Liabilities Rs. 1,78,680; Profit and Loss Account Rs. 630,423; Total Rs. 45,33,310.

Property and Assets: Fixed Capital Expenditure Rs. 27,59,911; Stock-in-Trade Rs. 14,97,529; Advances Rs. 72,163; Cash and other Balances Rs. 2,03,696; Total Rs. 45,33,310.

MACHINERY MANUFACTURERS CORPORATION LTD.

The profit and loss account of the above Corporation (Managing Agents: Mahindra and Mahindra Ltd.) for the year ended March 31, 1954, shows a net profit (before providing for depreciation and taxation) of Rs. 1.25 lakhs as against losses of Rs. 7.49 lakhs in 1953 and Rs. 8.08 lakhs in 1952. The sales for the year under reference have also gone up by Rs. 16.84 lakhs over the previous year to Rs. 26.11 lakhs. "The recovery of textile industry in the early part of last year from the near-slump conditions in 1952; restoration of power cuts to Cotton Textile Mills in Bombay State and South India; sustained efforts by your Corporation in overcoming the prejudices of mill-owners and technical staff of mills to the use of M.M.C. Cards; the maintenance of the high standard of your Corporation's product; and the embargo placed by the Government of India on the imports of Cards, except for those of 45" width: these factors contributed to the improved outlook for the

Corporation's production", report the directors. The cumulative loss up to the year 1952-53 being Rs. 26.84 lakhs, the directors, therefore, have recommended the profit for the year under review to be credited to the profit and loss account and have proposed to pass over dividend on both Ordinary and Preference Shares.

The progress of the Corporation during the last three years is outlined in the table below:

	(In lakhs of rupees)		
Year Ended	31-3-52	31-3-53	31-3-54
Outside Contract Jobs	0.17	2.08	1.93
Sales	13.21	9.27	26.11
Net Profit*	-3.08	-7.49	1.25
Dividend per cent per annum	Nil	Nil	Nil

* Before providing for depreciation and taxation.
Balance Sheet as at March 31, 1954:

Liabilities:			
Capital Paid-up	Rs.	78,42,975	
Forfeited Shares	"	2,28,000	
Loans	"	55,54,294	
Debts	"	12,96,021	
TOTAL	"	1,49,21,290	
Assets:			
Gross Block	Rs.	93,35,759	
Less Depreciation	"	7,36,248	
Net Block	"	85,99,511	
Preliminary Expenses etc.	"	1,26,885	
Work-in-Progress	"	6,09,460	
Stores	"	11,32,910	
Stocks	"	9,77,003	
Goods-in-Transit	"	1,11,871	
Outstandings	"	7,31,310	
Investments	"	21,400	
Cash	"	52,092	
Debit Balance	"	25,58,848	
TOTAL	"	1,49,21,290	

DEJOO VALLEY CO., LTD.

The working results of the above Company (Managing Agents: McLeod and Co., Ltd.) for the year ended December 31, 1953, are satisfactory. The profit (before providing for depreciation) for the year under review comes to Rs. 1,64,910 to which is added Rs. 2,101 of adjustments and Rs. 74 of the profit from the sale of type-writer, bringing the total to Rs. 1,67,085. Out of this amount the directors have deducted Rs. 1,26,785 for the items mentioned below:

Provision for Taxation	Rs.	19,200
Loss on Farming	"	3,245
Amount written off stores	"	4,798
Depreciation on Fixed Assets	"	23,272
Loss brought forward from 1952	"	76,270

Out of the remaining sum of Rs. 40,300, Rs. 11,676 have been appropriated for General Reserve and Rs. 12,000 have been allocated for the payment of dividend on ordinary shares at the rate of 10 per cent per annum. The balance of Rs. 16,624 has been carried forward to the next year's account.

The saleable crop for the year under reference weighed out at 3,748 maunds against an estimate of 3,700 maunds and was disposed of at an average rate of 32.43 annas per lb. The estimate for season 1954 provides for a saleable crop of 4,200 maunds at a total Revenue Expenditure of Rs. 4,20,483.

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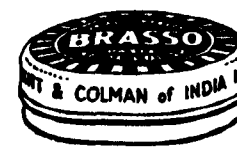
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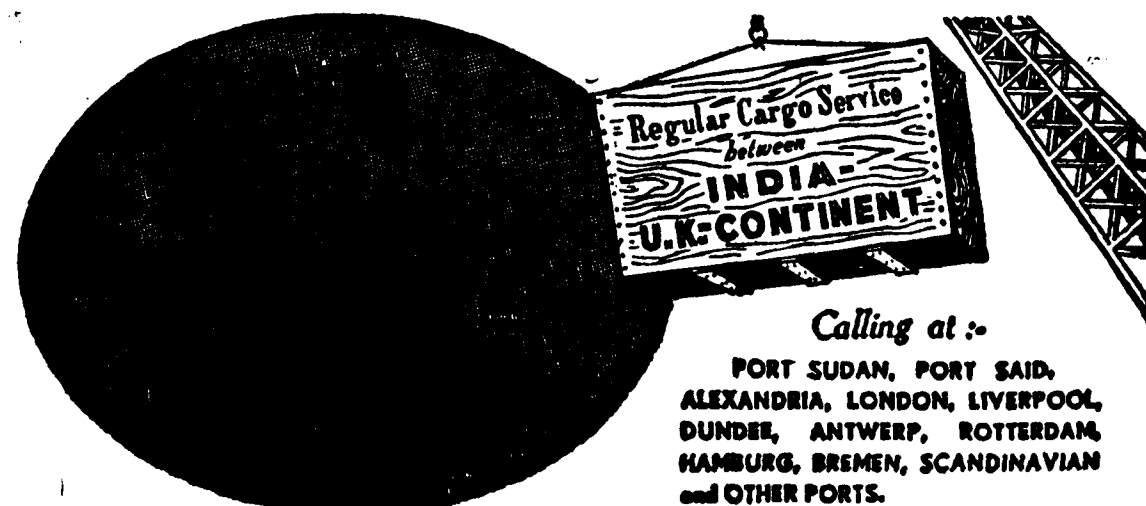
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COMPANY MEETING

EMPIRE OF INDIA LIFE ASSURANCE CO., LTD.

**1953—ANOTHER YEAR OF SUCCESSFUL WORKING
Bright Bonus Prospects Growing Public Confidence**

The accounts of the Company for the year 1953 with the report of the Administrator thereon have just been published. The management has been conducted on conservative lines with particular reference to investments. The Administrator has concentrated the new investments almost entirely on Government securities and adequate steps have been taken for safeguarding other securities.

The triennial valuation is due at the end of 1954 and the Administrator has good reasons to believe that there will be a sizable surplus which would justify a handsome bonus. The expense ratio has been maintained at reasonably low level and the interest earned is satisfactory. The following is an extract from the Administrator's report:

CLAIMS AGAINST EX-DIRECTORS

"The Criminal proceedings started by the State of Bombay against certain former Directors and Officers of the Company and others are still going on and all the accused have been committed by the Presidency Magistrate to stand their trial in the Sessions Court of Greater Bombay. Acting on the advice of eminent Counsel, I have filed a Civil Suit against some of the ex-Directors and certain other persons claiming a sum of Rs. 77,50,000 and for other reliefs including a declaration about the ownership of the controlling block of shares numbering 2,618."

PUBLIC CONFIDENCE

"It is gratifying to note signs of the return of confidence among the general public in the financial position of the Company consequent on its management by an Administrator under Government auspices and the shares of the Company, which at one time were quoted at as low as Rs. 400 per share, have gradually gone up to Rs. 700 per share. The Shareholders' Fund mounted to Rs. 6,61,392, out of which I declared, after obtaining a direction from the Controller of Insurance, a dividend of Rs. 20 per share for the year 1952".

FINANCIAL POSITION STRENGTHENED

"The total assets have increased from Rs. 10,40,44,290 to Rs. 11,97,50,963 between 1951 and 1953. For reasons which have been explained in my previous Reports, I have concentrated the new investments almost entirely on Government Securities. Since my taking over charge I have up-to-date invested Rs. 214 lakhs in Central and State Government Securities. The total investment in Government Securities at the moment represents nearly 70 per cent of the total assets. The investments made by the previous management have been under continuous scrutiny and every effort has been made to recover them. Actually 8 suits have already been instituted in the law courts to recover Rs. 8,65,000 on account of loans advanced on the mortgage of properties during the years 1948-50."

ESTATES DUTY ACT

"The outstanding feature of the year was the promulgation of the Estates Duty Act which has created a new class of clientele, mostly from professional and propertied classes going in for insurance for the first time at late ages. This new class of insurance for big sums is not an unmixed blessing from the point of the companies, as the assessment of the risk in such cases is a difficult matter."

"The recent rate-war and its attendant evils have resulted in a large number of policies being made paid-up and new policies at the new rates being substituted. This involves a considerable waste of time and money. It is doubtful whether the general reduction in the rates would really help the public or the Life Insurance industry in the long run."

TRIENNIAL VALUATION

"The statutory triennial Valuation is due as at the end of the year 1954, and I have good reasons to believe that there will be a sizable surplus which would justify a handsome bonus."

NEW BUSINESS

During the year 14,858 proposals were received for assurances amounting to Rs. 4,24,86,250. Of these, 11,489 proposals resulted in policies assuring Rs. 3,22,06,250 of which Rs. 2,43,000 was reassured. The New Business, after deduction of re-assurances, was accordingly Rs. 3,19,63,250 representing an annual income of Rs. 17,85,101 and Rs. 32,873 by single payments.

EXPENSE RATIO

The overall expense ratio in the year was 28.55 per cent as against 26.93 per cent in 1952 and 27.43 per cent in 1951. The Renewal Expense Ratio in the year was 19.80 per cent as against 19.63 per cent in 1952 and 19.10 per cent in 1951. The increase in the expense ratio is due to (a) the law charges necessitated by the litigation connected with the changes in the Company's management during the years 1950 and 1951; (b) the necessity for consolidating the field force which had been badly affected by these changes, and (c) the increase in salaries due to the settlement of the long standing grievances of the staff.

BUSINESS IN FORCE

The total number of Policies in force as at 31st December 1953 was 1,37,791 assuring a sum of Rs. 29,22,04,030 inclusive of bonus, of which Rs. 24,83,013 was re-assured. The total number of Annuity Policies in force was 40 with an annual payment of Rs. 60,960.

CLAIMS: The claims by death during the year amounted to Rs. 18,08,941 representing an increase of nearly Rs. 2½ lakhs over the figures of the previous year. The ratio of actual claims by death to those expected on the mortality basis used in the last Valuation works out to 44.73 per cent on the basis of policies and 51.73 per cent on the basis of Sums Assured. The claims by maturity showed an increase of nearly Rs. 11 lakhs over those of the previous year. The total of the maturity claims in any year is affected by the popularity of particular terms of endowment in the earlier years.

INCOME AND OUTGO: The income for the year amounted to Rs. 1,46,87,691 (after deduction of tax at source) of which Rs. 1,17,10,318 was derived from premiums. The Outgo amounted to Rs. 1,10,03,675. The excess of Income over Outgo is Rs. 36,84,016.

RATE OF INTEREST: The net interest yield during the year of 3.03 per cent is slightly lower than in the previous year due to our not taking credit for interest on Mortgages taken to Court. Such interest will come into account when realised.

"My thanks are due to all the Officers, the staff and the field force for the satisfactory work done during the year."

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

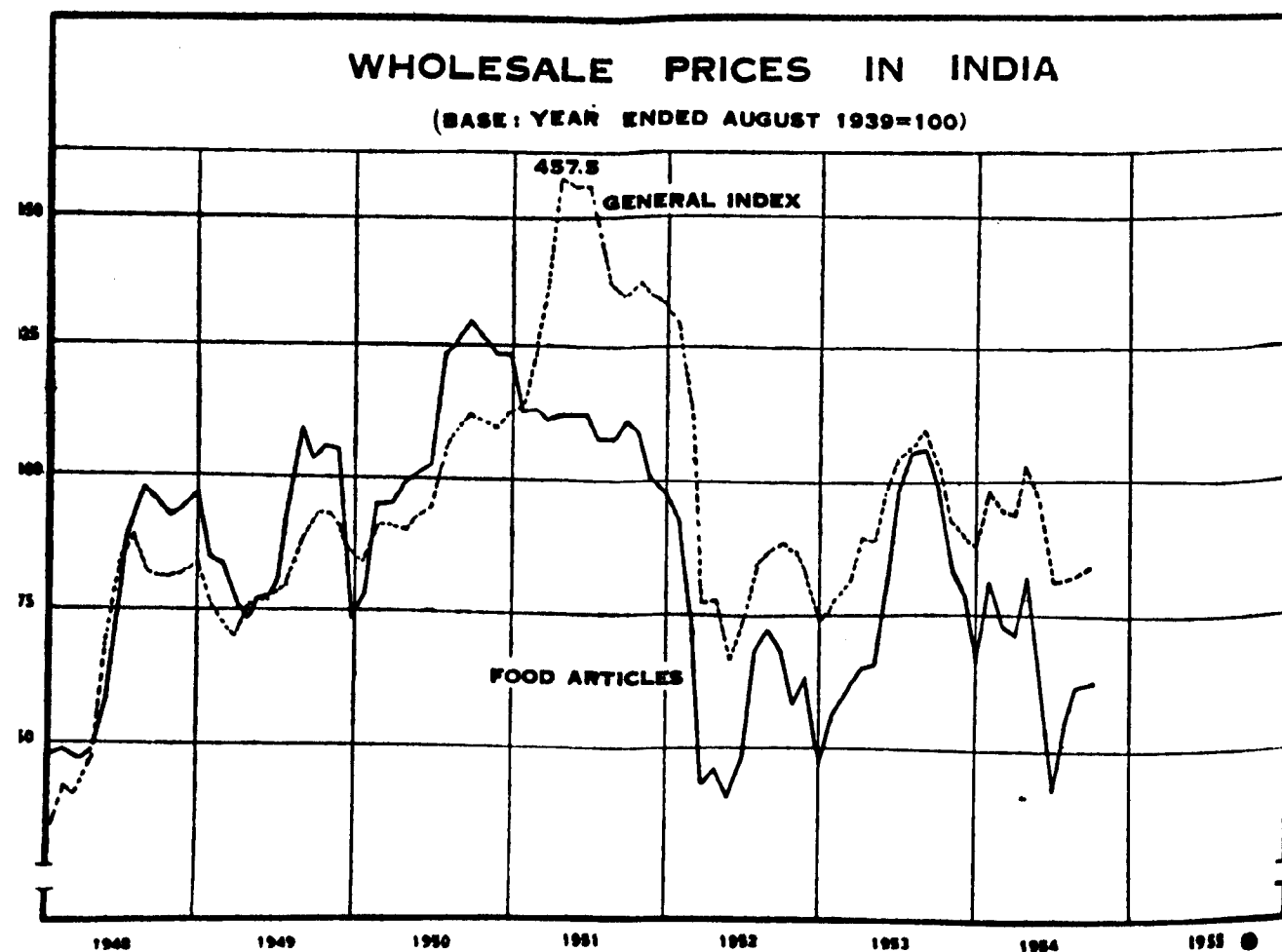
		Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)				
		Food Articles	Indus. Raw Matris.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.	
1947-48	..	306.1	377.5	281.6	286.4	456.2	308.2	..	..	..	..	
1948-49	..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..	
1949-50	..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..	
1950-51	..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..	
1951-52	..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..	
1952-53	..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..	
1953-54	..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7	
December 1953	..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.3	
January 1954	..	381.5	461.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.3	
February	..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0	
March	..	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6	
April	..	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8	
May	..	366.2	464.0	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0	
June	..	343.2	441.0	355.6	378.7	647.3	381.6	90.3	100.9	88.5	106.9	
July	..	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6	
August	..	362.4	470.9	351.9	375.7	604.9	382.5	90.8	100.6	89.4	117.4	
September	..	363.6	426.0	353.3	377.6	607.6	384.3	90.7	100.5	88.6	121.0	
Week Ending 28-8-1954	..	365.1	426.5	352.8	377.3	610.2	384.8	90.8	100.6	89.4	119.9	
4-9-1954	..	364.6	428.6	352.6	377.7	616.6	385.2	90.8	100.6	88.7	119.9	
11-9-1954	..	366.3	431.0	353.6	377.4	603.3	384.3	90.8	100.4	88.5	121.2	
18-9-1954	..	361.1	426.1	354.7	377.0	604.0	383.5	90.7	100.4	88.5	121.4	
25-9-1954	..	362.3	428.2	352.2	378.2	607.4	384.3	90.6	100.5	88.5	121.3	

† Average of weeks.

* Revised.

† Economic Adviser's Series.

†† Reserve Bank Series.

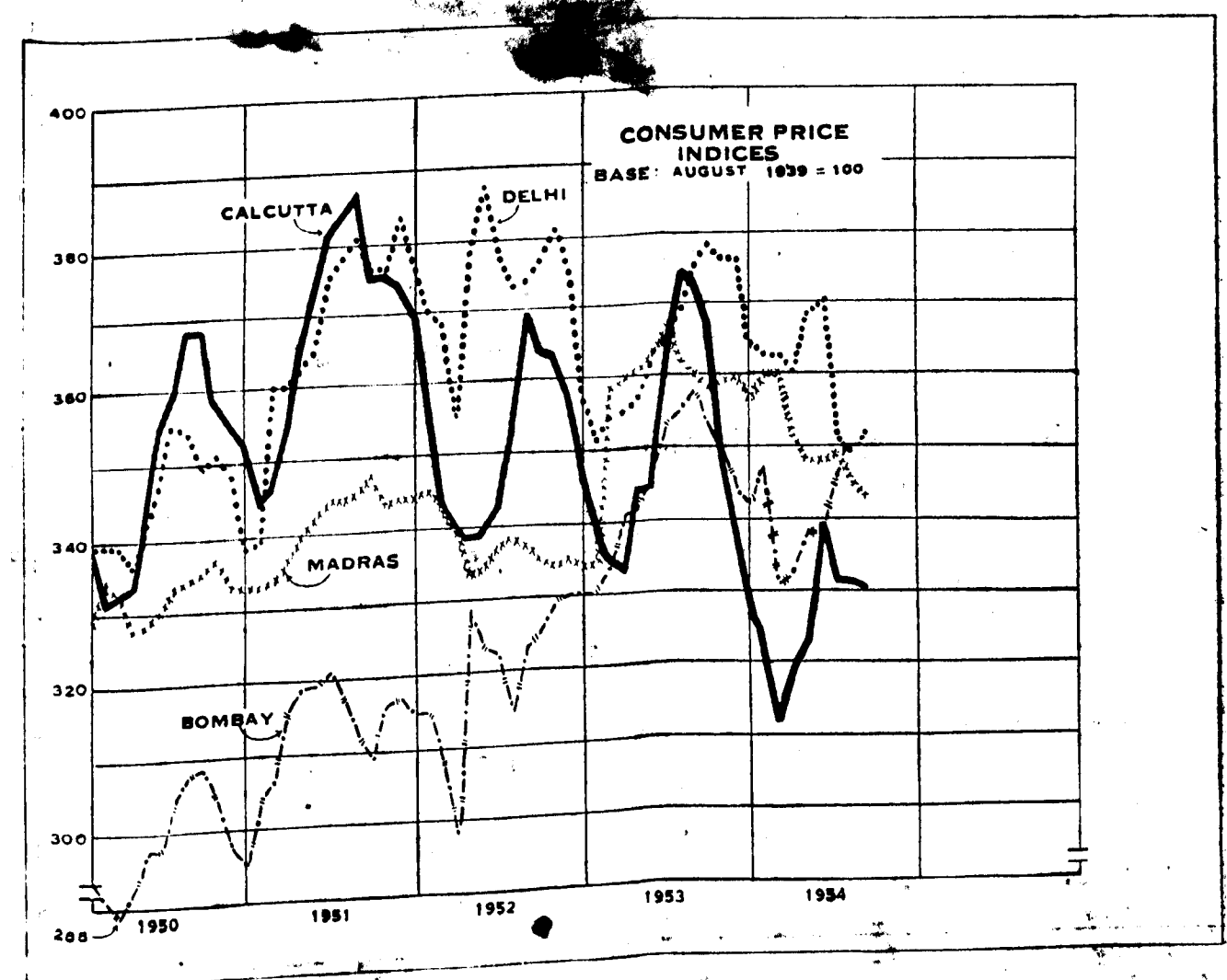


WORKING CLASS COST OF LIVING

(August 1939=100)

Period	Bombay			Delhi	Bengal	U. P.	Central Provinces		Madras	E.P.	Bihar	All India†
	Bombay	Bombay June 1934 = 100	Ahmedabad July 1927 = 100	Delhit	Calcutta	Kanpur	Nagpur	Jubbulpore†	Madras June 1936 = 100	Ludhiana†	Jamshed pur†	
1939 (Aug.-Dec.)	103	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1949	292	307	248	132	349	434	372	153	325	165	145	139
1950	298	313	257	132	349	434	372	153	325	165	145	139
1950	298	313	257	132	349	434	372	153	325	165	145	139
1951	314	330	261	142	370	451	391	168	334	167	160	145
1951	314	330	261	142	370	451	391	168	334	167	160	145
1952	321	337	250	143	361	441	380	150	330	151	154	142
1952	321	337	250	143	361	441	380	150	330	151	154	142
1953	346	363	275	140	345	453	387	151	351	147	156	146
1953	346	363	275	140	345	453	387	151	351	147	156	146
1953 August	358	376	285	144	373	469	397	157	352	149	160	153
September	353	371	283	145	366	464	391	154	351	150	163	152
October	350	368	282	144	349	457	389	153	352	150	162	149
November	344	361	280	144	339	453	385	148	353	149	155	146
December	342	359	268	140	329	438	380	146	350	149	145	142
1954 January	346	363	269	139	325	442	377	144	353	151	142	144
February	331	348	257	139	316	432	375	144	352	151	141	141
March	332	349	257	138	319	416	374	143	345	150	136	139
April	338	355	255	141	323	426	377	144	341	151	138	141
May	338	355	251	142	339	415	374	142	341	150	142	141
June	350	367	240	135	332	390	375	—	342	—	143	—
July	349	366	241	134	331	400	—	—	339	—	140	—
August	—	—	—	135	330	408	—	—	336	—	—	—

† Base 1944=100



THE EASTERN ECONOMIST PUBLICATIONS

	PRICE		
	Rs.	As.	Ps.
1. The Economic Progress of Russia, 1860-1948 by E. P. W. da Costa ..	1	8	0
2. India's Foreign Trade: Part I by L. K. Jha ..	1	8	0
3. India's Foreign Trade: Part II by L. K. Jha* ..	1	0	0
4. The Welfare State by T. W. Kent ..	1	0	0
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Beside Nehru—Who?

THE question that is important is not "After Nehru—What?" but "Beside Nehru—Who?". The immediate problem before the Indian people is not to find a leader who is to succeed Nehru, but to find a man

who, in the short period, can hold the fort until Nehru returns from a spell of leave which he urgently needs. There is, indeed, the larger question of the permanent line of succession. But it is the leave, and not the

leave-taking, which is now uppermost in the minds of the people, and this is as it should be. Sufficient for the day is the evil thereof.

The short-period problem may even be more difficult than the long-period one. In the long period, the country knows, albeit vaguely, that it will have to do without Jawaharlal Nehru; in the short period there is always the feeling that leave can be refused. This implies that while the long-period choice will have to be made when the vacuum is created, it is widely believed that there is now no vacuum. It is only one short illogical step from this hesitancy to argue that, in fact, there is not likely to be a vacuum at all. These are childish thoughts; they need to be dispelled. The vacuum will be there all right, but at least some portions of it will be less empty than the rest.

Firstly, there is no problem in regard to the Presidency of the Congress. Half a dozen names have been suggested, and almost anyone of them will do at any rate for the next two years, until the problem of choice of candidates for the next general election arises, by which time Jawaharlal Nehru will almost certainly be back. Rajaji, Maulana Azad or B. G. Kher can all hold this office for the short period with distinction equal to that held by the Prime Minister, assuming, of course, that the influence of the Prime Minister was readily available to support their decisions. Since it is unthinkable that Jawaharlal Nehru will withdraw his support from the President of the Congress, it may be assumed, therefore, that this office can be readily and adequately filled.

The filling of the office of Prime Minister is naturally far more searching. This is not so much because men of stature are not there; it is because the loss of freedom, which any temporary Prime Minister must endure, is an enemy of stature. While Jawaharlal Nehru is in the country, no major change in the fundamentals of his external or domestic policies can be contemplated. On the other hand, the job does demand a man not merely of outstanding ability but also of all-India reputation. The choice is thus severely restricted. The condition that the holder of the office will need to endorse the Prime Minister's policy will automatically exclude a figure like Dr. B. C. Roy and might even exclude a figure like Rajaji. It may possibly, although this is not so certain, exclude Mr. Morarji Desai. Does it exclude Pandit Pant and the present President of the Indian Union, Dr. Rajendra Prasad?

In any case, an answer cannot be given until it is known what degree of freedom a temporary Prime Minister will enjoy. Would he be allowed, for example, totally to recast his Cabinet so as to drop entirely the extravagant representation given at present to Uttar Pradesh? Would he also be in a position to change the undertones of India's foreign policy and pursue a slightly different policy on Kashmir or on Pakistan relations? One has only to ask these questions to recognise that the problem of reframing Indian foreign policy, while the Prime Minister is in the country, will be extremely difficult, and may, indeed, be totally impossible. Will this not deflect the country from the most appropriate choice?

It is becoming increasingly clear, as the day for decision comes near, that it is the Prime Minister, and not

the Congress Party, that will have to make the choice. Unless Jawaharlal Nehru defines the conditions under which he is prepared to relinquish the office of Prime Minister and indicates the time during which his retirement from this office will operate, it is impossible for the Congress Party or the selected leader, amongst the three or four people who might hold this office, to make their own decision.

On the long-period issue "After Nehru—What?" there is not the same reason for hesitation. Once Jawaharlal Nehru has permanently retired from the political scene, the country will settle down to find new leadership and to invest it with the authority to maintain continuous cohesion over many years. This almost certainly points to a man in the early fifties, and narrows the choice almost completely to Morarji Desai in a manner which some of his critics may find a little terrifying. There is, however, nothing equally compelling about this choice. The permanent occupant of the post will not need to comply with the difficult restraints of the temporary incumbent of the office. And he will tend to gather round himself the large loyalty which is available because so many major interests in the country are prepared to pay a large price for stability. If Jawaharlal Nehru cannot grow in influence, because he has already reached the peak, his successor will not be able to fall because he will start from the floor.

In any case, at the present time the stability of the Indian Union has been well enough established to question the vague fear so widely held that the States will misuse their powers without a dominating central figure like Jawaharlal Nehru to restrain them. There is nothing in recent history to support this unreasoning pessimism. The essence of Indian stability has been not the mastery of one man or the unity of the Congress Party but the splendid maturity exercised by the majority of the Indian people. The Indian Union is sustained above everything else by their determined choice in favour of stability. The possibility that the reorganisation of the States may imply some temporary dislocation must be faced; but the example of Andhra does not indicate either that Jawaharlal Nehru had it in his power to arrest a popular movement of this kind, or that, when a request of this kind was granted, it precipitated a crisis between the Centre and the newly created State. In other words, the difference between Jawaharlal Nehru there and not there, even in this case has been exaggerated.

With the broad certainty that the Indian Union will absorb in time a basic change in leadership after Jawaharlal Nehru, there need be no suggestion that his going will be, for him or for the people of India, an easy thing. In his case leadership has been woven round with deep emotion. He rides today higher than ever before in the affections of the Indian people, with a capacity for command and persuasion probably greater than that vouchsafed to any leader in Indian history. The formal arrangements may lend themselves readily to change. The captains and the kings depart; and then they come again. But Jawaharlal Nehru has been more than a captain and more than a king; and his departure will snap some deep, intangible and even indescribable thing. The Indian Union may be stronger and growing ever greater in prosperity; but there will be many who will feel that India will not be so great. For romance will be taken out of their political lives; an epic age will then have ended.

Perspective for Postal Planning

A POST OFFICE for every thousand people by 1961, was the ambitious slogan which Mr. H. L. Jerath, Director General of Posts and Telegraphs, prescribed for his department in framing the schemes under the second Five-Year Plan. The department now claims to have fulfilled its earlier promise to instal a post office in every village with a population of 2,000 and above. This was a relatively easy task, since only about 24,000 villages in the Indian Union are of this size and there were, on April 1, 1954, 45,907 post offices in all in the country, including branches and experimental units. Any expansion over this level is certainly more difficult than is generally realised. Even today, we do not have one post office for every 2,000 people (as the daily press has interpreted the claim of the postal department); that would require four times the existing number of post offices. Similarly, a post office for every thousand persons is something more than establishing postal services in every village with a population of over a thousand each. Mr. Jerath has visualised an increase of only 5,000 post offices a year in the next Plan or 30,000 in all by 1961. These figures have to be set against the 1951 Census figures of 51,769 villages with a population between 1,000 and 2,000, 104,268 with a population between 500 and 1,000 and 380,020 with less than 500 people each. The conclusions are obvious. The rate of increase now assumed will have to be nearly doubled merely to have a post office in every village having a population of 1,000 and above; it will at least have to be quadrupled if, after grouping together smaller villages, the rest of the population of 150 million is to be served on the basis of one post office for every 2,500 persons.

It is clear that the postal department has been very slow to realise the implications of its very tall target. Some 26 per cent of the rural population is today living in villages each with 2,000 persons and above. Only a beginning has now been made in the offer of postal facilities for these people and when these services are increasingly availed of, the postal department will need to devote more and more attention to their needs. In expanding obligations in this sector, the department cannot overlook the rest of the population. The Census Report revealed that large-sized villages are a feature of Southern and Western India while in the rest of the country, small villages are the rule. A balanced development of communications would require concentration of attention on schemes to secure small groupings of villages in these areas, based more on distances than on the numbers of people to be served. The statement that no one would have to walk for more than three miles to post a letter in 1962 seems a more sensible goal than the calculations about the population served per post office, which do not make any sense at all.

However it is viewed, it is certain that there is a very long way to go and that the Posts and Telegraphs Department, in spite of its long history and organisation, is lagging as much behind in executing its schemes as the rest of the public sector. Against the total target of outlay of Rs. 50 crores under the first Five-Year Plan, only Rs. 20 crores have been spent in the first three years. Unlike industry or agriculture, this is not a field in which a smaller outlay could secure larger results than planned. There have been shortages in the supply of equipment and delay in construction, the major delay being in respect of telephones. It seems unlikely that more than Rs. 35 crores would have been effectively spent by the end of 1955-56. This inadequacy may be due to technical shortcomings in the planning and execution of schemes or to extreme

conservatism in implementation, or both. The former is a fit matter for detailed investigation, but there is basis for the belief that the Posts and Telegraphs Department should have displayed more drive and initiative in its expansion than in fact it has shown.

At a time when there was need to promote the largest amount of postal traffic especially in the new areas in which postal facilities have been made available, the rates on parcels, money orders and insurance and registration charges have all been enhanced. Except in respect of money orders, the enhancement has led to the decline of traffic and a fall in income in 1953-54, just as the increase of railway fares, intended to finance rehabilitation and development, produced a similar result. The profit which has been secured in 1953-54 under postal traffic alone, after a series of losses beginning with 1948-49, may be gratifying from a strictly accounting point of view but is highly incongruous during a phase of expansion when losses on new offices have to be boldly undertaken in order to attain the basic objective of expanding facilities. These are indications of a narrowness of approach to the major problem of development of communications—on a scale commensurate with the impetus to be given to all-round economic progress and on the pace of advancement of literacy now contemplated.

In the final analysis, the post office like the railways or the roads has a large social function which is inadequately symbolised by the mere carriage and delivery of letters from place to place. The post office has always signified something more than mere personal communication because of the variety of functions it has fulfilled by undertaking banking, insurance, remittance and even medical (by sale of quinine through post offices) facilities. It has thus fitted itself in the past to serve as a centre of small-community life, by providing adequate scope for relationships with the larger communities without. In opening up the rural economy in the future, the post office can recapture some of its lost glory by undertaking such diverse functions.

The vastness of the country and the population scattered in small communities should prove no serious obstacle. In the United States there are 32,546 rural routes, covering 1.5 million miles, with the average length of each rural route being 45 miles, though there are individual routes of more than 100 miles. In all of them there is a daily service to people who may often live as far as 50 miles from the nearest post office. The emphasis has therefore to be on the services rather than the number of offices. In India, the mobile post office has now become a successful institution, the principle of which could be easily adapted to our rural needs. It may be that just as the enthusiasm of villagers for schools has stimulated the gift of voluntary labour, the prospect of a daily postal service and a newspaper may encourage more local schemes for constructing roads leading to more postal facilities.

All these plans require imagination on a large scale. The stepping up of the outlay from Rs. 50 crores in the present Plan to Rs. 80 crores in the next will not have any meaning otherwise. The most distinctive feature of the postal service—as distinguished from the telegraph and telephone services—is that the investment on fixed capital is low. The total capital outlay is only Rs. 2.3 crores for post offices as against Rs. 68 crores for telegraph and telephone services. The obstacle to development is not finance, nor equipment. Nor is it even talent, because such talent is only waiting to be harnessed to gainful employment. It is indeed a task of organisation. Will the Postal Department be equal to meeting it?

Indianisation in Foreign Firms

THE problem of Indianisation in foreign firms in the Indian Union has again found headlines this week. There is no doubt that the steady pressure which has been built up by the Ministry of Commerce and Industry for the acceleration of Indianisation in these firms has again encountered resistance. All is not quite well; some people think the Ministry is pressing too hard, others not hard enough. An evaluation of the progress that has been made depends on the angle from which figures produced in the table below are viewed.

To those who observe only the numbers of Indians employed, there appears to have been substantial progress since 1952 when the issue was first prominently raised. When, however, non-Indian staff is considered in relation to possible replacement, there is no equal satisfaction to be attained. In the group of Rs. 500 to Rs. 1,000 there has undoubtedly been great reduction of non-Indian personnel, but in the group of Rs. 1,000 and above the figure of non-Indians is fairly stationary. European firms argue that there is no overall net accretion to non-Indian employees drawing above Rs. 300. It is also claimed that the figure of 7,000 non-Indians in foreign firms cannot be deemed excessive.

There is no doubt that there is some considerable feeling on this subject. It is possible to agree in general terms that the number of 7,750 non-Indians in all pay groups above Rs. 300 is not excessive for the needs of a large country of this kind. But it is likely that a considerable number of these are not absolutely essential in the sense that their work cannot be carried on by Indian personnel. This is true, but there are limits to an argument of this kind, and it is doubtful if we in India are in a good position to argue that, wherever a national of a country is in a position to replace a non-national, the change should be immediately made. Our own trade interests in Ceylon, Burma, and Indonesia are too vulnerable for us to employ an argument of this kind. We should bear in mind if we press our case here with excessive zeal, we may be hoist with our own petard abroad.

Wisdom, therefore, suggests that, while there should be no change in the direction of policy which is to press the case for Indianisation, there is need for a sense of perspective. There should also be care about the form in which the argument for Indianisation is to be presented. There are at least two good arguments which can be employed. Firstly, foreign firms working in India have a wide interest and stake in India's stability. That stability depends in part on employment opportunities, particularly in educated groups where, until the present time, opportunities have been relatively limited. To the extent that foreign firms employ their own nationals in preference to Indians, they are obviously doing some injury to

employment opportunities within the country, and to that extent they are encouraging some discontent which may in course of time endanger their own popularity and, in the last analysis, their acceptance by the country. It is, therefore, wise that foreign firms should recognise that, in their own interest, it would be desirable that they should assist the Government of India to provide occupation for Indian personnel on the widest possible scale. At a time when foreign firms are benefiting by large public expenditure, it is particularly appropriate that they should show themselves aware of the difficulties being encountered by the Government in this respect.

There is a less satisfactory argument which is primarily financial. To the extent that firms insist on retaining their more expensive staff in preference to nationals, they are operating inefficiently for they are raising their costs and, therefore, reducing their profits. The Government of India, and indirectly the Indian people, have an interest in preventing redundant or overpaid salaried staff in commercial houses. For the Central Exchequer is a participant in the profits of these concerns. It is legitimate, therefore, for the Central Government to question wasteful employment (whether of nationals or non-nationals) in commercial houses. Where this excessive or expensive employment relates to non-nationals, it tends to be more costly because conditions of service are generally far more generous than those of nationals. It is, therefore, legitimate for the Government of India to suggest that where work can be done by an Indian it would be more economical to employ an Indian particularly as this will generally increase profits as well as taxes for the Central Exchequer.

It is on these two arguments, namely, that foreign firms have a duty to assist the Government of India in meeting educated unemployment and an equal duty not to inflate their salary bill unduly, that the main case for Indianisation at the present time must rest. It should not be presented on the basis of the absolute rights of nationals to replace non-nationals, irrespective of the view of the managements in regard to their competence or in regard to the confidence which they may choose to repose in their highest officers. The conditions of private enterprise require that there should be more freedom in interpreting one's own needs than if one were a component of the public sector. Since managements have direct responsibilities to their shareholders for discharging certain obligations, they must have within reason the power and the opportunity to choose their own men for this purpose. It may be that in some cases there is no economic justification for managements to act as they do, but even in these cases it is by persuasion and not by compulsion that correctives should be applied.

EMPLOYMENT IN FOREIGN CONTROLLED FIRMS, HIGHER SALARY GROUPS

	Rs. 500-999		Rs. 1000 and above		All pay groups above Rs. 300		Total
	Indian	Non-Indian	Indian	Non-Indian	Indian	Non-Indian	
1947	2,225	1,616	504	5,844	6,162	7,623	13,785
1948	2,617	1,386	689	5,967	7,902	8,052	15,954
1949	3,497	1,307	1,003	6,272	10,033	8,286	18,319
1950	4,238	1,279	1,406	6,871	11,803	8,318	20,121
1952	5,667	1,033	2,290	7,104	15,553	8,252	23,805
1954	7,496	650	3,346	7,008	18,642	7,750	26,392

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THE WEEK'S NOTES

SINO-SOVIET RELATIONS—A NEW CHAPTER?

The Soviet-Chinese joint declarations issued at Peking, following the discussions held by the Soviet delegation to the fifth anniversary celebrations of the Chinese Republic, cover almost the whole range of relations between the two countries. They confirm the theory that China has been negotiating with the Soviet Union on a basis of equality, unlike the other satellite countries which have to take the cue from Moscow. To concede this is far from jumping to the conclusion that China is so independent or so different as to be capable of turning against the U.S.S.R., like Yugoslavia. There are many reasons why such a development should be regarded as least likely. The ruling group in Moscow is unlikely to provide the occasion by treating the Chinese leaders with anything but the respect due to them as equals. For China this should seem to be sufficient basis for close co-operation, especially when she interprets the free world's policy of strengthening alliances around her as a process of encirclement. China depends a great deal on material assistance from Russia. A long-term credit of 520 million roubles has now been granted by the U.S.S.R. Additional equipment worth 400 million roubles is to be granted to the 141 joint industrial enterprises and 15 new projects have also been added. Simultaneously, China has also been going ahead with trade pacts with other countries which would reduce this great dependence on the Soviet Union.

Soviet military units will be withdrawn from the jointly utilised naval base of Port Arthur. The installations, it is now agreed, will be handed over to China, without claiming compensation, by May 31, 1955. This withdrawal is now attributed to the change in the international situation in the Far East because of the cease-fire in Korea and Indo-China and to the consolidation of the defence capacity of the Chinese Government. But it is clear that the Chinese Government has, in the interests of maintaining its own prestige, put pressure for the transfer of full control which under the present agreement was not due until the conclusion of a peace treaty with Japan. It may never be known how much of the Chinese anxiety to secure a settlement at Geneva was inspired by the desire to get rid of such joint control which the Soviet Union had been seeking to maintain on the pretext of the wars in Korea and Indo-China. In the domestic sphere also, the close friendship now professed by the Chinese has not prevented them from securing the transfer of the Soviet shares of the mixed joint stock companies set up in 1950 and 1951, for mining non-ferrous metals, oil extraction in Sinkiang, Dalny shipbuilding and the operation of civil airlines. It is not as if China could now do entirely without outside technical assistance in these fields. Premier Chou En-lai's tribute to Indian airlines during his visit to New Delhi provides an indication of the desire to seek help from elsewhere.

Close Sino-Soviet friendship has been written into the Chinese Constitution that has now been adopted. There is no need to argue whether China was being ostentatious about it or was acting under the inescapable compulsions of Communist solidarity to lay down the pattern for all time. The moral for the future is that the Soviet Union has to accommodate a powerful ally, which could make a great difference to her policies. On the other hand, China may not provide proof of Communist colonialism, as interpreted by the West.

TRAILING CLOUDS OF GEORGE

The convention of the 123 elected representatives of the French-India settlements which met in Kishore-

on Monday carried out only the formality of a popular consultation. It was no occasion for any special decision, because the decision had never been in doubt. Once there was agreement on the nature of the consultation, all the rest looked perfectly simple and so it turned out to be. This is not the moment to recall the various unpleasant episodes which marred Indo-French relations on this question. But it would not be irrelevant to point out how much improvement in international relations could be achieved merely by changing the approach to vexing issues or softening the temper in which it is made. The Government of India has persisted in the faith that such a change would come and it still persists in that belief in respect of Goa where conditions today seem so fundamentally different. It is difficult to say whether a peaceful settlement in these cases is always inevitable, as it has been in French India. Most observers are likely to give greater credit to the realism of M. Mendes-France which has secured far more vital successes in Europe and Indo-China than to the intrinsic soundness of the Indian attitude which merely helped him to achieve it with good grace.

The change in French India must also have significant reactions on the Goanese nationalists and spur them to make fresh efforts. In the rest of India, the smallness of French India—which has only 196 square miles and 325,000 people—has not minimised the importance of the gain in terms of the victory over colonialism. The French-Indian agreement has reaffirmed, in 35 clauses, the political, economic and cultural guarantees. Though the Government of India will take over the areas from November 1, they will be separately administered on the same lines as now. The citizenship rights will remain to be finally determined before the de jure transfer but there is no reason to expect they will be anything but liberal and in accordance with traditional Indian policy. French language and French culture will continue to exist and the various safeguards now provided give the lie direct to the insinuations made in several reports in the foreign press on Goan fears.

INTER-PROVINCIAL WRANGLES IN PAKISTAN

All reports indicate an increase of strife among political groups in Pakistan, not the spirit of co-operation that should prevail in a country which has given to itself a new Constitution. The three-day convention due to meet in Karachi at the end of this month may better reveal the extent of the differences. The final stages of Constitution-making have been unhappy because of the haste with which the measure regarding the powers of the Governor-General was rushed through. It was also clear that the Constituent Assembly had become an unrepresentative rump after the East Bengal elections had totally repudiated the Muslim League. The dissatisfaction that has now come to the surface is only natural in these circumstances. For quite different reasons, the Punjab section of the Muslim League Party is now up in arms against the draft Constitution. There are other grievances in the other provinces, within the ruling party. There is a search for a leader who could rally these discordant elements and it is believed that only Miss Jinnah will have the stature required for it. But rallying the party together is not the same as rallying it behind the Government and its policies. The two objects may elude each other.

One solution to the political troubles of Pakistan may be to hold country-wide general elections under any Constitution, however imperfect, so that the leaders so accredited may steer the country along with confidence. But considering the circumstances which

attended the creation of Pakistan and the subsequent political developments there can be no single recipe. Internal wrangles will prevent economic development on any significant scale, even though it may be assisted through foreign aid. There is the prospect of foreign assistance even becoming a source of disruption instead of the cohesion that it is expected to bring about.

TRIALS AND ERRORS OF THE IRRIGATION MINISTRY

The main significance of the inauguration of the Board of Ministers of Irrigation and Power lies in the proof that has been given of the Irrigation and Power Ministry's desire to learn from mistakes and make amends. Mr. Nanda has shown great interest in rectifying these mistakes without crying too much over spilt milk. The first task indicated for the new Board is to work out a feasible scheme—before the projects for the second five-year plan are determined—of integrating the services of engineers so as to provide a steady supply of personnel to new projects wherever they may be undertaken. The main difficulty at present is that the State Governments, who are now mainly responsible for recruitment on a large enough scale, will not be inclined to expand their services unless they have sufficient irrigation projects under future plans. For Madras or Travancore-Cochin, the scope for expansion may seem limited but they may well be potential sources of supply of technical personnel for other areas. It is therefore undesirable for the Centre to depend on the State Cadres as reserves. A deputation pool at the Centre will not by itself be adequate so long as it works on the basis of seconding the best men in the States for a time and returning them at their pleasure. An all-India service, constituted in the first instance by recruitment from the State services and directly, would be better from the point of view of the States as well as of the personnel.

The difficulty, revealed by Mr. Nanda, regarding the sickness rate of machinery and lack of correlation in the supply of spare parts shows a defect of administrative organisation rather than a serious technical problem for expert engineers. This is not peculiar to the Irrigation Ministry; even the railways with a long tradition of organisation have shown an indefensible incapacity in organising stores purchases and supply. On the question of keeping project costs well within estimates, or making more realistic estimates, there can be no single recipe. Some work has already been done to assess the rates for manual and machinery work in various areas. The process has been undoubtedly slow, slower than it need have been but that is no reason why credit should be denied where there has been some progress.

THE EDITOR'S STATUS

The Indian and Eastern Newspaper Society at its extraordinary general meeting last week opened fire against the Press Commission's recommendations. The criticism of the I.E.N.S. was not confined to a few specific issues; it has functioned at least on this occasion as a body representative of proprietors' interests, as it conceives them to be. On the other hand, the A.-I.N.E.C. has shown itself at its sessions in Srinagar and Delhi as more constructive. It was understandable that the I.E.N.S. should reject such detailed regulation and interference in the newspaper industry as was implied in the allocation of newsprint quotas and fixing of price-page schedules. There were a number of other matters on which the I.E.N.S. could have yielded with good grace to other recommendations which were

devised in the public interest. The minimum standards for conditions of work such as leave, hours of duty, holidays, minimum wages, gratuity, etc., are, it is said, beyond the means of many newspapers now struggling for existence. This is no new argument against such imposition of standards in employment practices and the Commission's view was that some calculated risks have to be taken in the public interest.

The I.E.N.S. has sought to emphasise that the Press Commission's recommendations regarding the independence of the editor would not be feasible for the reason that the policy of a paper cannot be reduced to a contract. The A.-I.N.E.C. representing editors, now seems quite happy with the Commission's recommendations though many difficulties will arise when the contract is actually drawn up and editors may be faced with omnibus clauses which some proprietors may not be unwilling to impose. The Press Commission's views on this matter are well-balanced and the Commission has not attempted to belittle the importance of the proprietor in laying down the policy of the paper. The Commission has however realised that a proprietor concerned exclusively with the revenue of the paper or with some other interests may become so whimsical as to disable an editor in functioning consistently with his own opinions. No editor can be required by any proprietor to become his scribe. A general framework of policy, on the other hand, which an editor accepts at the time of his appointment would leave him sufficient scope for adopting a policy which he alone should be able to judge properly.

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WORLDGRAM

TRADE

Sweden to Free More Sterling and OEEC Area Imports: Sweden has enlarged its free list for imports from the Sterling and OEEC areas from 91.2 to 92.7 per cent. In the new freed list are included, tungsten ore, molybdenum ore, coal, coke, sulphur, cattle skins, cotton, flax, hemp, some textiles, shoes, nickel, cobalt, motor cycles and gold watches. Imports exempted from the free list still include cars, ships, jewellery and food. The deterioration in the trade balance was halted in the second quarter of 1954.

More Imports for South Africa: The South African Minister for Economic Affairs recently announced measures for the relaxation of import controls. The rate of relaxation would depend on events at home and abroad and the rate of improvement in the Union's balance of payments. Raw material requirements for industrial processing will be largely met, as also will be the needs of the assembly industries. Industrial machinery quotas will be further liberalised. Consumer goods and agricultural machinery imports are also to be liberalised and larger quotas granted.

U.S. Offshore Orders in Europe: The U.S. placed offshore orders in Europe to the value of \$612 million during the year ended June 30, 1954. Of this, nearly \$395 million consisted of orders under the mutual security programme, and some \$217 million for supplies and equipment for U.S. troops and bases in Europe. The orders included warships and aircraft, tanks and vehicles, electronic equipment, artillery, ammunition and building materials. Contracts worth \$357 million were placed in 11 NATO countries—U.K. \$192 million, Italy \$93 million, Belgium \$37 million and France \$22 million. Non-NATO countries also received orders—Yugoslavia \$14 million, Spain \$10 million, Germany \$8 million and Switzerland \$6 million.

INDUSTRY

Europe's Second Largest Leather Works in Austria: Europe's second largest leather works are situated in Upper Austria. In addition to covering domestic demand, which amounted to about 6 million Austrian Schillings worth of leather during the first three months of 1954, the Austrian leather industry was able to export considerable quantities. Main buyers were Western Germany and Switzerland. The leather output went up from 2.3 million square metres in 1952, to 2.6 million square metres in 1953. In 1953, leather goods worth 9.5 million Schillings were exported, mainly to Western Germany, Scandinavia, Great Britain, France, Switzerland and the U.S.A.

Jute Laboratories to be Extended at Dundee: According to a statement issued by the British Jute Trade Federal Council the British Jute Trade Laboratories in Dundee are to be extended. The expansion is necessary as a result of the increasing demands being made by the industry and the widening of research activities, particularly on aspects concerned with production and quality. A new 3,000-sq. ft. administrative block and another 5,000-sq. ft. block to contain new physics laboratories and control rooms are to be constructed.

Labour Conditions in Indian Glass Industry: According to an article in the 'Indian Labour Gazette' during 1947 there were 180 factories in Part 'A' and 'C'

States employing 24,652 workers. The corresponding figures for 1952 were 221 and 28,440 respectively. Of the total number of workers in 38 units which furnished information in response to a questionnaire issued by the Labour Bureau in 1952, 91.6 per cent were adult males, 6.5 per cent adult females and 1.9 per cent male adolescents and children. A large number of workers in the industry were permanent and employed on a time-rate basis. The total average monthly emoluments of the least skilled worker varied from Rs. 26 in Madras to Rs. 60-14-0 in Bihar. Housing accommodation was provided by 71 per cent of the factories; most factories not charging any rent. Of 38 units, 19 maintained hospitals or dispensaries and 9 had some arrangement for the treatment of the workers. Only eight units employing in all 3,092 workers had schemes of contributory provident fund. The rate of contribution generally varied from 6½ per cent to 8-1/3 per cent.

Malayan Rubber Industry Faces Crisis: A British Inquiry Board, composed of three independent rubber experts, was appointed last May by the Rubber Producers' Council and the Government of the Federation of Malaya. The Board have warned the industry that unless it is able to meet German and American synthetic rubber competition with a massive replanting programme, an end to the industry is inevitable within 20 years. Malaya must bring production costs below the likely prices of the synthetic product.

Western Europe Needs More Iron: European Coal and Steel Pool experts estimate that by 1957 Western Europe will need some 8 million tons of iron ore over the present annual figure. A demand of 34 million tons is forecast. This increase is needed to produce the 50 million tons of steel set as the 1957 target for the six member nations of the Pool. These countries provide only 18.5 million tons of iron ore annually, the balance coming from Sweden and other nations outside the Pool. It is hoped that the present figure of 7.5 million tons from countries outside the Pool will be raised to 10 million tons by 1957.

The Indian Film Industry: The annual attendance at all the cinema houses in India comes to about 60 crores. There are 3,500 cinema houses in India, and to cater for their requirements 238 films, on an average, are produced by 300 producers in 65 studios scattered all over the country. It is estimated Rs. 42,00,00,000 has been invested in the cinema industry. In the post-war period there has been a progressive increase in the production of films in regional languages. Starting with 45 in 1946, it rose to 163 in 1953. The gross annual income of the film industry in India is calculated at Rs. 25,00,00,000. The industry employs about 1,00,000 people in its various sectors.

U.S. to Expand Atomic Energy Plants: A major construction programme involving the expansion of the atomic materials production and processing plants is projected at three sites in the U.S., estimated by the Atomic Energy Commission to cost some \$67 million. These plants will convert high-grade uranium ore and concentrates into highly purified uranium compounds or metal and uranium into useful forms. The new facilities will substantially increase the nation's production of these materials for use in atomic energy programmes; and are expected to be complete within three years.



The working of the Community Projects is rapidly changing our rural life. Thousands of acres are being reclaimed and brought under cultivation. Cattle health, roads, tube wells, schools and hospitals are being looked after. The villages are becoming active units of national life. Right now, one out of every eight villages is receiving attention. Rural India is gaining a foothold on the future.

TEA

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FINANCE

U.S. Savings Rate in Second Quarter of 1954: According to the U.S. Securities and Exchange Commission individual savings were maintained at a high rate in the second quarter of 1954, laying aside \$3,500 million in liquid form—a gain of \$400 million over the corresponding period of 1953. Savings in more stable forms including insurance, savings deposits, shares in savings and loans associations remained steady. Individual holdings of currency and bank deposits expanded by \$2,000 million. The expansion represents a \$700 million increase in currency holdings and an increase of \$1,400 million in time and savings deposits.

£1,000 Million Assured in U.K. Staff Schemes: The Life Offices' Association and the Associated Scottish Life Offices, whose member companies account for 99 per cent of total ordinary life business transacted, report that at the end of 1953, 1.9 million employees in the U.K. were covered for life assurance or pension benefits. A total of £164 million was assured during the year as against £159 million in the previous year. New sums assured under ordinary policies, excluding group business, totalled £653 million against £610 million in 1952. Total sums assured and bonuses in force were £5,147 million against £4,801 million the year before. Group business in force totalled £821 million against £714 million at the end of 1952. The average sum assured under new-assurance policies (excluding group schemes) rose to £940, compared with £850 a year ago.

Aid for Road Nationalisation in Indian States: During the current year, the Indian Government allocated Rs. 12.88 lakhs to Assam, Rs. 19.18 lakhs to Orissa, Rs. 34.86 lakhs to Travancore-Cochin and Rs. 50.77 lakhs to U.P., as assistance for their road transport nationalisation schemes. Requests by U.P., West Bengal and Kutch for financial assistance totalling Rs. 160 lakhs, is under consideration.

AGRICULTURE

Spanish Cereal Estimates for 1954: The final cereal crop figures published by the Spanish Ministry of Agriculture reveal shortfalls over the previous estimates; though there is a considerable advance over 1953 figures:

	1954	1953
Wheat (tons)	4,494,000	3,055,000
Rye (tons)	450,000	400,000
Barley (tons)	2,162,000	1,588,000
Oats (tons)	501,000	442,000
Maize (tons)	629,000	642,000

The wheat production together with the 1,400,000 tons already imported during the year will amply cover the 5,200,000-ton national requirements.

Egypt's 1954-55 Cotton Crop Estimates: The Egyptian Ministry of Agriculture estimates the 1954-55 cotton crop (less scarto; estimated at 165,000 Kantars) at 7,120,000 Kantars of ginned cotton, against last year's final figure of 6,919,000 Kantars.

MISCELLANEOUS

New Telegraph Code Drafted: A new telegraph code for the International postal service consisting of 1,000 simple and easily pronounced words has been drafted. This code has been drafted by the Universal Postal Union Sub-Commission, appointed by the Executive and Liaison Commission of the UPU at its last meeting. The Sub-Commission which consisted of India, Japan, Pakistan and Syria is to submit its report to that body at its session at Lugano in May 1955. A representative of the International Bureau of the UPU was present during the deliberations.

Algerian Dams Withstand Quakes: In the region of Orleansville (Algeria) which was destroyed recently by an earthquake, several dams were located. Amongst them, the biggest one was the Oued Fodda Dam, which was only 16 miles from the epicentre of the seismic. None of them has been the least affected, except the old diversion dam at Ponteba, on the very epicentre of the earthquake. The Oued Fodda Dam, 1292 ft. high, has a capacity of approximately 794 crores of cubic ft., and an annual flow of 262 crores of cubic ft. The irrigated area covers some 49,422 acres.

Cloth Consumption Figures in China: A Radio Peking broadcast reviewing China's new cotton cloth rationing programme, is reported to have stated that individual annual consumption of machine-loom cotton cloth by Government office cadre is 94.19 feet, by workers 68.4 feet, and by other city residents 38.50 feet. The individual annual consumption of cotton cloth by farmers in many areas is only between 10 and 20 feet. Some use only 5 feet of cloth a year and others use no machine-produced cloth at all.

Preparatory Meeting for National Development Council: A preparatory meeting of officials will be held on November 8, 1954 prior to the meeting of the National Development Council. If necessary the officials may also meet after the conclusion of the meeting of the National Development Council. Among the items that will come up for consideration at the meeting of officials will be arrangements for reporting the latest estimates of expenditure for preparation of progress reports, collection and classification of social statistics to aid the formulation of positive policies regarding extension of social services and legislation regarding betterment levy, and setting up of State Electricity Boards.

Annual Report of Indian Patent Office: The number of applications for registration of designs in India rose by nearly 100 per cent to 2,513 in 1953, as compared with 1,299 in 1952. Of the total number of applications for designs only 35 came from abroad. The number of applications for textile designs alone was 2,028. The inventions for which patents were sought covered all the diverse fields of industry. The number of applications for patents filed in 1953 was 2,235 as against 2,272 in 1952. The number of applications originating in this country was 461 compared to 516 in the preceding year; of these 406 applications were made by Indian nationals and the rest by foreigners resident in this country. The Patent Office had an income of about Rs. 7,21,000 in 1953 and an expenditure of Rs. 4,41,000 as against an income of Rs. 6,73,000 and an expenditure of Rs. 3,90,000 in the previous year. The major sources of its income were fees for filing applications for patents, for sealing patents and renewing old patents. The major heads of expenditure were salaries and allowances, printing of specifications and purchase of books and periodicals for the library of the Patent Office.

NEWS IN BRIEF

INDIAN

The Indian Government have set up a Committee to examine the technical and nutritional aspects of rice-milling. The Committee is to study consumer preferences, economic and employment aspects and make recommendations relating to administrative and financial policy.

Two more denominations—Rs. 100 and Rs. 500—are planned to be introduced by mid-November for the National Plan Certificates for the convenience of investors. The maximum amount that can be invested, however, continues to be Rs. 1,000 per person.

The Film Producers' Guild of India is considering the production of at least two pictures for the Government every year, suitable for children, and dealing with village uplift and other social subjects. More progressive films in line with Indian culture are promised.

An International Food Exhibition is planned for New Delhi in February 1955, under the auspices of the All-India Women's Food Council. Food organisations in foreign countries are being contacted to enlist their co-operation for the proposed exhibition.

The Government of India have sent a delegation to Yugoslavia on a two-week visit to study how that country is implementing its economic plans. On their return, two members of the delegation will visit hydro-electric projects in France, Switzerland and Italy in order to study the latest developments in the field.

During the first half of 1954, India produced an average of 126 million lb. of yarn per month against 122 million lb. in the corresponding period of 1953. Some 22,474,000 spindles were used against an average of 21,815,000 last year. Against 751,037 workers last year, an average of 734,226 were employed this year.

The Central Water and Power Commission has prepared a scheme to protect the Kashmir Valley from the River Jhelum floods. A Flood Control Board has been instituted. A 17-mile long flood-relief food spill channel will be constructed for flood cultivation.

A Central Bureau of Educational and Vocational Guidance, and similar bureaux are to be set up in selected States. These bureaux will compile and publish standardisation of intelligence, aptitude, interests and personality tests.

Disbursements totalling Rs. 8,04,000 have been made from the Government's National Relief Fund; of which Rs. 7.5 lakhs have been allocated to Bihar, Assam, Uttar Pradesh, West Bengal and Jammu and Kashmir for flood relief and Rs. 85,000 given for relief in drought affected areas in Orissa, Rajasthan and Ajmer.

It is expected that the Kashmir Constituent Assembly is to meet shortly to approve the Indian Union President's order of May 14, applying the Indian Constitution to Jammu and Kashmir with some modifications and exceptions.

FOREIGN

Lending by the World Bank in the third quarter of 1954 passed \$2,000 million, bringing the number of loans to 107 in 36 countries since 1946, when the Bank started operations. Loans to Austria and Mexico were granted during the quarter.

The U.S. President has fixed the U.S. import quota for oats at 40 million bushels of 32 lb. each during the period October 1, 1954, to September 30, 1955. Of this, 39.3 million bushels shall be imported from Canada, the remainder coming from other countries.

Switzerland is included in a list of countries benefiting from U.S. offshore purchases, intended to strengthen the defence potential of her allies. Most of the orders are with American firms, registered for fiscal purposes in Switzerland but having factories in the U.S.

The Nyasaland Federal Minister for Commerce and Industry announced recently that the Government had decided to build a cotton processing factory in Nyasaland this year, to handle the large African-grown cotton crop.

Japan and Thailand were recently admitted as full members of the Colombo Plan. The number of full members is now 16.

U.S. offshore contracts in Europe for the 1954 fiscal year total \$612 million, making a total of \$3,272.6 million since 1952. Military assistance to NATO countries since 1949 amounts to \$12,000 million, of which more than half has already been delivered.

The Government of Pakistan granted permission to 35 companies to issue capital to the extent of Rs. 10,00,84,125 during the period April 1 to June 30, 1954. These companies include textile, trading, banking and miscellaneous manufacturing concerns.

The Australian Government have contributed £ (A) 500,000 under the Colombo Plan for three irrigation schemes to expand rice production in Ceylon. The first will bring under cultivation 14,000 acres (Rs. 14.8 million); the second 4,500 acres (Rs. 7.0 million) and the third 10,000 acres (Rs. 5 million).

A French 'master plan' for closer co-operation between the European cotton industries is to be discussed at the meeting of the International Cotton Federation at Barcelona on October 25.

It is reported that negotiations between Germany and Indonesia for loan of several hundred million marks are expected to be concluded shortly. German exporters of capital goods are believed to be receiving some government support.

Australia is negotiating for another \$50-million loan from the World Bank. This loan will be in addition to the \$250-million loan contracted earlier. Installments of this loan, totalling \$200 million, have already been drawn.

Britain's oil exports at £8 million a year are well above the value of coal exports. The oil refinery capacity has been raised at a cost of £190 million from 2.5 million tons in 1948 to nearly 29 million tons in 1954, making Britain the third largest oil refining nations.

A Window On The World

THE DUTIES OF THE DECIMAL FRACTION

BY

ODYSSEUS

I HOPE THAT in the course of the past three weeks I have offered enough documented evidence to establish that the Communist Party of India is (1) only outwardly a constitutional and parliamentary party; it has never renounced the view that Communism cannot be established by constitutional channels and must come through armed revolution, although this fact should not be indiscreetly blazoned abroad lest it frighten the bourgeoisie (which means you and me); and (2) the Communist Party is entirely opportunist, clinging to no logic or principles, being ready to subscribe to any political programme, jump on anybody's band-waggon, form a "Popular Front" on anything, providing only that it thereby promotes its secret aims. In offering evidence in support of these assertions I have drawn freely on Mr. M. R. Masani's admirable "Short History of the Communist Party of India" (D. Verschoyle, London, 1954. Price 18 sh.).

It will be readily appreciated that in the effort to win the support of public opinion, an honestly conducted party, such as the Congress, is at a disadvantage compared with the Communists. The Congress Party leaders study current problems and decide what in their view is the best way to solve them; they then endeavour to persuade the electors that their solutions are the right ones. They cannot carry them out without the support of the electors. Now, it is inevitable, in all democratic countries, in which the electors have a free choice, that the electors will not always agree with the solution offered them. In America, Republicans and Democrats alternate in popular favour; in Britain, Conservatives and Socialists. In India, there has not yet been enough time for the normal ebb and flow of public opinion to have veered round to the view that the Opposition should have a turn, but sooner or later it cannot fail to do so.

When an honestly conducted party finds itself advocating solutions that it fears will be unpopular, or when it finds itself voted out of office, it has no alternative but to redouble its efforts to convert the electors to its way of thinking. What it cannot do is to drop like a hot potato the policy it has been advocating and proclaim its adherence to whatever alternative it sees has captured popular fancy at the moment. Thus, in 1923, the British Conservatives advocated a protective tariff to cure unemployment and were defeated at the polls. They did not overnight proclaim themselves convinced of the truth of Free Trade, but worked to educate public opinion in favour of their rejected policy. But the Communists have no difficulty in changing their ostensible policy to suit every change in popular thinking. This is because they are not interested in securing better conditions inside the existing framework of society; they are not hampered by any convictions; the worse that the existing order works, the better pleased they are, because the chances of a social breakdown, and therefore of a revolution, thereby rise. They do not want to see reforms succeed. Here, for example, are extracts from the Statutes of the Communist International:

PARLIAMENT: THE OFFICIAL COMMUNIST VIEW

"Communism repudiates parliamentarianism as the form of the future....it repudiates the possibility of winning over the parliaments. Its aim is to destroy parliamentarianism. Therefore it is only possible to speak of utilising the bourgeois state organisations with the object of destroying them...."

"....Work within parliaments which consists chiefly in making revolutionary propaganda from the parliamentary platform, the denouncing of enemies, the ideological unification of the masses, who are still looking up to the parliament, captivated by democratic illusions, especially in backward territories, etc., must be fully subordinated to the objects and tasks of the mass struggle outside the parliaments...."

"....A Communist representative, by decision of the Central Committee of the Communist Party is bound to combine illegal work with legal work. In countries where the Communist delegate enjoys a certain inviolability, this must be utilised to render assistance to the illegal organisations, and for the propagation of the party...."

"Each Communist must remember that he is not a legislator who is bound to seek agreements with the other legislators, but an agitator of the party, detailed into the enemy camp in order to carry out the orders of the party there. The Communist member is answerable not to the wide masses of his constituents, but to his own Communist Party—legal or illegal."

"Communist representatives should never forget that....they are the mortal enemy of the bourgeois and its social-patriotic flunkies."

From all this it should be clear that the Communist Party of India has an easier task in deceiving, than the constitutional parties have in converting, public opinion. This lays an immense burden on the leaders of public opinion, who should be ceaseless in offering guidance and warnings to the masses. Who are these leaders? They are not only the leaders of the constitutional political parties, but also editors, commentators, reporters, business men, university professors, school teachers, and anyone else in a position to influence the views around them.

On this score, I think that it must be admitted that the leaders (as defined above) of Indian public opinion are failing in their duty as patriots, democrats, and upholders of India's national traditions. All educated Indians have been brought up in a liberal tradition—live and let live—an important element which consists of seeing and tolerating the other fellow's point of view. This is indeed essential for the success of a democracy which may have to accommodate itself to the extremes of Tories and Socialists, to Hindu Mahasabha-ites and Muslims, radicals and reactionaries—but this wise tolerance of the other fellow's viewpoint is based on the all-important assumption that you and he are agreed on ultimate values—that you are both sincere democrats; that the other fellow is prepared to tolerate—that is, put to the test of the ballot box—what he regards as your idiosyncracies, errors, and prejudices. But this is just what the Communist wholly rejects. He is the one person with whom you cannot compromise, because while you make genuine concessions, he yields not a jot of his secret aims.

"UNFAIR" TO THE COMMUNISTS

The terrible mistake that our liberally minded leaders make is to try to be "fair" to the Communists. You can no more afford to be fair to them than you can to the enemy whom you meet in battle: in a hand-to-hand fight, it's your life or his. You can no more afford to fraternise with Communists than you can with the enemy in war.

On this point Mr. M. R. Masani has the following comment:



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"Indeed, awareness in the public mind about the real aims and nature of the Communists could hardly be expected to grow as a result of repeated statements by the Prime Minister to the effect that, although the ideals of Communism were good and acceptable to him personally, the silly and irresponsible methods of violence and terrorism adopted for a couple of years by the Indian Communists since February, 1948, were objectionable and in fact did disservice to their own cause. The illusion thus persisted in the public mind that violence was not an inherent part of Communist doctrine and that it was only the local Communist Party which was misbehaving."

The Communists are adepts in promoting their objects by keeping out of the limelight themselves and letting others get all the publicity and popularity. The All-India Peace Council and the World Peace Movement with which Dr. Kitchlew and Dr. J. C. Kumarappa, and so many other sincere but ingenuous people, have allowed themselves to be associated is an example of this. After Dr. S. Kitchlew was awarded the Stalin Peace Prize, and after he had been entertained personally by Stalin, then the world's leading Communist, the good doctor was, on his return from Moscow, received at Delhi station by the President of Delhi Provincial Congress Committee, and other leading Congressmen and was accorded an interview by the Prime Minister. From this, how could public opinion fail to conclude that Dr. Kitchlew had rendered valuable services to peace, when in fact what he had rendered were valuable services to the U.S.S.R.? Again, on March 27, 1953, over 200 Madras M.P.s, including the Deputy Leader of the Congress Party, assembled in the Congress Party's office to hear Dr. J. C. Kumarappa expound the "Peace" Movement. The meeting passed resolutions demanding an immediate ceasefire in Korea, the signing of a peace pact by the five great powers, and support for the Vienna Peace Appeal. On his return to Delhi, Dr. Kitchlew was presented with an address of welcome, allegedly on behalf of the citizens of Delhi, at a meeting at which the President of the Provincial Congress Committee spoke, and at which messages were read out from the President of the Indian Union, the Vice-President, the Prime Minister, the Speaker of the House of the People, and the Commander-in-Chief of the Indian Armed Forces. (Incidentally, did the Defence Minister give the Commander-in-Chief a rap over the knuckles for meddling in political matters). After all this official recognition, how could the Indian public fail to conclude that Stalin and the long-suffering Soviets stood for peace and the wicked British and Americans for war? Anybody who can believe that to be true has, of course, never studied the documents of post-World War II history.

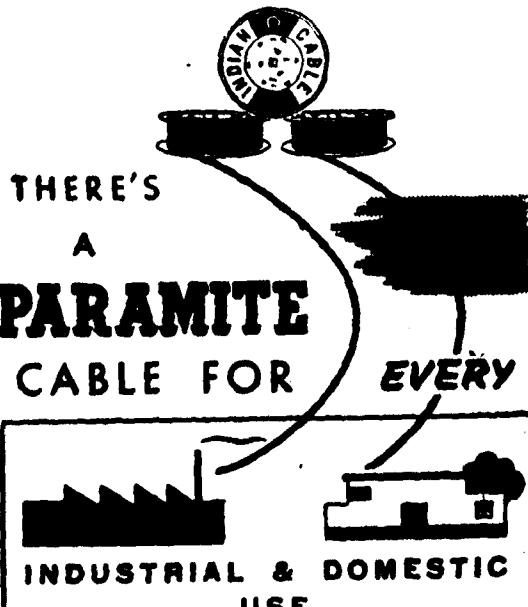
But the trouble is that only a decimal fraction of people have the time or inclination to read history. It is from this decimal fraction, which should include people in responsible positions, like Dr. Kitchlew and all the distinguished personalities who feted him, that the multitudes take their opinions.

If the decimal fraction does not inform itself, democracy in India is finished.

The great service that Mr. M. R. Masani's "Short History of the Communist Party in India" does is to assemble in convenient and readable form a mass of documented information on this, the most important controversy of our contemporary world. You and I—the decimal fraction—now no longer have any excuse for allowing the Communist Party of India to use us as stooges to promote the world revolution.

[This is the final article in a series on the role of the Communist Party in India. Previous articles were: "The Truth About Communism" (September 24), "Foreign Stooges in India," (October 1) and "Why Tibet?" (October 15). Although each

article was complete in itself, Odysseus hopes that his friends have saved up their "The Eastern Economist" for a collected reading in which the trend of the argument will emerge more clearly. This series should have a special appeal to school masters and university professors for use in their current affairs classes—Ed.]



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Agents & Correspondents All over the World

A DELHI DIARY

ON WITH THE FAIR!

THERE have been no political handshakes in Delhi although there is naturally interest in the "Himalayan handshake" with which Chou En-lai greeted our Prime Minister at Peking on October 19. The reception accorded to the Prime Minister at Peking has been banner headline news in every paper in New Delhi. Apart from this, however, the capital in the Prime Minister's absence has turned its attention to a round of social engagements. I am, therefore, reflecting what is the predominant note in Delhi this week when I concentrate almost entirely on a great social event. This was the Fashion Festival of the American Women's Club of Delhi presented at the Hotel Imperial on Friday, October 15.

FEMININE SALESMANSHIP

I have often asked myself two somewhat inconvenient questions. The first is whether Indians are good at salesmanship. The second (more daring!) is whether women can do a better job in this respect than men. The answer came to me in a flash after the Fashion Festival on Friday. It is (a) No. The showmanship of the American women of Delhi seems to me better than that of our best industrialists, and (b) Yes. Women have at least in this one particular field greatly exceeded men. I congratulate the American Women's Club of Delhi for having amongst other things extracted from me this terrible admission that the female is not merely deadlier but more efficient than the male!

The remarkable success of the Fashion Festival was based on that capacity for community organisation which seems to be invested in every group of Americans by reason of their experience with American Community Chests. There was at work in New Delhi exactly that community feeling by which large sums of money for charity are raised in every important community in the United States. I have had (I might say proudly!) my own experience of these organisations, and, on one occasion, I even received a red feather for a minor contribution to a local community's success. I now accord to the President and every member of the Committee of the American Women's Club of Delhi a "Red Feather" for this Fashion Festival. Would Mrs. Frances Adams, the President of the American Women's Club, kindly distribute these "Red Feathers" to the numerous members of Committees and Sub-committees, whose names are to be found on the centre page of the Festival Programme?

AND LUNGIS!

I must confess that my major (and even morbid!) interest lay in the use to which the lungi was put. There was some innocent rivalry between the Madras lungis and the Assam lungis but they stood together against the rest and were, in my opinion, one of the most imaginative features of the show. In only one case did I see the lungi performing its natural and expected task. In other cases it served to produce a good shirt, a most remarkably elegant dinner dress, a most happy outfit for a woman's afternoon attire, and a sports outfit. Long live the lungi in its new and adventurous forms!

There were quite remarkable demonstrations of handwork, such for example Saurashtra Mirror Work, Zari work (on Toreador Pants), Delhi Mirror Work, Himroos and Khadi of various descriptions. There was

also a great deal of millcloth put in these designs. I ask myself why Indian mill-owners have not succeeded in setting out a fashion show of this kind in which their best wares could be displayed. It is not enough, it seems to me, to have a designer attached to the mills. What should be sold is the complete outfit. Will not our leading mill-owners learn from the Fashion Parade?

Among other social engagements must be recorded (twice) the dance recitals of the Vazifdar sisters with Krishna Kutty as the supporting male. Here, I might say with a sense of relief, the one important man was not overwhelmed although he was frequently, in the course of the dances, abundantly surrounded by female charm. There was a very full house on Wednesday at the National Physical Laboratory Auditorium; it was rewarded not only by good dancing, but also—for the first time that I remember—with a simple explanation of the alphabet in "mudras" of classical Indian dancing. Would it not be a good thing to put on this particular act on every occasion where a foreign audience is in large attendance?

The earlier show of the Vazifdar sisters was at the theatre inside the Post and Stamp Exhibition. The imagination with which this Exhibition was planned does great credit to Mr. H. L. Jerath who retired from the post of Director-General of Posts and Telegraphs on Thursday. Mr. Jerath is still, whatever his years, a young man; it seems a great pity that the official guillotine could not have been suspended in mid-air in this case. That, I might say, has, whatever the laws of official gravity, been known to happen!

THE FRENCH POCKETS

I have just time to return to politics. On Monday this week came news of the vote for the merger of the French settlements into India. Mr. Balasubramaniam, Chairman of the Congress of Kizhoor, made a speech in French which found an authorised translation in New Delhi on Tuesday. He said, amongst other things, that the pandal of Kizhoor in which the Congress was held would remain "a tangible souvenir for the present and the future generations and an unforgettable monument erected to the memory of France in this old land of Duplex". Who would have thought that Duplex would have had such a magnificent resurrection!

There is no doubt that the settlement of these tiny settlements has given enormous satisfaction in India, and I am inclined to think it has given considerable satisfaction in the French settlements themselves. It is quite extraordinary how the fact of the transfer of this kind changes attitudes to many things. It seems quite clear that the mere fact of their pulling out has elevated French prestige more than some hundreds of years of history. To quote Mr. Balasubramaniam again: "The task accomplished by France will remain a precious asset" and that "the French cultural heritage will always be safeguarded in Pondicherry". At the same time he emphasised that this attitude towards France would not cause any criticism, or suspicion, in the rest of India, for the people of the French Establishments were Indians above all and had never ceased to be Indians. This one might say in tribute to the French in their own proverb: "Plus ça change, plus ça la meme chose!" The more things change, the more they remain the same thing!

ARGUS.

THE WORLD ABROAD

UNITED KINGDOM EMIGRATION

The first annual report of the United Kingdom Oversea Migration Board was published on 9th September. The Board was set up in 1953 'to consider and advise the Secretary of State upon specific proposals for schemes of emigration from the United Kingdom to other Commonwealth countries and upon any matter relating thereto which may be referred to it by him'. The Board's original members were: Mr. John Foster, MP (Chairman), The Countess of Bessborough, Lord Huntingfield, Mr. Ian Winterbottom, MP, Mr. A. D. Dodds-Parker, MP, Mr. R. F. Harrod, Mr. E. G. W. Hulton, Mr. T. O'Brien, MP, and Sir Colin Anderson. Three new members have joined: Mr. Harmar Nicholls, MP, Mr. James Johnson, MP, and Mr. W. T. Aitken, MP. Mr. Dodds-Parker relinquished his membership of the Board on being appointed Parliamentary Under-Secretary of State for Foreign Affairs in November 1953. Mr. Foster, Parliamentary Under-Secretary of State for Commonwealth Relations, has been chairman throughout.

The Board's report begins by reviewing the recent historical background. Migration from the United Kingdom to other Commonwealth countries in the present century reached its peak in 1913. In 1919, the official U.K. Government Emigration Committee expressed the opinion that migration from the United Kingdom to other parts of the Commonwealth was 'calculated to promote the economic strength and the well-being of the Empire as a whole and of the United Kingdom in particular', provided that the flow at any time was not in excess of what the United Kingdom could spare or the Dominions absorb. Between 1919 and 1922 about 86,000 ex-servicemen and women, with their dependents, sailed under a Government Free Passage Scheme, and about 483,000 emigrants left the United Kingdom independently for other parts of the Commonwealth. Following official and Ministerial consultations with other Commonwealth Governments, the U.K. Empire Settlement Act was passed in 1922. This Act—renewed in 1937 for 15 years and in 1952 for five—has, in the words of the report, 'formed the basis of United Kingdom migration policy for more than 30 years'. It empowers the U.K. Government to co-operate with other Governments or with public or private organizations in carrying out agreed schemes to provide joint assistance to suitable emigrants from the United Kingdom who intend to settle in any other part of the Commonwealth. Various schemes were arranged under the Act, but the world economic depression of 1929 brought migration more or less to a standstill and assisted migration could not be resumed, except on a very limited scale, before the outbreak of war in 1939.

Since the war, only Australia has entered into an agreement with the United Kingdom on assisted migration. There were, however, various other emigration schemes outside the scope of the Empire Settlement Acts: the U.K. Government's free passage scheme for ex-servicemen, of which the whole cost to Australian ports was met for a time from United Kingdom funds; the New Zealand Government's assisted passage scheme, financed (by their own choice) entirely from New Zealand funds; and, for a short period, an assisted passage scheme for selected immigrants organized by the Southern Rhodesia Government. In the seven years after the war, the number of people who left the United Kingdom for other Commonwealth countries reached a net average of 73,000 a year—a rate higher than for 20 years, and approaching the figure of 100,000, which was described by the Royal Commission on Population in 1949 as '... a maximum, short of catastrophic deve-

lopments or the adoption of a deliberate policy of drastic reduction of the population'.

'The migrant tradition has been re-established', the Board reports, 'but... the question of how far this outward flow can or should be encouraged or controlled is now more complicated than it appeared in the first years of the 1922 Act. In the first place, there is the question of how many and what type of emigrants the United Kingdom can afford to spare without disrupting her own economy; secondly, how many the other Commonwealth countries can afford, or wish, to take; and finally the problem of how far it is desirable from a Commonwealth point of view that these emigrants should be assisted financially, or at least encouraged to leave, by the United Kingdom Government'.

POLICIES OF COMMONWEALTH GOVERNMENTS

The Report provides a summary of interviews held by the Board; those who had given their views included Ministers of the other Commonwealth countries chiefly concerned. The information thus obtained is set out in the Report as follows: 'Canada, New Zealand and Southern Rhodesia were recruiting individuals with special skills or of particular types to satisfy deficiencies in their economic systems. Australia, too, was following this policy energetically, and in addition was absorbing manpower to the limit of her ability to house and settle her new citizens because she considered it was strategically necessary to populate her country... We heard a great deal of frank speaking, especially from Australians, who said that there was an impression that the United Kingdom was not anxious to encourage emigration to the Commonwealth... The Board had assumed that the initiative in migration policy must come from the countries of reception, and that it would be wrong for the United Kingdom to attempt to influence their immigration policies. This was not the view of some of the more influential Ministers with whom we spoke. It was said that what was really needed was a clear lead from the heads of Governments, including our own, so that Ministers responsible for migration schemes might have a firm figure of the number of migrants which they should aim to recruit and settle. We should like to place on record their view that in the formulation and execution of migration policies the United Kingdom should be more than a sleeping partner.

'We learnt of the contribution being made to the development of Canada and Australia by people of other than United Kingdom stock, for example, the Italians in Queensland and the East Europeans in Canada. At the same time, some concern was felt at the resulting dilution of the British contribution to the stock of these two member countries of the Commonwealth. Not more than 40,000 of the 165,000 migrants to Canada each year were from the United Kingdom; Australia was trying to maintain a 50 per cent intake of United Kingdom migrants, but was not sure if she would be able to maintain this proportion.

'We were also told of the problem created by large-scale immigration and the factors limiting its flow. Shortage of housing was the most significant in all countries discussed... The supply of capital for the settlement and employment of the immigrant was another limiting factor. It had been estimated that in order to absorb one immigrant, both the Australian and New Zealand economies had to invest about £2,000 in housing, schools and new urban development. Capital was also necessary to create additional

industries and it was Southern Rhodesia's experience that while the availability of investment capital determined the rate of economic development, such capital was easier to obtain for basic industries than for the ancillary services called for by a policy of large-scale immigration. Shortage of shipping was a third factor.'

MIGRATION AND THE POPULATION OF THE UNITED KINGDOM

The Board has considered the probable population trends in the United Kingdom over the next 20 years, and concludes, inter alia, that 'ignoring political factors, the effect of these trends on migration policy should be to suggest a certain degree of caution during the decade 1953-1962, with a much more liberal outlook towards the decade 1963-1972'.

'We cannot, however, afford a too selective flow of migrants: a disproportionate loss of the skilled and the young is far more dangerous to our economy than a far larger flow outward of a balanced cross-section of our people.'

MIGRATION STATISTICS

The Board found that 'In order to judge what effect migration is having upon our economy, we must know how many persons by sex and age groups have emigrated from this country by sea and air, and how many have come in to replace them either from the Commonwealth or from foreign countries. We must also know the occupational qualifications of those who came and went. We could then obtain and present a balance sheet of manpower year by year.'

Unfortunately the Board found two substantial gaps in migration statistics: one was the lack of comprehensive information on the occupations of migrants and the second was the impossibility of distinguishing between travellers and migrants from the records at present kept by air transport companies. About 5 to 6 per cent of emigrants to Commonwealth countries were now estimated to go by air, and the Board was of the opinion that migrants by air included a large proportion of those special categories of highly qualified emigrants whose economic value was far higher than their number would indicate.

The Board was of the opinion that while the powers of a Government to control the freedom of the individual to choose his own way of life and domicile should be kept as low as can be, nevertheless that Government had a right to know what effect the decisions of individuals were having, or were likely to have, on the territory for which it was responsible. It therefore proposed to study in greater detail how the gaps in its knowledge relating both to the movement and occupation of migrants could be closed from statistics which already existed in other Commonwealth countries, including those of Colonial Territories. When the information was nowhere obtainable, it proposed to take evidence from Government Departments and from interested parties so that in its next report it could make recommendations to the Secretary of State for improvements to the present system of migration statistics.

ASSISTED PASSAGE SCHEME TO AUSTRALIA

The Board, after making a detailed review of the assisted passage scheme to Australia—the only State-subsidised operation of its kind towards which the United Kingdom contributes public money—concludes that the scheme secures important advantages to the United Kingdom and Australia which, in view of the expense of the long sea-passage to Australia, could not be secured otherwise. They recommend that the scheme and the assisted passage agreement be renewed in March 1955 with, as an interim measure, a United Kingdom contribution of not less than £150,000.

THE EASTERN ECONOMIST
ANNUAL NUMBER

1954

INDIA

IN

SOUTH EAST ASIA

AND

AN ANNUAL REVIEW OF CURRENT
ECONOMIC AND POLITICAL EVENTS

(RUPEES FIVE)

The central theme of Part I of the Annual Number 1954 of 'The Eastern Economist' is 'India in South-East Asia'. Events during 1954 have underlined the tremendous economic and political significance of this area. The Truce in Viet Nam, the outcome of the Geneva Conference, and the Colombo Conference in April are indications of the great scope and urgency for co-operation between nations in South-East Asia. With SEATO in the background, economic co-operation is very much in the minds of nations in this region, and this provides a vast field for analysis both political and economic. 'The Eastern Economist' Annual Number seeks to illuminate this theme through special studies in all its aspects.

In Part II the Annual Number will, as usual, deal with economic events in the Indian Union during 1954. An elaborate authoritative view will present the reader with a penetrating analysis of Indian economic affairs.

The Annual Number 1954 will be printed in not less than 8,000 copies. Of its 180 pages only 60 will be available for advertisements.

SUBSCRIBERS TO 'THE EASTERN ECONOMIST' RECEIVE THE ANNUAL NUMBER FREE (PRICE RS. 5; BY REGISTERED POST RS. 5-10).

Non-subscribers may make a remittance not later than December 1, 1954, after which no guarantee of supplies can be made. Booksellers and educational institutions will be allowed special terms for bulk orders of not less than 25 copies.

The Manager,
The Eastern Economist,
52, Queensway,
New Delhi.

SPECIAL ARTICLES

TRADING BEHIND THE CURTAINS

THE Sino-Indian Trade Agreement signed last week and the 'arrangement'—as distinct from agreement—between India and the East German Government have now created the feeling that India has been among the countries which have taken the initiative in exploring the possibilities of trading with the Communist countries on a large scale. Actually there is nothing other than ordinary in these events since India has been trading with the countries behind the Iron and Bamboo Curtains all along as freely as was possible, because of her neutral foreign policy. But as the table below will indicate, the trade that has been possible so far in spite of this freedom has been not only a negligible percentage of India's total foreign trade but a declining one in the last three years. Except, perhaps, with Czechoslovakia, our trade has been fitful; as soon as the need for rice from China had diminished, imports from that country have become nominal, in spite of the two countries being the most populous in the world. Imports from the Soviet Union also have been meagre and our exports, after a steep fall in the last two years 1952-54, are now showing a tendency to recover. In any case, it does not seem that the Indo-Russian Trade Agreement signed last year has served the purpose of reviving trade relations to a marked extent. It may well be that the Sino-Indian Trade Agreement will primarily become, like the Indo-Russian Agreement, "an expression, in the economic sphere, of the friendliness" between the two countries rather than a vehicle of trade promotion.

One of the reasons for expressing some scepticism about the development of large trade relations is that in the case of China the problem of exchange of goods and payments may become even more difficult than with the Soviet Union and the East European Communist countries because of the lack of a balanced two-way traffic. The Soviet Union has also been importing more from the free world than she has exported to it but she has been able to meet the deficits by large bullion sales. The Soviet Union's trade deficit this year is expected to surpass its earlier records and the annual rate of total excess imports has now been estimated to be between \$200 and \$250 million. The annual rate of Russian exports to the free world is currently estimated to be only \$420 million against imports into Russia of about \$640 million. It is only with Britain, France and the United States that the Soviet Union has been able to achieve a substantial surplus and build up balances which are helpful in

meeting the deficits in trade with the other countries which include, besides India, Argentina, Australia, New Zealand, Italy, the Netherlands, Norway and Iran. These trends prove firstly, that the Soviet Union has in fact stepped up total purchases from the free world by over \$200 million this year and secondly, that this widening deficit might induce caution rather than provide encouragement for substantial expansion. India's imports from Russia have been dwindling. Since it is unlikely that the Soviet Union has primary products or consumption goods to sell to India, the offer of a steel project and know-how might even have been viewed apart from propaganda as part of the visible and invisible exports. But there is, of course, no need thus to balance trade with individual countries so long as Russian sterling holdings are adequate. There have been increased offerings this year of precious metals, (silver, gold and platinum) and strategic materials like manganese, chrome ore, cotton, pig-iron and mineral oil. These are likely to increase in future because of the relative abundance of Soviet supplies of these materials.

The case of China is very different. Assuming that her relations with the Soviet Union are as between two equal partners, it is unlikely that the latter would be able to help substantially by giving aid for China's large-scale purchases abroad. China also possesses some strategic minerals like tungsten but her stock of precious metals or her capacity to export these and other goods on a large enough scale are poor. This will be the constant limiting factor and when China has also frequently to purchase food from abroad, her effective demands for other goods would diminish proportionately. The long schedules added to the Sino-Indian Trade Agreement do not signify much as to China's capacity to export to or import from India. Schedule B of the Trade Agreement showing the goods which India can export has been drawn up in more realistic terms than Schedule A. The long list of machinery available for export from China seems impressive as an indication of China's growing desire to industrialise and be regarded as an industrial country but it is doubtful whether it is useful as a guide to the effective trade that can be carried on according to China's capacity to supply these items of machinery according to Indian requirements and specifications. It can be safely assumed for the present that China's purchases from India will invariably exceed her exports. Rubber and jute goods, engineering products, cotton textiles, tobacco and spices are the most obvious

INDIA'S TRADE WITH THE COMMUNIST COUNTRIES

(In lakhs of Rupees)

Country	Imports				Exports and Re-exports			
	1951-52	1952-53	1953-54	1954-55 (3 months)	1951-52	1952-53	1953-54	1954-55 (3 months)
The U.S.S.R.	138.5	24.2	59.7	15.4	692.4	85.4	115.2	97.0
China	1589.2	1302.6	98.6	21.2	705.3	122.3	80.4	17.0
Poland	33.6	26.0	15.7	2.4	26.9	4.0	15.2	0.8
East Germany	6.8	9.6	8.3	7.4	2.0	2.3	1.0	0.1
Hungary	32.3	15.8	10.0	1.8	...	4.5	2.4	...
Czechoslovakia	281.5	135.1	114.4	29.8	128.5	118.0	306.3	46.0
Rumania	...	...	...	10.2	...	2.6	...	...
Bulgaria	...	...	...	...	...	0.4	0.5	...
TOTAL	2081.9	1513.3	306.7	88.2	1555.1	339.5	521.0	160.9

items of export from this country to China in the near future.

Obviously, the importance of the trade agreement to China, apart from its value as a general gesture of friendliness towards India, lies in the access which it has guaranteed to China's supplies of goods to Tibet. India has now accepted an obligation to provide reasonable facilities for movement of 'commercial' goods from China to Tibet through Calcutta, subject to two conditions, firstly, that the goods must be only of Chinese origin and secondly, they should be such as cannot be obtained in India. The safeguards now obtained seem adequate protection against any injury to Indian interests and the two-year period of the agreement might provide the experience on which the renewal of these terms can be decided.

A second major question relates to the commercial and non-commercial payments covered by Article VII

of the agreement. These payments for which the People's Bank of China will open accounts in India with an Exchange Bank and the Reserve Bank, not only relate to trading transactions and the expenditure on the maintenance of embassies, etc., but also to payments of expenses on account of tours of delegations of commercial, cultural, social or official nature and such other non-commercial payments on which agreement is reached between the Banks of the two countries. There is need to keep a watch on the nature of transactions that take place under these categories.

On the whole it is difficult to see large potentialities in the agreement now drawn up—which is apparently the reason for limiting it to two years in the first instance. But there can be marginal advantages to producers of many Indian products which are now available for export from India.

TECHNICAL ASSISTANCE UNDER THE COLOMBO PLAN

IN terms of financial assessment the actual outlay on the technical assistance scheme under the Colombo Plan has been of the order of £1,997,528, which has been contributed as follows: The U.K. £684,693; Australia £340,182; Canada £371,113; New Zealand £188,389; India £77,378; Ceylon £43,402 and Pakistan £2,371. Firm commitments have been accepted for an expenditure of £1,898,114 for the present. This constitutes a promising start, but the real value of the scheme is to be assessed in terms of the provision of specialised skills and equipment for the development projects.

Of the three components of the technical co-operation scheme—deputation of experts, provision of training facilities and supply of equipment—the last one does not figure quite prominently because of the restricted definition of its purposes. Equipment under this scheme excludes the very large volume of equipment which goes to form a vital part of capital for development and in its technical sense it is limited specifically to such types of equipment as are intended for use by experts, or for training and research institutions. But provision of experts and training facilities forms the kernel of the scheme and it is in the progress achieved in these two directions that the real measure of its success is to be sought. The cumulative facilities provided in the supply of experts and training during the four years since the scheme was launched are set out in the table below:

SUBJECT-WISE DISTRIBUTION OF EXPERTS AND TRAINEES UNDER THE COLOMBO PLAN UP TO JUNE 1954

Subject	Experts	Trainees
Education	25	135
Medical and Health	69	168
Food, Agriculture and Forestry	33	268
Power and Fuel	2	123
Engineering	33	192
Industry and Trade	23	131
Transport and Communications	36	132
Administration	4	206
Social Services	3	38
Statistics	...	9
Fisheries	17	112
Miscellaneous	18	112
TOTAL	263	1,653

Agriculture and irrigation have precedence over most other programmes in this region primarily because the countries of this region, with the exception of Pakistan, Burma, Thailand and Indo-China, have found it incumbent to reduce their expenditure on food imports and also because food resources have to move in step with the population increases. The multi-purpose river projects, of which irrigation constitutes a predominant part, are aided by the loan of the services of experts. The Gal Oya project in Ceylon, the Thal project in Pakistan and the Damodar project in India have received, in addition to experts, considerable equipment from the U.K., Canada, Australia, and New Zealand. One of the potential causes of preventable waste of crops and food grains is bad storage and destruction by pests and diseases. The magnitude of the waste is of the order of 20 per cent. The thirty-three experts on deputation function at various levels

in agriculture and forestry projects, but the most effective assistance comes from the training courses in the control of pests and diseases of crops. Ceylon, India, Pakistan, Indonesia and the Philippines are the major beneficiaries here. Among the twelve spheres of technical assistance listed in the table, industry and trade with a provision of 23 experts occupy the fifth rank. By and large, industry falls within the purview of the private sector and services of experts are privately engaged on a large scale. Such assistance as is requested under the Colombo Plan technical assistance scheme emanates from the Governments for the projects in the public sector.

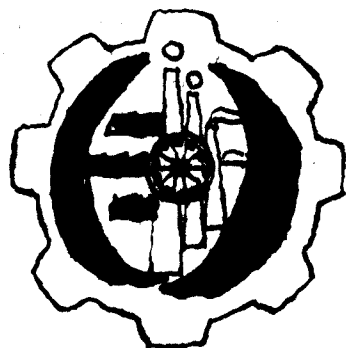
The shares of individual countries in the benefit accruing from the facilities of technical training follow the pattern of the development plans and the requests come from countries which have experienced the urgency of technically qualified persons to man the projects in progress. India with 454 trainees, Ceylon with 406, Pakistan with 396, Indonesia with 131 and the Federation of Malaya with 79 represent the leading cases. The subjects in popular demand for advanced training are agriculture, including irrigation and forestry, administration due to the shortages created by the withdrawal of the nationals of former colonial powers, engineering, education, transport and industry. In terms of numbers, statistics come lower, but this is a key scheme under the programme and the Indian International Statistical Education Centre of Calcutta has provided training facility for 23 trainees from Pakistan, 18 from the Philippines, 8 from Thailand, 5 each from Ceylon, Indonesia and Nepal and 1 from Malaya, among outside candidates.

A healthy trend which has been developing in the recent past is the extension of facilities for intra-regional assistance. Ceylon has provided facilities for 5 trainees from Indonesia, Malaya, Nepal and Singapore for training in organising co-operatives, while so

far Pakistan has offered training courses in air traffic control to 2 trainees and in oil project techniques for another 2 candidates. Malaya's main contribution is training facilities for Ceylonese youth in broadcasting. India's contribution is of a greater magnitude and wider range. Besides training in statistics in collaboration with UNESCO, she has offered facilities in diverse branches of training including scientific research, engineering, sugar technology, dam construction, broadcasting, air survey methods, and civil, mechanical and electrical works at the Hirakud and Bhakra-Nangal projects. India's aggregate contribution consists of facilities for training 137 technicians from the region and provision of 7 experts to Ceylon.

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Indian Industries Fair



New Delhi, October 29 - December 15, 1955

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1. The Federation of Indian Chambers of Commerce and Industry is organising, with the active support of the Government of India, an International Exhibition styled as the Indian Industries Fair in New Delhi from October 29 to December 15, 1955. The biggest ever to be held in the country, the Fair will serve as a show-window for Indian industry, while foreign participants will exhibit capital goods to enable Indian industrialists to make a first-hand study of design, quality and performance.

2. Copies of the Prospectus, Rules and Regulations, and Application Forms for space may be obtained from the Secretary, Exhibition Committee, Indian Industries Fair, 28, Ferozshah Road, New Delhi-1. (Telegraphic and Cable Address: UNICOMIND, NEW DELHI).

THE BUSINESS WORLD EXPANSION OF U.S. ECONOMY

There is now a consensus of opinion among business experts and economists in the U.S. that the recent trends in the behaviour of its economy leave no doubt that it has already turned the corner and is now in the process of settling down to a stage of rising business activity. This view has also been endorsed by official economists and only the other day Mr. Arthur F. Burns, Chairman of the President's Council of Economic Advisors, expressed his conviction that the United States was once again entering a new phase of expansion.

This feeling of optimism is based on an objective analysis of trends disclosed in business activity in the past two months and the logical conclusion to which that analysis leads is overall improvement in practically all the sectors of the economy. Consumer spending is a major indicator of the general assessment that is made of the movements in the economy and it is heartening to find that consumer spending, which served as the greatest prop of confidence in the days of gloomy prophecies of a sharp recession overtaking the country, has now reached an all-time high. On the production side, there is the potential evidence of the upward course followed by a number of major industries. Automobile production promises to rise to higher levels in the short run and among the signs of brighter prospect for the capital goods industry is the distinct tendency of the machinery trade to pick up.

But probably the two most vital indicators of expanded activity in the coming months are the strong stimulus which the steel industry has now received and the new records which construction activity has been setting. The outlook in other industries and business activity, if it does not equal the prospect for these two industries, is also estimated to be reassuring.

There are no two opinions now on the question whether the slump in the steel industry, which had a rather prolonged lease, has ended. The unanimous view is that it has positively terminated and a new chapter has begun in the industry's life. On a monthly basis of the rate of production, the lowest level in output was reached in July and during that period production dropped to 60 per cent of the rated capacity of the industry at 124.3 million net tons at the beginning of 1954. In the last two months production has been pursuing a steadily rising curve and it has now picked up to as high as 72 per cent of capacity. If allowance is made for the seasonal downward fluctuation in December, informed forecast places the rise in the output during the fourth quarter of the current year as high as 75 per cent of capacity. It will hardly come as a surprise if the still more optimistic estimate of 80 per cent is realised.

How about a repetition of previous intermittent forecasts in the course of the last year and a quarter

which predicted a rise in steel production only to be disproved finally? The confident reply of steel executives to this expression of doubt is that the magnitude of inventory adjustment was miscalculated and under-rated on these occasions which explains why production turned to be below expectation. This context determining the rate of absorption of current production, has now definitely changed. The limit of inventory reductions has been reached and in the new phase production will be determined by the quantum of consumption. Fabricators are pressed with a new rush of orders and the only way they can capitalise on the new boom is to insist on early deliveries of steel from the manufacturers. Automobile producers are in a state of temporary suspension for the annual changes in car models, but it will not be long before their orders begin to flow in an increasing volume.

Outlay on new construction has been following the upward curve with a steadiness that is unequalled by any other component of productive activity even in 1953. Even if July and August normally figure as record months for building activity, the levels achieved this year established new peaks and it is significant to find that no voice has been raised to suggest a tapering off in the boom. Private as well as public outlay is sustaining this high level activity in new construction projects, but at the present time support is lent particularly by public investment. The shortfall in the Federal Government expenditure in non-defence requirements is now being made up and the decline in defence expenditure in this sector is being compensated in an ample measure by State and Local Government spending. Currently, however, the demand for private housing, buildings for factories, power plants and a host of construction orders for commercial purposes have given a powerful impetus to this industry.

Investigations conducted by the Department of Commerce and the Security and Exchange Commission into the probable trends in investment indicate that while the overall rate of investment in the current calendar year may be short of the peak reached in 1953 by 6 per cent, its level will be high. Some of the contributors to the increases in investment are worth noting. Manufacture of automobiles and transport equipment is expected to show an increase of 30 per cent above 1953. Higher outlays in the petroleum industry will be adequate to cancel out likely decreases in textile, rubber and chemical companies which are put at an overall figure of 5 per cent. The greatest expression of faith in the new optimism comes in the shape of the plans of large industrial units with assets above \$100 million to maintain a rate of investment at the same high level at which it subsisted in the first three quarters of 1953 that were free from any setback. These plans constitute a vote of confidence in the expansion of the economy in the near future.

THE SUGAR TANGLE

BY
CROESUS

Since the Union Government realised one fine morning that the total white sugar requirements of the country amounted to 18 lakh tons and not 12 lakh tons only, as they fondly believed until quite recently—and even based their policies on that belief—they have been strongly urging State Governments to encourage the

putting up of more sugar factories. Each State Government has seized this opportunity, not so much to raise sugar production, it seems, as to practise its own pet ideology. The Bombay Government, for example, is keen on having only co-operative sugar factories and has set apart some Rs. 8 crores or so for the purpose.

With the best of intentions, of course, the State Government is planning to have about 15 factories with a daily cane crushing capacity of 600 to 800 tons each and hopes that at least 12 are certain to be started. Several attractions have been offered to would-be promoters, but the snag is in the matter of finance. The sponsors of these co-operative sugar factories are first required to raise 50 per cent of the capital and only thereafter will the State Government come forward to help them. Evidently the authorities naively believe that it is safe for them to step in only after half the capital required is raised, forgetting that those who could raise this much of capital would not find much difficulty in raising the rest of it also themselves and would, in fact, do so rather than look to the Government and put themselves to the irksomeness of all the complicated routine of a co-operative venture.

Be that as it may, while it is no doubt wholesome to have sound ideologies, it is, at the same time, worth remembering that there are certain pre-requisites to be fulfilled before a sugar factory could be put up and white sugar produced in quantity. It does not require a sugar expert to say that, before a sugar factory is put up, there must be arrangements for ensuring ample supplies of sugarcane to the factory. Yet this elementary fact tends to be, nay has been, ignored. Otherwise, the anomalous situation that prevails in the country today of having idle crushing capacity for want of adequate cane supplies, on the one hand, and large-scale imports of sugar which we have been receiving from abroad, on the other, would not exist. Nor would there have been any occasion for Mr. W. Jenkins, the retiring President of the Deccan Sugar Factories' Association (D.S.F.A.), to remark, as he did, at the Fifteenth Annual General Meeting of that body held on Monday, that "it is ironic, to say the least, when we have the spectacle of the Government importing sugar and that to the extent of no less than 40 per cent of the entire consumption, a matter of at least Rs. 50 crores being spent abroad by way of valuable foreign exchange". Yet, observed Mr. Jenkins, with that subtle Irish humour, "India is believed to be the original home of sugarcane".

Proceeding, the retiring President of the D.S.F.A. categorically stated as follows: "At present due to insufficient supplies of cane, many factories cannot utilise their full crushing capacities. Efforts must, therefore, be made for increasing cane production either by increased acreage or by increased field yields by more intensive cultivation". In this connection, Mr. Jenkins suggested how more intensive cultivation might be achieved in the Deccan if the Bombay Government were to spend more material amounts on research and development of early and late ripening varieties of cane. But the question is whether the Bombay Government will do so. As Mr. Jenkins himself pointed out, "even though the Deccan sugar factories pay, by way of cane cess, no less than Rs. 60 lakhs every year, hardly 20 per cent of this huge amount is spent by the State Government on research and development of sugar cane". The balance of the amount is being spent on such items as subsidies and loans to co-operative societies, minor irrigation works and cement concreting of roads, more or less the same purpose for which the U.P. sugarcane cess is being utilised. But there is this difference between the two States, whereas the expenditure on loans to co-operative societies, minor irrigation works and road building is confined to sugarcane-growing and factory areas in the U.P. and Bihar, the expenditure in Bombay is not confined to the sugar industry regions in the State. In any case, as Mr. Jenkins pertinently pointed out, these items ought to be financed from out of the general revenues of the State and not from the Sugarcane Cess Fund. It is rather strange that, while the

Government has no hesitation in imposing this cess on the industry, it is averse to accede to the request of the sugar interests even for the appointment of an Advisory Committee which could be consulted by the Government in the matter of utilising the amounts lying to the credit of the cane cess fund. Mr. Jenkins reiterated the suggestion of the industry in this behalf and asked the State Government to reconsider its decision. The State Government may or may not accept this suggestion, but, in all fairness, it must accept the other suggestion of the ex-President of the D.S.F.A. "to utilise the entire fund for research and for the development of sugarcane in the State instead of for road building", at least in the future. Incidentally, it may be added here that no cane of material proportion is transported by road to factory, inasmuch as most of the cane crushed in each of these factories is grown on the respective farms owned by the factory concerned.

Apropos cane grown on factory farms, I was rather intrigued at first by the statement of Mr. Jenkins that the cane-growing operations of sugar factories in the Deccan area bid fair to become "almost uneconomic, certainly in terms of competition with imported sugar." But, at the rate at which burden after burden is being imposed on sugar factories in the Deccan, this is not impossible. The distinguishing feature of the sugar factories in this area, unlike in other parts of the country, is that they have their own extensive cane farms on which they grow practically all the cane crushed by them. While this is a great advantage, it is not free from problems and difficulties, problems and difficulties which the sugar factories in other States do not have to contend with since they purchase all their cane requirements from private cultivators, as, for instance, in the U.P. and Bihar. Listing the problems and difficulties of the Deccan sugar factories, Mr. Jenkins referred to the steep rise in the irrigation water rates and the increase in the wage bill for agricultural labour as a result of the Industrial Court's Award, which has fixed the same minimum wage not only for factory labour and agricultural labour but also for male and female workers in the factories' cane farms. The Deccan sugar factory interests are afraid that the industry might be in for more trouble if the other demands before the Industrial Court, such as standardisation of wages, gratuity and higher rate of provident fund are also conceded and implemented.

It is only natural to expect from the platform of the D.S.F.A. a reference to, as well as an explanation for, the sugar shortage and higher prices to the consumers that the country has been witnessing in spite of various measures adopted by the Government. According to Mr. Jenkins, the hope that the substantial imports of sugar would help in checking an undue increase in market prices has not materialised because of (i) continued low average field yields (to which a reference has already been made), (ii) an unprecedented increase in consumption of white sugar, and (iii) transport difficulties in despatching sugar to scarcity areas. He pointed out that much of the consumption of sugar today is in terms of white sugar which represents about 25 per cent of India's total cane crop, the rest going for the manufacture of gur. Stating that the white sugar tasting habit had enormously increased in India, he gave figures to show that consumption of white sugar had risen from 10 lakh tons in 1949-50 to not less than 18½ lakh tons in 1953-54. The obvious remedy to meet the situation from a long-term point of view, as Mr. Jenkins could see it, was for the Food Department to make the growing of cane a lucrative occupation for the ryot in this country. At the same time he was cautious enough to add that this must not be done at the expense of growing the more necessary food crops. The only way in which this twin objective

can be achieved is by increasing the yield per acre. It is disappointing to note that the field yields of cane—let alone yields of sugar per acre—remain at a dismally low average outside the Deccan sugar factory areas and, as Mr. Jenkins rightly emphasised, "this is 'the problem' to be solved". The erection of new factories can only be of tangible use, once an abundant supply of raw materials commences.

It is natural for consumers to complain about high sugar prices. But prudent industrialists, although this may only be seldom recognised, are no less concerned than the consumers, when prices rise unduly. Fancy Mr. Jenkins remarking that "it is admitted by all thinking people that the price of white sugar in this country is far too high and we are completely out of parity in terms of white sugar processed by foreign countries". But this is mainly caused by the fact that our cane represents 65 to 70 per cent minimum cost of the manufacture of sugar, especially in the U.P. and Bihar. As the ex-chief of the D.S.F.A. noted, this is one of the strongest arguments against any further increase in the price of sugarcane and the Union Food Minister is fully aware of this. Moreover, it would be absurd, especially at a time when prices of other agricultural commodities are going down, to think of artificially propping up sugarcane prices and thereby court disaster to the Grow-More-Food programme. The only way by which a reduction in sugar prices can be affected, it therefore seems, is by providing relief from taxation of sugar. Sugar is a commodity, as Mr. Jenkins complained, which bears an inordinate proportion of taxes both from the Centre and the State Governments, and the latest addition to the burdens is a sales-tax imposed by the Government of Bombay on sugar.

Another way in which the price of sugar could be reduced is by finding out a profitable way of disposing of molasses and other white products of the sugar industry. As everyone knows, the problem of the dis-

posal of molasses has yet to be satisfactorily solved in this country. There may be several reasons for this, but, in so far as the State of Bombay is concerned, sugar interests believe that it is due entirely to the rigid restrictions imposed by the State Government on the possession, sale, transport, and export of molasses. The Bombay Government has further complicated matters by its recent notification which fixes the price of molasses at 4 annas and below per maund, depending upon the percentage content of fermentable sugar. In having fixed this price, the authorities have clearly taken unfair advantage of the patriotism of the sugar industry in having agreed to supply molasses to the Government at this rate, subject to certain conditions notwithstanding the fact that the ruling rate at the time was more than one rupee per maund. Ignoring all this, the Government has now fixed a statutory price by virtue of the powers enjoyed by it under the Bombay Essential Commodities and Cattle (Control) Act 1946. It is, therefore, with a perfectly justifiable sense of indignation and frustration that Mr. Jenkins should have been obliged to remark, "when Government assumes the role of trader and does business in competition with other private traders, it is but fair that they should be prepared to purchase raw material at the market price and they should not assume an unfair advantage over traders in the private sector."

This is undoubtedly a most unexceptionable statement. But, if the retiring President of the D.S.F.A. expects the Bombay Government to withdraw its notification regarding molasses in the light of this observation, I am afraid, he would be disillusioned. For it is not merely an unexceptionable principle like this that is involved in so far as the Bombay Government is concerned in this matter, but also its prohibition policy. It is futile to expect that the Bombay Government will relax in the least whatever it has decided to do if it has anything to do with prohibition.

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BUSINESS NOTES

PRESSURE OF COMPETITION ON INSURANCE

It is now obvious that the hard way which insurers have been constrained to go in acquiring new business since the disappearance of the Korean boom has introduced disturbing trends in the industry. The impact of competition was first felt in the field of life insurance obviously because of the general decline in purchasing power and also in employment, but it was clear that general business could not be long immune from its effect. But the abrupt manner in which rate reduction in life premiums was introduced has put general insurance companies on the alert and repetition of such a contingency in general insurance business is being effectively forestalled. Mr. Amritlal Kalidas, Chairman of the Neptune Assurance Company, has uttered a warning against a dash towards it.

The basis of the argument of the sponsors of the move for reduction in the rates of general insurance premiums is that, after providing for 50 per cent of the premium income for expenses and 20 to 30 per cent for meeting actual claims, as corroborated by experience in the past few years, a margin of something like 25 per cent is left over for appropriation to profit and this margin admits of some contraction. Mr. Amritlal Kalidas takes strong objection to this view which he regards as superficial and he pleads for a long-term view of the problem. His contention is that over longer periods cycles of emergency in the business are recurring and insurers must arm themselves with adequate reserves to meet them. This contention cannot be brushed aside lightly, but insurers who have come in for the largest measure of the impact of competition would press for an objective answer to two issues which this contention raises, viz., how far these emergencies are related to the average duration of general insurance policies covering different classes of risks and what is the magnitude of the reserves necessary to be built in normal times to provide adequate cover for them. It appears that an objective examination of the problem by joint consultation would be of help in preventing a precipitate rate war and dislocation of business.

The scare of a possible rate war in general insurance is a sequence to what has taken place in the sphere of life insurance. In this latter business, a sense of complete confidence in respect of stability of premium rates has not been restored and the observations of Neptune's Chairman in his annual speech bear evidence to this mood of scepticism. He feels that the rule of three months' prior notice of contemplated reduction of life premium rates as laid down by the Executive Committee of the Life Insurance Council of the Insurance Association of India may not provide an effective safeguard and he appeals to the bigger insurers to adopt a policy of "live and let live". The fresh thoughts on rate reduction in life premiums expressed by Oriental's Chairman in his annual address and the analysis that he has made there of the effects of lower premiums, should suffice to give an assurance that the experiment has by no means proved happy and that a further bid for reduction is quite unlikely.

TRADING WITH EAST GERMANY

India's latest bilateral trade agreement signed with East Germany stands in a separate class. It is not concluded formally with the Government of East Germany for the obvious reason that India has not accorded recognition to that Government and although the East German trade delegation was led by a Minister of that country he has been referred to in the documents exchanged in the negotiation as the leader of the delegation. In this context, it is pertinent to

recall that last year's attempt to negotiate and sign a formal trade agreement between the two countries was given up due to the lack of India's recognition of the East German Government. But since this same difficulty has not prevented the negotiation of trade agreements between East Germany and some other countries, last week's agreement was put through without bringing the government of that country into the pictures. That country's Trade Representative cannot be accorded diplomatic privileges, but he is reported to be entitled to the certain essential facilities. He will have a Trade Agent in Calcutta.

All this abnormal procedure adopted to circumvent a legal handicap is likely to suggest that India stands to derive considerable benefit from trade with East Germany and also from the undertaking to supply to Indian parties to individual contracts technical skills and services. The trend of trade between the two countries does not justify any such expectations, nor have any special developments occurred recently in this behalf. The following table shows the insignificant nature of the trade between the two countries:

Year	(Rupees in lakhs)		
	Imports from East Germany	Exports to East Germany	Balance
1951-52	6.78	1.99	-4.79
1952-53	9.56	2.37	-7.19
1953-54	8.29	1.01	-7.28

India's trade deficit implies that she will have to make the payment in sterling in terms of the agreement. Among the commodities listed in the agreement as objects of possible exchange, newsprint, drugs and medicines are the principal articles imported by India. Scope for import of machinery from that country appears very limited. Among India's exports, the important ones appear to be jute manufactures, coir manufactures, oils and a few industrial raw materials. It will be interesting to find if tobacco export can be given a push.

EXPORT QUOTA FOR COTTON

Last week's announcement of the initial quota of 100,000 bales of different varieties of short staple cotton has failed to evoke enthusiasm in the trade circles for the reason that the allotment variety-wise has not come up to expectations based on the prospect of shipments in the near future. On the basis of individual varieties, the allotment broadly is 50,000 bales of Bengal Deshi, 25,000 bales of Mathias, Kahngas and Dholieras, and the balance of 25,000 bales for C.P. 1. and C.P. 2. Central India Deshi and Oomra Deshi of specified staple length. In view of the immediate outlook for pressure of overseas demand on Bengal Deshi coupled with the prospect of a sizable crop this year, the anticipation of the quota for Bengal Deshi was pitched much higher, although the figure of 100,000 bales mentioned in the trade could not be taken at face value. Last year's share of Bengal Deshi in the total quotas of 175,000 bales of all varieties was 75,000 bales. The trade's expectation is to be interpreted in the light of this allocation. If the estimate to the effect that the quota of 50,000 bales of Bengal Deshi as announced last week has already been negotiated is correct, further deal in this variety must await the authorisation of additional quota after the size of the new crop is ascertained. There appears to be a trend towards higher consumption of this variety in this country and for the present the situation in respect of export of Bengal

Deshi has become stationary. The apprehensions about increase in the export duty on Bengal Deshi have proved, as forecast, groundless.

Active interest in the matter of export now centres round the other varieties which have been allotted a quota of 50,000. Two factors are mentioned as retarding the possibility of the quota being exhausted early. The real outlet for these varieties is Japan where difficulties of exchange coupled with attractive offers from Pakistan will act to slow down the rate of offtake. This factor is of subordinate importance since the trade has to contend with it in any situation and push ahead despite the difficulties created by it. The real retarding factor seems to be the high level of the export duty currently fixed at Rs. 400 per candy. And stimulation of exports is related to relief from it. The official attitude appears to be not to forgo revenue until clearer evidence of facts compels that course of action.

THE ANOMALY OF POWER SUPPLY IN BOMBAY

To a city like Bombay, which has passed through a most trying phase of power famine it must be a heartening relief that the State Government should eventually agree to the installation of additional power generating capacity. The adamant attitude of the Bombay Government in the matter of the expansion of the capacity of the private electricity undertakings has changed at long last but not before preventing an avoidable hardship to industry. The emergence of the oil refineries in the industrial set-up of Bombay has brought a new sense of urgency about the augmentation of electric power and it is to be deprecated that this realisation about more power did not come at an earlier stage and the issue of nationalisation was needlessly allowed to complicate the problem. Whatever the proximate cause of the change in the Government's attitude, in the final result it is bound to bring considerable benefit to the industrial units in the Bombay-Poona region. The permission which the Bombay Government has now granted to Tatas to instal two generators of 50,000 k.w. each in their Trombay Thermal Power House is to be hailed from this angle.

Just at the present time, however, the power supply position in Bombay has been allowed to be caught in a stalemate and without any really understandable reason. The entire position has given rise to an anomaly which ought to be removed in the larger interest of industrial production. On the one hand, the power supply units maintain their ability to supply the current demand in a full measure and, on the other, several large industrial concerns, including those which rank among the State Government's priority schedule, are being denied the supply of additional power supply. The Government has taken a righteous stand on a technical ground and it is withholding sanction for additional power to the factories because of the breaches they committed in using unauthorised extra loads in the recent past. Mr. M. V. Vaideya, Chairman of the All-India Manufacturers' Organisation, urged the Government to take a broad view of this matter and rise above narrow policies dictated by considerations of obedience to official directives. He does not attempt to offer any grounds in vindication of the excesses committed by the factories in question, but contends that since the final result was to step up industrial output, the breaches in over-drawing upon power resources should be condoned. The general principle that the power restriction in the situation of power should be lifted.

PREVIEW

The integral coach factory at Parambur given by its Administrative Officer, M. S. Sathapana, confirms the views

that production to full capacity will be postponed for long time yet. This is a somewhat depressing prospect and the hopes entertained in most quarters of the chequered history of the project would be ended next year at least will be frustrated. Of the two tactics to the early restoration of adequate passenger services to cope with the higher volume of traffic which has almost come to stay, the one relating to locomotives is being energetically tackled, but the principal cause of hardships and insufficiency on passenger traffic continues to be the serious shortfall in the replacement of passenger coaches. Domestic production and import have been far behind the annual requirements of coaches for replacement alone on both the broad and metre-gauge lines.

Out of the plant and machinery ordered to the equipment worth only Rs. 1.50 crores is expected to be delivered by the end of 1954 and considering the project's estimated outlay of the order of Rs. 7.50 crores, or a part of the expected aggregate output will be reached next year. No estimate has been offered when a rate of 360 coaches per year would be achieved. Between 1948 when a decision to set up the factory was taken and attainment of full production will be a long gap not entirely unavoidable. The all-steel coach design has many merits to commend its adoption, and even the doubt expressed about the use of this original Sw design in the tropical climate of this country is finally proved baseless, a final technique of insulation remains to be evolved. From a long-range point of view, the Parambur factory will satisfy a good part of the normal demand of replacement of broad-gauge coaches after the current arrears are cleared and spare capacity of the Hindustan Aircraft Factory will then have to be switched over to metre-gauge coaches.

SURPLUS TANKERS

In their latest Report No. 22, W.G. Weston L. assess the carrying capacity of the world's tanker fleet in the years 1954 to 1958 against their previous estimates of the traffic to be handled. The Report shows that the surplus of tankers has not yet reached its peak. Various estimates are given of the quantity of surplus tonnage involved, according to the pace at which scrapping is carried out, the suggestion being that realistic figures, if present policies are pursued, are of the following order of magnitude:

	1953	1954	1955	1956	1957	1958
Cargo ton-miles of surplus capacity as shown (000 million)	38	94	151	186	166	
Equivalent operating tonnage	50	125	215	265	240	1
Approximate equivalent actual tonnage laid up (000 tons dw.)	950	2565	4085	5025	4560	23

Taking the average speed of laid up tonnage as 1 knots (the same as in 1954).

The report draws attention once more to the tonnage which has taken place through the enormous growth of the crude oil carrying trades. The adjustment of the tanker fleet to its fundamental change demand by the building of super-tankers on an adequate scale is stated to be one of the prime reasons for conditions of surplus.

CONFERENCE ON ASIAN ECONOMIC PROBLEMS

The conference on Asian Economic Problems, organised by the Government of India, will be inaugurated by the Minister for Commerce and Industry, Government of India, at the Eastern Affairs (C.A.E.A.) in Bombay on the 17th December, 1954. The session is to be held under the chairmanship of Mr. B. M. Birla, the Indian Chairman.

of CAFEA. The forthcoming session in Bombay will be the first full-dressed non-official economic conference when the principal problems of the region will be discussed. CAFEA, which is the regional Commission of the International Chamber of Commerce, Paris, has as one of its main objects the study of the problems and the requirements of this region.

Six Studies have already been prepared by rapporteurs belonging to India, Japan and Australia on topical subjects. These are: 1. Trade Agreements of CAFEA countries; 2. Resources of South-East Asia and Far East and how to develop them; 3. Fluctuations in the demand of the regional products and their impact on the regional economy; 4. Foreign investment and economic development; 5. Treatment of non-nationals in CAFEA countries; and 6. Commercial Arbitration, facilities and enforcement.

It is expected that the document on Foreign Investment and Economic Development, as also the document on Treatment of Non-nationals in CAFEA countries, which recommends a Code pertaining to International Commerce, Investment and Navigation, will evoke considerable interest in official and non-official circles both inside and outside the region. As at present programmed, appropriate resolutions on the various Studies will be adopted at the CAFEA meeting and the same placed for consideration first by the Council of the International Chamber of Commerce in February in Paris and subsequently by the Fifteenth Congress of the I.C.C. in Tokyo in May 1955.

PAKISTAN'S BALANCE OF PAYMENTS, 1953-54

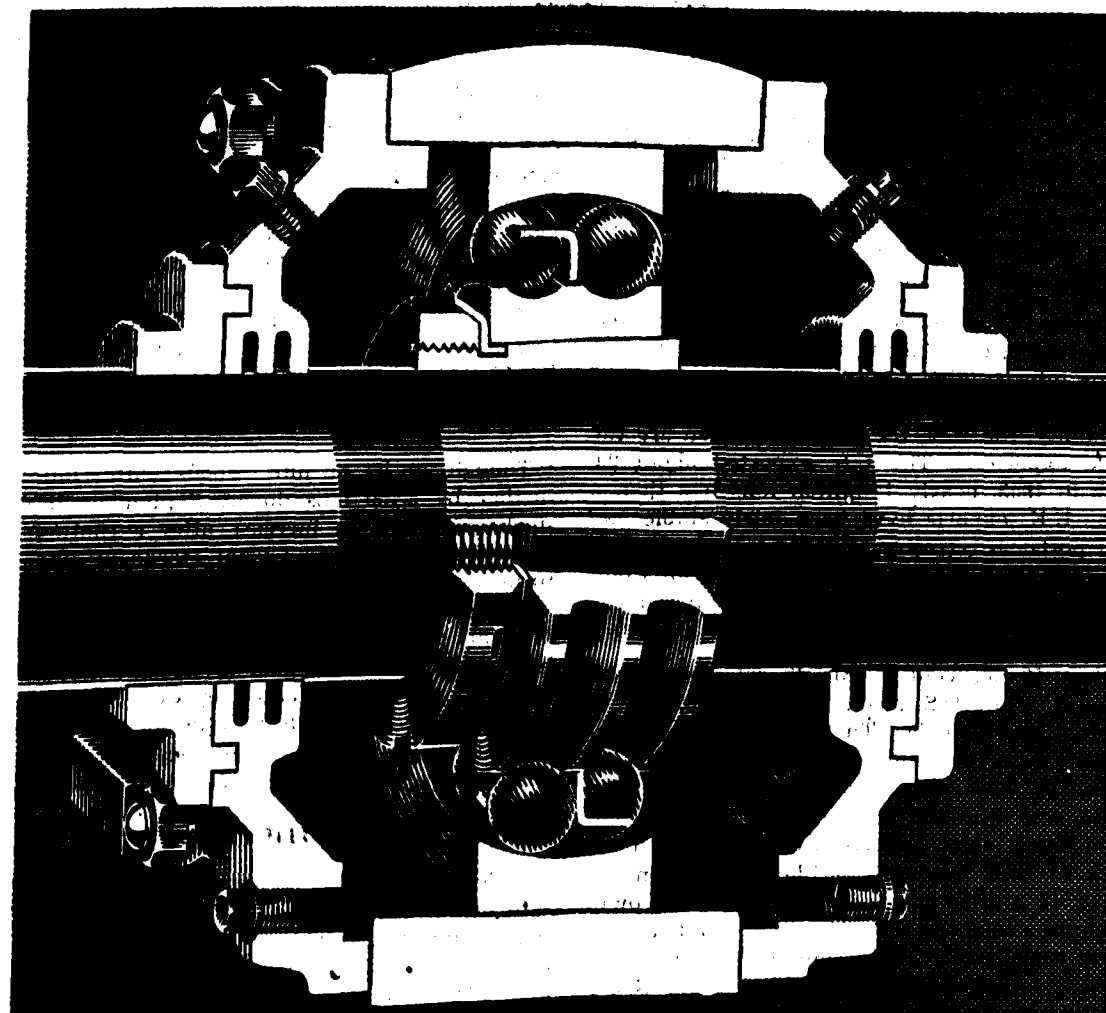
Pakistan's Balance of Payments position for the year July 1953 to June 1954 shows an overall deficit of Rs. 2.79 crores as against the deficit of Rs. 40.79 crores

in 1952-53. During the first three quarters, the surpluses were Rs. 0.91 crores, Rs. 4.40 crores and Rs. 1.73 crores. It was in the last quarter (April to June 1954) that there was a deficit of Rs. 9.83 crores due to heavy imports on account of commitments entered into the previous shipping period and also due to reduced receipts from cotton, jute manufactures and rice.

Receipts in 1953-54 amounted to Rs. 142.14 crores as against Rs. 152.10 crores in 1952-53, showing a reduction of 9.96 crores. The total payments in the current year amounted to Rs. 144.93 crores as against Rs. 192.79 crores in 1952-53, that is, Rs. 47.86 crores lower than the previous year. The fall in receipts was due to a major drop in receipts from cotton exports which earned Rs. 51.22 crores in 1953-54 as against Rs. 64.81 crores in 1952-53—a reduction of Rs. 13.59 crores. The receipts from raw jute showed an increase in 1953-54 as exports amounted to Rs. 58.95 crores as against Rs. 53.26 crores in 1952-53.

Import on Private Account came down to Rs. 73.5 crores in 1953-54 from Rs. 121.1 crores in 1952-53. This was due to the restrictive import policy which continued during the year. Import on Government Account amounted to Rs. 48.88 crores as against Rs. 48.06 crores in 1952-53.

Pakistan's position with Dollar Area showed an improvement and the deficit was reduced from Rs. 10.95 crores in 1952-53 to Rs. 2.91 crores in 1953-54. The improvement was due to reduced imports from the Dollar Area. Pakistan continued to be in deficit with the U.K. but on a reduced scale. The deficit of Rs. 49.7 crores in 1952-53 came down to Rs. 43.62 crores in 1953-54. With India the deficit of Rs. 8.85 crores in 1952-53 has been turned into a surplus of Rs. 0.46 crores in 1953-54. This was due to reduced imports from India.



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COMMODITY NEWS AND NOTES

WORLD TRADE IN STEEL

The world production of crude steel in 1953 was 231 million tons, but only 15 million tons of steel entered into trade (equivalent to 20 million tons of crude steel). The smallness of trade is explained by consumption of steel at most of the centres of production. The British Iron and Steel Federation in their monthly bulletin have distinguished between two distinct streams of export, the first of semi-finished steel between the principal makers themselves and the second of steel from main producers to consuming countries overseas.

The European Coal and Steel Community accounted for nearly two-thirds of world steel exports, a substantial amount being inter-trading. Only one-sixth of world's total was produced in that area. Outside the European Steel Community, the U.S., the U.K. and Japan are the only notable exporters. The U.S. exported about 2.8 million tons in 1953, nearly 1 million tons less than a year before. U.K. exports have been fairly stable and Japan, after post-war recovery, suffered from last year's depression. The principal market for European Community steel is Western Europe itself, although it exports to U.S. and Commonwealth as well.

More than 50 per cent of British sales go to the Commonwealth, while U.S. steel is exported mainly to South America and Canada. The decline in Commonwealth demand was the main reason for the decline in world trade. Demand also slackened in Canada and South Africa, and was restricted in New Zealand and Australia. World steel exports are recovering from the set-back of 1953, but are not likely to regain the 1929 peak of 17 million tons. The continuous growth of steel-making facilities in importing countries is given as the main factor. The combined annual output of Canada, Australia, India, Pakistan and South Africa had already risen to 8 million tons in 1953, from 6 million tons in 1948. By 1958 production is expected to be 11 million tons annually.

FUTURES MARKET IN RAW JUTE AND GOODS

The question of opening forward markets in jute and jute goods in Calcutta is now being examined by Mr. W. R. Natu, Member of Forward Markets Commission. He had consultations with several interested parties in Calcutta, and gave out that futures markets in all commodities, particularly in jute and jute goods, had great repercussions not only on the industry, but on the economy of the country as a whole. He added that if the Commission came to the conclusion that futures market in jute and jute goods was necessary, it would then find out whether there was in the market any association with sufficient sense of responsibility and of financial strength which would be able to organise a futures market in these commodities. The market, he said, should be a broad-based one, representing the interests of all parties concerned—growers, buyers, sellers and shippers. The Indian Futures and Forward Market Association, in a memorandum to the Commission, has suggested the setting up of a central control body representing all interests. This body, the memorandum pointed out, should have separate markets, one for raw jute and the other for jute goods.

QUALITY CONTROL ON TOBACCO EXPORTS

It is felt in the trade circles that enforcement of stricter quality control on tobacco by the Government of India is likely to help expansion of tobacco exports. The value of tobacco exports declined from Rs. 14 crores in 1951-52, to Rs. 12 crores in 1952-53, and to Rs. 10 crores in 1953-54. The U.K., India's biggest customer,

imported from this country manufactured tobacco worth Rs. 9 crores in 1951-52, but in 1952-53 her imports declined to Rs. 7 crores and in 1953-54 to nearly Rs. 6 crores. The export trade in tobacco is very important for the economy of Andhra and Madras and to some extent, Bombay and West Bengal. The value of tobacco exports from Madras, including Andhra, amounted to Rs. 13 crores in 1951-52, from Bombay Rs. 52 lakhs and from West Bengal Rs. 8 lakhs. Last year the value of tobacco exports from Madras fell to Rs. 9 crores and from Bombay to Rs. 46 lakhs. In the case of West Bengal, though the exports were higher at Rs. 14 lakhs as compared to Rs. 8 lakhs in 1951-52, they were lower compared with the 1952-53 figure of Rs. 15 lakhs.

RISE IN SACKING STOCKS

Though stocks of jute goods with mills declined further by 2,700 tons during September 1954, sacking stocks recorded an increase after a continued decline since December, 1953. Total stocks of jute manufactures amounted to 68,000 tons at the end of September, 1954, as compared with 70,700 tons at the end of the previous month. Sacking stocks increased from 36,800 tons at the end of August to 39,800 tons at the end of September. This increase, however, is considered inopportune because mills have decided to work 48 hours a week in future. This will mean an additional production of 3,000 tons of sacking per month.

CEYLON'S DEAL WITH CHINA

Ceylon's Minister of Commerce, Trade and Fisheries returned from Peking recently after successfully negotiating next year's rice-rubber deal. The new average prices would be 27 pence for a pound of rubber and £39 for a ton of rice. Quantities would remain the same as this year, namely, 50,000 tons of rubber and 2,70,000 tons of rice. He stated that in case there was a shortage of rice, China was prepared to make supplies available from other producing countries. As regards the surplus rice with Ceylon, Japanese Government was prepared to purchase 50,000 tons and the Japanese private trade another 50,000 tons. The Chinese Government had agreed to liquidate the balance of payments, which would approximately be £1.8 millions in Ceylon's favour in sterling or by sale of goods at reasonable rates. He disclosed that Ceylon had to do some "tedious and hard bargaining."

WORLD AGRICULTURE CENSUS

The UNESCO is collecting a census of world agriculture, for which more than 100 countries are supplying information. The census, which will be published in three volumes, will deal with utilisation of land, agricultural works, different crops and their breeding in nearly 70 per cent of the earth's surface. Data for each country will be given. The first volume of the census is expected to be published by the end of this year.

PAKISTAN FIRST ESTIMATE OF SUGARCANE CROP FOR 1954-55

The first estimate of the area under sugarcane crop for the year 1954-55 is 961,000 acres as against 845,000 acres reported in the first estimate of the previous year, an increase of 13.7 per cent. The area reported in the final estimate of the last year was 962,000 acres. Except in East Bengal and Khairpur State, there has been a general increase in the acreage of this crop in Pakistan. By far the largest increase has occurred in the Punjab which is attributed to sufficient moisture at the time of sowing.

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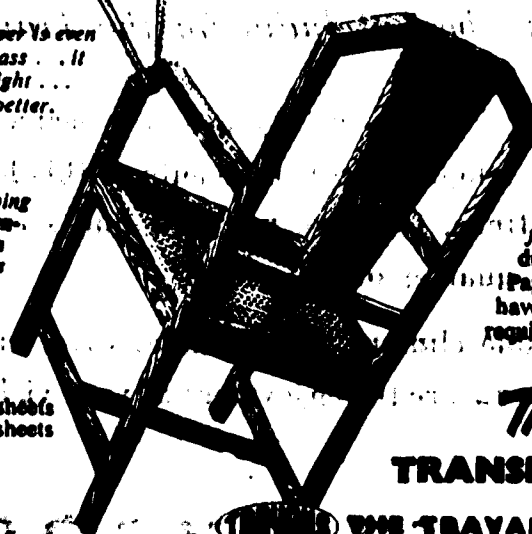
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COMPANY AFFAIRS

EMPIRE OF INDIA LIFE ASSURANCE CO., LTD.

Ever since Dewan Bahadur R. Varadachari took over the administration of the Empire of India Life Assurance Co., Ltd., in July, 1951, the confidence of the insuring public in the company has been greatly restored. The stock exchange has also taken note of the improvement in the working results—with the result that the ordinary share which was quoted at Rs. 404 sometimes in 1953, is now hovering around Rs. 700.

During the year, 14,858 proposals were received for assurances amounting to Rs. 4,24,86,250. Of these, 11,489 proposals resulted in policies assuring Rs. 3,22,06,250 of which Rs. 2,43,000 was reassured. The New Business, after deduction of re-assurances, was accordingly Rs. 3,19,63,250 representing an annual income of Rs. 17,85,101 and Rs. 32,873 by single payments.

The overall expense ratio in the year was 28.55 per cent as against 26.93 per cent in 1952 and 27.43 per cent in 1951. The renewal expense ratio in the year was 19.8 per cent as against 19.63 per cent in 1952, and 19.10 per cent in 1951. The increase in the expense ratio is due to (a) the law charges necessitated by the litigation connected with the changes in the Company's management during the years 1950 and 1951; (b) the necessity for consolidating the field forces which had been badly affected by these changes, and (c) the increase in salaries due to the settlement of the long-standing grievances of the staff.

The total number of policies in force as at December 31, 1953 was 1,37,791 assuring a sum of Rs. 29,22,04,030 inclusive of bonus of which Rs. 24,83,013 was reassured. The total number of annuity policies in force was 40 with an annual payment of Rs. 60,960.

The claims by death during the year amounted to Rs. 18,08,941 representing an increase of nearly Rs. 2½ lakhs over the figures of the previous year. The ratio of actual claims by death to those expected on the mortality policies used in the last valuation works out to 44.73 per cent on the basis of policies and 51.73 per cent on the basis of Sums Assured. The claims by

maturity showed an increase of nearly Rs. 11 lakhs over those of the previous year. The total of the maturity in any year is affected by the popularity of particular terms of endowment in the earlier years.

The income for the year amounted to Rs. 1,46,87,691 (after deduction of tax at source) of which Rs. 1,17,10,318 was derived from premiums. The Outgo amounted to Rs. 1,10,03,675. The excess of Income over Outgo was Rs. 36,84,016.

The total assets have increased from Rs. 10,40,44,290 to Rs. 11,97,50,963 between 1951 and 1953. The administrator has concentrated the new investments almost entirely on Government Securities and has up-to-date invested Rs. 214 lakhs in Central and State Government Securities. The total investment in Government Securities at the moment represents nearly 70 per cent of the total assets.

The shareholders' fund amounted to Rs. 6,61,392 out of which the administrator declared a dividend of Rs. 20 per share for the year 1952.

THE RANEEGUNGE COAL ASSOCIATION LTD.

The united accounts of the Raneegunge Coal Association Ltd., (Managing Agents: B. N. Ellis & Co., Ltd.) for the half-year ended March 31, 1954, show a net profit of Rs. 3,04,557 after providing for depreciation but not for taxation. The directors have set aside Rs. 1,00,000 for machinery replacement and development, and Rs. 1,00,000 for taxation. Dividend at the rate of 5 per cent per annum (As. 4 per share) absorbs Rs. 59,988 only.

The table below outlines coal raisings, despatches, and stocks during the last three accounting periods:

Half-year ended	31-3-53	30-9-53	31-3-54
Raisings	1,64,044	1,43,490	1,85,944
Despatches	1,88,360	1,55,592	1,58,323
Stocks	21,763	9,691	37,282

Poor wagon supply position was responsible for accumulating the stocks at the pit-head.

KANKNARRAH AND KAMARHATTY JUTE COS.

The latest audited accounts of Kanknarrah and Kamarhatty Jute companies, both managed by Messrs. Jardine Henderson Ltd., for the half-year ended 30th June 1954, show a downward trend in profits as compared with the preceding two accounting periods. Ordinary dividend which was slashed by 50 per cent in the last half-year has been maintained at the same level despite unfavourable working results.

Kanknarrah has reported a net profit (before providing for depreciation and taxation) of Rs. 3.89 lakhs after taking credit of Rs. 1,00,000 being commission waived by the managing agents. The corresponding figure in the previous accounting period was Rs. 5.16 lakhs. As against Rs. 1,00,000 for depreciation and Rs. 90,000 for additional contingencies in the last half-year the directors have provided Rs. 1,00,000 for depreciation during the half year under review. The net

available surplus stands at Rs. 2.33 lakhs. This compares unfavourably with the net disposable surplus of Rs. 2.60 lakhs in the earlier half-year. The directors have proposed usual payment of Rs. 3 per share as dividend for the preference shares absorbing Rs. 30,000. The ordinary dividend for both 'A' and 'B' categories has been maintained at Rs. 2-8 per share.

Kamarhatty has reported a net profit of Rs. 3.90 lakhs as against Rs. 5.82 lakhs in the preceding half-year. Provision for depreciation has been maintained at Rs. 1,00,000 while provision for taxation has been scaled down from Rs. 2.10 lakhs to Rs. 1.45 lakhs. The available surplus of Rs. 2.10 lakhs for distribution compares unfavourably with the disposable profit of Rs. 2.42 lakhs in the earlier half-year. Preference shareholders get the usual dividend of Rs. 3 per share. The working results of both the jute companies during the last three half-years are outlined in the table below:

Year ended	KANKNARRAH (In Lakhs of rupees)			KAMARHATTY (In Lakhs of rupees)		
	30-6-1953	30-6-1954	30-6-1955	31-12-1953	30-6-1954	30-6-1955
Sales	118.09	115.61	107.27	137.53	138.54	125.30
Manufacturing expenses	97.74	74.12	74.35	80.11	86.83	90.20
Salaries and wages	29.55	30.73	30.34	33.07	34.80	34.74
Provision for depreciation	2.50	1.00	1.00	1.50	1.00	1.00
Provision for contingencies	Nil	0.90	Nil	Nil	1.10	Nil
Provision for taxation	5.05	1.90	1.50	5.90	2.10	1.45
Net profit (before providing for depreciation and taxation)	10.94	5.16	3.89	10.34	5.82	3.90
Ordinary dividend rate per cent per annum	10	5	5	12	6	6

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrs.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51	416.4	523.1	348.9	384.2	707.4	409.7	..	..	..	..
1951-52	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53	357.8	486.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
December 1953	367.0	469.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.3
January 1954	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
April	381.6	473.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May	366.2	464.6*	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0
June	343.2	441.0	355.6	378.7	647.3	381.6	90.3	100.9	88.5	106.9
July	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6
August	362.4	430.9	351.9	375.7	608.9	382.5	90.8	100.6	89.4	117.4
September	363.6	426.0	353.3	377.6	607.8	384.3	90.7	100.5	88.6	121.0
Week Ending										
4-9-1954	364.6	428.6	352.6	377.7	616.6	385.2	90.8	100.6	88.7	119.9
11-9-1954	366.3	431.0	353.6	377.4	603.2	384.3	90.8	100.4	88.5	121.2
18-9-1954	361.1	426.1	354.7	377.0	604.0	385.5	90.7	100.4	88.5	121.4
25-9-1954	362.3	428.2	352.2	378.6*	607.4	385.3*	90.6	100.5	89.5	121.3
2-10-1954	354.7	422.2	352.1	377.9	607.3	380.6	90.5	100.5	88.4	120.6

†Economic Adviser's Series.

*Average of weeks.

††Reserve Bank Series.

*Revised.

WORKING CLASS COST OF LIVING (August 1939=100)

Period	Bombay			Delhi	Bengal	U. P.	Central Provinces		Madras	E.P.	Bihar	All India†
	Bombay	Bombay June 1934=100	Ahmedabad July 1927=100	Delhi†	Calcutta	Kanpur	Nagpur	Jubbulpore†	Madras June 1936=100	Ludhiana†	Jamshedpur†	
1939 (Aug.-Dec.)	103	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	373	146	369	168	136	134
1949	292	307	248	132	348	478	377	151	333	164	138	138
1950	298	313	257	132	349	484	373	153	325	165	145	139
1951	314	330	261	142	370	451	391	168	334	167	160	145
1952	321	337	250	143	351	441	380	150	330	151	154	142
1953	346	363	275	140	349	453	387	151	351	147	156	146
1953 August	359	376	286	144	373	469	397	157	352	149	160	153
September	353	371	283	145	366	464	391	154	351	150	163	152
October	350	368	282	144	349	457	389	153	352	150	162	149
November	344	361	280	144	339	453	385	148	353	149	155	146
December	342	359	268	140	329	438	380	146	350	149	145	142
1954 January	346	363	269	139	325	442	377	144	353	151	142	144
February	331	348	257	139	316	432	375	144	353	151	141	141
March	332	349	257	138	319	416	374	143	345	150	136	139
April	338	355	255	141	323	426	377	144	341	151	138	141
May	338	355	251	142	339	415	374	142	341	150	142	141
June	350	367	240	135	332	396	375	—	342	—	143	—
July	349	366	241	134	331	400	—	—	339	—	140	—
August	—	362	237	135	330	408	—	—	336	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

WEEK ENDED

Week-ended	16-10-1954			9-10-1954			2-10-1954			25-9-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola)	88-3	87-8	88-2	87-10	86-14	87-3	87-9	86-6	87-1	86-4	85-11	87-9
Silver (per 100 fine tolas)	160-0	157-5	158-12	157-8	156-10	157-1	156-1	156-15	157-7	156-5	155-10	157-4

October 22, 1954.

THE EASTERN ECONOMIST

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THE INTERIM INDEX OF INDUSTRIAL PRODUCTION

(Base: 1946=100)

Period		General Index	Cotton Textiles			Jute	Coal	Sugar	Paints and Varnishes	Cement	Paper	Matches	Sulphuric Acid	Steel Ingots and metal for castings	Diesel Engines	
			Total	Yarn	Cloth											
1947	..	97.2	95.8	94.8	96.2	96.6	103.9	97.6	100.5	93.9	87.8	113.0	100.0	97.1	144.8	
1948	..	108.4	109.0	105.9	110.5	100.2	103.2	116.5	93.0	100.7	92.4	129.4	133.3	97.1	216.7	
1949	..	105.7	99.7	99.4	99.9	84.8	108.9	108.5	80.5	136.3	97.4	127.8	165.8	104.6	438.0	
1949	..	105.0	91.1	85.9	93.8	76.8	110.8	105.8	72.8	169.5	102.7	127.0	170.8	111.2	971.7	
1950	..	105.0	91.1	85.9	93.8	80.4	118.8	120.8	87.2	207.2	124.4	140.2	178.2	116.0	1,531.9	
1951	..	117.2	101.3	93.4	104.3	87.4	125.4	161.9	83.8	229.3	129.7	147.6	160.1	122.0	897.9	
1952	..	128.9	113.8	106.0	117.7	79.8	124.1	139.9	83.5	245.1	131.8	143.3	181.8	116.5	785.6	
1953	..	135.2	110.9	110.1	124.8											
January	1952	..	123.4	102.2	98.6	104.1	99.6	130.2	110.2	81.2	218.7	135.4	140.0	183.3	128.2	1,672.6
February	"	..	129.0	107.4	102.4	110.0	97.1	140.6	121.9	89.7	202.5	128.8	148.4	125.6	122.2	1,631.5
March	"	..	125.5	101.8	96.7	104.4	89.9	125.4	163.9	79.1	222.0	123.6	139.4	129.9	124.9	1,440.5
April	"	..	131.7	110.3	103.2	113.9	91.6	134.5	488.6	87.1	235.4	133.8	155.3	122.2	127.6	912.4
May	"	..	126.8	112.3	100.6	118.1	89.3	129.7	1493.3	81.1	217.7	121.5	150.0	173.2	112.6	807.3
June	"	..	121.6	112.4	101.5	117.9	82.5	120.3	2445.5	80.6	218.1	118.6	150.6	174.6	111.1	362.4
July	"	..	128.9	123.3	113.9	128.0	91.0	116.9	..	75.8	246.3	130.8	152.6	149.0	117.6	809.8
August	"	..	126.7	119.2	109.4	124.1	80.6	115.8	..	74.8	236.0	131.2	146.3	141.5	117.2	1,188.2
September	"	..	129.1	118.5	110.3	122.5	78.6	116.8	431.3	81.7	244.6	136.5	137.8	194.8	123.9	487.5
October	"	..	127.6	113.3	105.6	117.1	83.4	121.6	183.7	85.4	223.4	132.7	142.8	167.6	120.5	552.5
November	"	..	134.6	120.1	112.6	123.9	80.9	121.8	137.0	97.9	242.5	130.7	154.7	174.8	130.5	500.5
December	"	..	138.6	124.0	117.1	127.5	85.5	131.9	127.4	91.5	244.3	133.1	155.5	183.8	129.1	527.3
January	1953	..	131.1	121.1	113.0	125.2	78.9	126.7	107.6	98.6	224.7	129.4	152.4	173.7	133.5	311.8
February	"	..	135.9	120.8	110.0	126.2	82.0	138.1	116.8	75.6	225.3	129.9	161.7	175.7	127.3	222.7
March	"	..	131.1	114.1	101.9	120.2	80.4	125.3	168.0	76.0	225.6	126.5	153.2	130.4	123.8	495.4
April	"	..	140.6	122.6	108.3	129.8	82.9	136.6	460.1	85.5	224.0	134.2	152.1	147.6	115.9	311.8
May	"	..	132.8	120.4	107.1	127.0	78.3	130.2	570.0	77.0	247.2	122.3	150.1	161.6	113.5	344.5
June	"	..	133.2	122.9	111.0	128.8	81.2	122.6	196.4	79.6	251.4	121.6	151.0	165.8	107.8	522.3
July	"	..	136.3	125.7	114.4	131.3	84.7	112.2	..	72.5	262.8	147.0	150.7	194.1	94.6	741.8
August	"	..	131.0	119.5	109.6	124.5	73.5	111.9	..	82.5	234.4	137.7	128.4	207.3	91.2	887.6
September	"	..	137.3	119.5	111.9	123.3	81.6	125.1	12.5	88.8	243.0	148.0	138.0	203.0	96.4	1,242.0
October	"	..	133.5	118.9	111.5	122.6	72.1	119.7	32.6	93.6	251.3	137.2	119.5	214.1	121.2	1,430.7
November	"	..	134.5	109.8	105.6	111.9	77.0	112.7	176.8	86.0	266.6	124.7	133.2	193.9	138.0	1,223.8
December	"	..	144.7	122.9	116.5	126.1	84.0	128.9	127.0	85.1	282.2	122.1	134.4	212.3	134.4	1,737.5
January	1954	..	133.2	121.7	113.4	125.8	72.7	118.3	105.9	97.5	276.9	114.7	130.4	218.4	140.3	1,672.1
February	"	..	141.6	127.1	116.4	132.5	81.7	137.8	100.2	83.0	297.3	115.6	130.4	260.6	133.9	1,517.2
March	"	..	138.0	117.2	107.9	121.9	81.6	125.1	97.7	95.5	296.9	127.4	130.7	225.8	134.2	1,807.9
April	"	..	145.7	126.6	114.8	132.5	83.7	127.9	127.2	83.6	283.7	158.3	114.3	232.7	121.0	1,766.8
May	"	..	140.8	122.7	111.1	128.6	77.0	121.3	43.3	75.4	285.0	141.0	125.5	234.4	116.2	1,664.6
June	"	..	146.2	127.6	113.9	134.4	83.3	121.5	..	87.5	278.0	149.8	160.7	231.4	123.1	2,038.5
July	"	..	..	127.6	117.1	132.8	87.2	120.8	..	..	276.9	..	..	..	..	..

INDUSTRIAL PRODUCTION IN INDIA

(Monthly Average or Calendar Months)

Item	Unit	Latest Installed Capacity	1952	1953	1954					
					Feb- ruary	March	April	May	June	July
Coal	000 tons	..	3019	2987	3056	3071	3037	2977	2885	2966
Sugar	..	113.1	124.5	107.7	251.1	155.1	42.5	2.6	Nil	..
Tea	Lakh lbs	..	512.1	504.8	58.0	101.0	347.9	500.0	693.0	854.0
Cigarettes	Lakhs	20208	16766	16,528	16,733	16,715	15,060	15,565	17,560	..
Cotton yarn	.. lbs	..	1208	1254	1221	1253	1290	1290	1280	1300
Cotton cloth	.. yds	..	3332	4,065	3976	4048	4200	4270	4320	4410
Jute	000 tons	..	79.3	72.4	68.3	75.6	75.0	71.3	74.6	80.7
Woollen Manufactures	.. lbs	1667	1382	1,604	1374	1398	1235	1437	1602	1782
Plywood	.. sq. ft.	12000	7545	5100	5678	7455	6988	6211	4644	..
Paper & Paper Boards	Tons	14475	11459	11,642	9406	11,474	13,795	12,698	13057	..
Sulphuric Acid	..	16135	8007	9091	12000	11515	11480	11950	11420	..
Caustic Soda	..	3176	1422	1009	2160	2348	2327	2347	2314	..
Soda Ash	..	5100	3604	4730	4399	4030	4300	4293	2978	3132
Chlorine Liquid	..	1529	520	678	549	851	759	741	787	..
Bleaching Powder	..	650	66	162	264	243	247	185	271	..
Bichromates	..	493	122	209	207	272	306	307	265	..
Superphosphates	..	17573	3888	4925	8300	7825	8520	9150	10700	..
Ammonium Sulphate	..	35571	18359	20,635	23765	25,985	24,166	24490	27057	24000
Paints and Varnishes	..	5400	2631	2671	2447	3115	2639	2401	2762	..
Matches (cases)†	Thousand	58.3	50.7	49.2	41.2	45.7	38.7	43.9	34.1	..
Sheet glass (sq.ft.)	..	6360	753.6	1898.9	2148.4	2406.8	1267.2	490.8	569.1	..
Cement	.. tons	353.6	294.8	315.0	351.9	389.0	359.8	373.4	352.5	362.9
Refractories	..	24.1	20.3	19.0	17.8	20.7	20.5	17.7	19.0	19.0
Pig-Iron	..	185.1	140.4	137.9	144.0	156.1	138.6	143.8	138.4	..
Steel Ingots and metal for castings	..	128.5	131.5	125.6	132.9	147.5	128.7	127.7	131.4	..
Aluminium	Tons	333.3	297.2	313.2	295.1	387.5	378.2	315.1	234.6	..
Copper	..	600.0	508.6	410.0	620.0	665.0	630.0	615.0	660.0	623.0
Lead	..	500.0	94.3	141.2	125.0	200.0	166.5	130.0	85.0	150.0
Hurricane lanterns	Thousand	381.9	293.6	359.4	359.4	408.5	423.5	411.2	337.0	470.0
Enamel-ware (pieces)	..	2500.0	640.9	790.3	1176.9	1159.2	1169.2	1167.6	1168.3	..
Diesel engines	Nos.	1097	354	310	545	719	680	662	773	..
Sewing Machines §	..	3458	4170	5202	7112	7063	7249	6816	6470	7055
Machine tools (value)	000 Rs.	..	369.8	367.3	325.8	440.1	435.7	478.1	431.0	..
Dry cells	Lakh	184.6	108.5	123.7	121.1	117.2	155.7	168.7	166.9	..
Storage Batteries	Thousand	24.2	13.2	14.7	8.9	12.4	17.0	17.3	16.0	..
Electric motors	.. H.P.	16.7	13.1	13.6	14.3	15.3	14.3	15.3	15.2	17.9
Power transformers	000 K.V.A.	27.3	17.9	25.7	24.7	34.0	26.6	32.4	29.0	34.4
Electric lamps	Thousand	2433.3	1740.0	1647.3	1583.6	1942.5	1839.5	1853.6	1997.1	2080.5
Electric Fans	..	25.3	16.3	17.3	16.1	20.1	21.5	20.5	16.8	..
Bicycles	Nos.	36458	16413	22014	22563	27835	26304	33073	34417	..

† 50 gross boxes of 60 sticks each.

§ Installed capacity calculated for a single shift working, while one of the two units has been working more than one shift.

WHEAT : AREA AND PRODUCTION, 1948-50, 1951 to 1953 (a)

Country	Area (000 hectares)				Production (000 metric tons)			
	1948-50	1951	1952	1953	1948-50	1951	1952	1953
EUROPE	209	188	203	216	332	342	401	498
Austria	162	165	168	176	505	529	579	574
Belgium (b)	*822	—	—	—	1485c	—	—	—
Czechoslovakia	79	81	74	70	283	273	301	290
Denmark	185	162	137	125	295	207	227	225
Finland	4258	4250	4296	4177	7806	7116	8421	8845
France	948	1030	1193	1155	2346	2949	3291	3180
Germany (Western) (b)	824	954	964	1045	820	930	1050	1400
Greece	*1416	—	—	—	1818	—	—	—
Hungary	168	114	103	143	372	252	269	418
Ireland, Rep. of	4707	4728	4682	4787	7000	6962	7876	9040
Italy	95	75	82	65	342	270	327	249
Netherlands	32	24	21	17	70	40	39	39
Norway	1441	—	—	—	1752	*2280	—	—
Poland	633	665	688	705	434	580	554	640
Portugal	*2400d	—	—	—	*2600	—	—	—
Rumania	3975e	4237	4343	*4290	2703e	4285	4101	3055
Spain (b)	321	328	332	390	713	477	782	996
Sweden	97	98	101	96f	263	261	279	253f
Switzerland (b)	906	862	822	897	2429	2353	2344	2707
United Kingdom	1821	1764	1836f	1894f	2292	2280	1680f	2899f
Yugoslavia (b)	..	..	..	..	..	..	..	..
TOTAL	27500	28900	28400	29000	40000	42600	44100	47300
N. & CENTRAL AMERICA	10586	10220	10520	10324	11063	15041	18722	16710
Canada	686	673	593	*601	522	590	512	*570
Mexico	28319	24885	28702	27360	30960	26694	35352	31826
United States	..	..	..	..	..	..	..	..
TOTAL	39500	35800	39800	38300	42600	42400	54600	49100
SOUTH AMERICA	4706	2740	5521	5062d	5380	2100	7564	6000
Argentina	606	725	810	*816	458	424	690	*598
Brazil	839	762	779	809	970	916	989	974
Chile	168	181	—	—	116	127	*134	*140
Colombia	152	162	170	*186	137	157	162	170
Peru	500	545	514	*676	468	478	427	707
Uruguay	..	..	..	..	..	..	..	..
TOTAL	7100	5200	8100	7800	7600	4300	10000	8600
ASIA	*21414	*21448	21448	—	*21875	*21457	*21695	—
China	*754	*1085	—	—	768g	*732	*822	—
22 provinces	9078	9746	9490	9729	5930	6462	6136	6870
Manchuria	2030	—	2642	—	1825	*1800	*2682	—
India	778	927	988	—	449	487	500	750
Iran	754	733	720	685	1293	1490	1537	1374
Iraq	103	97	100	—	97	53	94	—
Japan	71	68	68	71	51	50	50	51
Korea, South	4238	4383	4142	3847	3862	4016	3112	2477
Lebanon	908	1037	900	1167h	833	510	850	1341
Pakistan	4443	4925	5533	6526	3848	5730	6576	8134
Syria	..	..	..	..	..	..	..	..
Turkey (b)	..	..	..	..	..	..	..	..
TOTAL	47000	49400	49700	50800	42800	44700	46200	22500
AFRICA	1507	1767	1776	1777	972	873	1191	*1144
Algeria	603	629	589	753	1088	1209	1089	1547
Egypt	1097	1325	1429	*1696	691	838	795	*950
French Morocco	93	119	115	—	110	114	115	—
Kenya (h)	802	1002	1156	—	417	320	687	380
Tunisia	1027	1034	—	—	536	698	552	528
Union of South Africa	..	..	..	..	..	..	..	..
TOTAL	5600	6300	6400	6900	4100	4400	4800	5000
OCEANIA	4922	4202	4131	4326	5381	4347	5313	5416
Australia	56	36	51	44	156	106	123	125
New Zealand	..	..	..	..	..	..	..	..
TOTAL	5000	4200	4200	4400	5500	4500	5400	5500
WORLD TOTAL ..	131703	129800	136600	137200	142600	142900	162100	163900
(excl. U. S. S. R.)	..	..	..	..	..	..	..	..

* Provisional. (a) Preliminary. (b) Includes Spelt. (c) 1948 and 1949. (d) 1948. (e) Data for spelt available for 1950 only. (f) Includes estimate of spelt. (g) 1948 and 1950. (h) Planted area.

Note: 1 hectare = 2.47 acres.

RICE (PADDY): AREA AND PRODUCTION
1948-50, 1951, 1952, and 1953 (a)

Country	Area (ooo hectares)				Production (000 metric tons)			
	1948-50	1951	1952	1953	1948-50	1951	1952	1953
EUROPE								
France ..	8	18	22	*16	27	70	89	*70
Greece ..	7	20	21	17	21	56	75	66
Hungary ..	13b	*17	—	—	37c	*50	—	—
Italy ..	138	156	174	175	645	750	930	926
Portugal ..	27	31	34	32	97	141	141	129
Spain ..	*55	63	64	66	267	285	325	387
Yugoslavia ..	2d	3	3	5	4d	7	8	—
TOTAL ..	870	320	350	340	1130	1390	1650	1670
N. & CENTRAL AMERICA								
Cuba ..	*53	*59	*63	*85	*68	*117	*128	*170
Dominican Republic ..	46	46	*54	—	60	70	75	—
El Salvador ..	*15	*16	16	11	*24	*28	28	31
Mexico ..	99	104	82	94	178	180	151	152
Nicaragua ..	16	*13	*20	*32	19	*30	*39	*40
Panama ..	*59	*66	67	*70	*80	*83	92	*98
United States ..	707	796	795	864	1780	2077	2182	2383
TOTAL ..	1080	1200	1190	1290	2310	2680	2790	3030
SOUTH AMERICA								
Argentina ..	44	56	61	66	131	174	194	215
Brazil ..	1896	1873	2052	*2060	3040	2931	3161	*3175
British Guiana ..	39	47	62	—	87	111	135	—
Chile ..	25	25	30	29	69	80	87	*82
Colombia ..	134	153	*165	*178	280	316	351	*384
Ecuador ..	*83	*59	*80	—	*119	*116	*163	—
Peru ..	47	59	*60	*64	161	265	247	*275
TOTAL ..	2350	2380	2630	2620	4040	4170	4510	4800
ASIA								
Associated States of Cambodia ..	1058d	1225	1186	—	1360d	1494	1471	—
Laos ..	850d	765	800	—	558d	502	500	—
Viet-Nam ..	*1650e	1869	1924	—	*2310e	2564	2633	—
British Borneo ..	*228	246	—	—	167	149	—	—
Burma (f) ..	3827	3816	4000	4022	*5220	5500	5841	5796
Ceylon ..	392	450	399	—	—	554	479	—
China: 22 provinces ..	*18500b	—	—	—	*46300c	*48300	—	—
Manchuria ..	*350e	—	—	—	*646e	—	—	—
Taiwan (Formosa) ..	*753	*791	*788	*800	*1725	*2010	*2070	*2150
India ..	30221	29811	30030	31017	33539	31611	34282	41268
Indonesia: Java & Madura ..	—	3986	4082	3829	—	6020	6439	—
other Islands ..	*6000	2450	2450	—	*4400	3159	3224	—
Iran ..	246	300	300	—	480	360	*420	*500
Iraq ..	243	189	*210	*215	278	190	*270	*285
Japan ..	2968	3004	3004	2982	11995	11302	12404	10298
Korea, South ..	*1055	*915	*923	*1110	*3061	*2560	*2900	*3100
Malaya, Federation ..	353	324	334	339	637	550	711	662
Pakistan ..	8865	9098	9314	9928	12580	11800	12416	13944
Philippines ..	2223	2466	2456	2598	2620	2831	3144	3226
Thailand ..	5063	5736	5130	*5750	6767	7325	6862	*7700
TOTAL ..	86400	87600	88200	91000	141100	40900	147100	155000
AFRICA								
Belgian Congo ..	146	157	162	—	148	145	170	—
Egypt ..	308	205	157	178	1339	620	517	652
French West Africa ..	760	820	821	—	491	513	577	—
Gambia ..	23	25	—	—	20	22	—	—
Gold Coast & Br. Togoland ..	18g	20	20	—	18g	23	23	—
Madagascar ..	584	649	675	—	769	816	1021	—
Sierra Leone ..	320	320	320	—	245	245	245	—
Tanganyika ..	48	—	59	—	63	—	63	—
Zanzibar and Pemba ..	9	9	5	—	13	16	5	—
TOTAL ..	2860	2800	2800	—	3610	3000	3200	—
OCEANIA, TOTAL ..	30	30	30	30	90	80	100	110
WORLD TOTAL ..	99000	94300	98200	98000	152300	152200	159400	168000

* Provisional. a—Preliminary. b—1948 and 1949. c—1948. d—1949 and 1950. e—1950. f—Excludes Putao, Chin Hills, Shan States, and Karenni. g—1948 and 1950.

Note: 1 hectare = 2.47 acres
1 metric tons = 1.10 short tons.
0.98 long tons.

Source: F.A.O.

SEA-BORNE TRADE OF INDIA

Composition of Trade

(Rs. in thousands)

	IMPORTS				EXPORTS (including re-exports)			
	June		3 months April-June		June		3 months April-June	
	1953	1954	1953	1954	1953	1954	1953	1954
I. Food, Drink & Tobacco								
Fish (excluding canned fish)	253	154	614	459	25,67	34,68	87,08	76,93
Fruits and Vegetables	85,08	21,37	230,27	1,24,27	1,46,83	1,14,55	4,17,87	2,83,69
Grain, Pulse and Flour*	10,29,70	3,95,27	37,08,70	7,18,06	—	100	1	236
Liquors	18,04	9,99	49,01	41,07	9	66	60	114
Provisions & Oilman's stores	69,52	71,38	1,97,58	1,91,24	11,17	21,08	30,01	56,03
Spices	40,49	30,03	1,38,81	952	1,13,52	64,47	4,38,25	3,06,20
Sugar	—	26,69	5	26,71	350	19	506	79
Tea	11	—	177	—	4,26,95	6,91,64	12,14,89	13,44,02
Other Food and Drink	1	11	6	39	546	3,38,61	11,39	4,02,28
Tobacco	348	332	21,35	12,95	1,78,75	1,38,05	4,56,03	3,65,92
TOTAL, CLASS I.	12,48,97	5,59,71	43,51,74	12,14,52	9,11,94	14,04,93	26,58,09	28,39,96
II. Raw Materials and Un-manufactured Articles								
Coal and coke	—	—	—	—	55,01	48,14	1,42,48	1,07,63
Other non-metallic mining products, etc.	880	55,30	67,30	161,11	81,25	62,41	2,71,43	1,95,12
Fodder, Bran and Pollards	23	—	97	53	—	324	—	536
Gums, Resins and Lac	611	543	24,82	17,16	60,39	99,52	1,58,60	2,01,81
Hides and Skins, raw	266	439	740	12,83	45,74	50,08	1,55,82	1,85,80
Metallic ores and scrap iron	442	174	853	539	2,54,75	1,74,05	9,87,48	4,73,06
Oils of all kinds	8,52,76	7,19,36	23,27,03	28,74,56	1,00,84	53,93	3,40,96	1,43,95
Oil cakes of all kinds	—	—	—	—	20	21	95	70
Paper-making materials	519	17,85	40,78	45,94	226	170	786	485
Rubber, raw or crude	41	2,67	184	447	72	—	102	—
Seeds (including nuts for oils)	578	56,88	17,54	1,34,61	15,30	752	80,30	94,75
Tallow, Stearine and Wax	12,92	11,34	42,95	38,55	48	100	160	204
Cotton, raw and waste	6,11,20	5,39,72	19,25,47	22,26,77	2,14,01	76,69	6,36,74	3,15,81
Jute, raw	—	6	58	147	—	—	—	—
Silk, raw and cocoons	854	432	18,79	18,39	384	48	614	227
Wool, raw and tops	81,00	86,85	2,39,20	2,64,01	65,76	95,00	1,85,08	3,41,96
Other textile materials	64,19	30,14	177,36	716	21,76	19,49	47,38	—
Wool and Timber	7,59	822	35,72	45,53	825	24,50	29,83	—
Miscellaneous	1,21,40	12,96	1,93,32	46,33	55,98	63,60	1,63,25	1,88,22
TOTAL, CLASS II	17,45,97	15,91,27	49,82,38	60,75,03	9,71,94	769,90	31,83,69	23,40,53
III. Articles Wholly or Mainly Manufactured								
Apparel	173	234	11,00	9,39	20,04	16,51	84,94	63,79
Arms, Ammunition & Military Stores	17,13	23,63	53,55	65,07	—	75	3	77
Chemicals, Drugs and Medicines	1,53,28	2,83,35	6,23,33	7,38,44	38,37	31,24	1,06,98	1,20,38
Outlery, Hardware etc.	1,06,76	1,32,06	3,71,94	4,25,43	19,18	21,77	64,51	59,82
Dyes and Colours	1,14,84	1,60,09	3,37,61	4,98,87	390	488	16,95	13,74
Electrical Goods and Apparatus other than machinery	1,23,69	82,72	4,00,82	2,78,76	197	391	879	11,27
Furniture, Cabinetwork, etc.	895	596	20,12	12,08	162	126	496	572
Glassware and Earthenware	12,05	12,39	37,54	43,20	185	169	556	475
Hides and skins, tanned or dressed, and Leather	218	169	792	678	2,31,83	1,38,53	6,48,30	4,52,31
Machinery of all kinds	5,68,62	6,12,03	22,45,90	18,83,59	13,50	615	33,76	16,77
Metals—Iron & steel & Manufactures thereof	1,77,95	1,78,64	5,42,31	5,54,86	22,05	578	44,92	911
Metals, other than Iron and Steel and Manufactures thereof	91,50	1,93,88	3,51,34	6,16,51	14,26	755	55,88	30,45
Paper, Pasteboard and Stationery	1,15,70	1,08,00	2,77,81	3,16,61	629	545	17,15	19,73
Rubber manufactures	286	316	887	1049	12,71	12,21	41,85	32,77
Vehicles (Excl. locomotives)	2,22,12	2,06,40	4,79,30	5,73,63	991	13,46	22,93	32,20
Cotton yarns & manufactures	20,06	12,21	69,87	61,25	5,66,80	4,73,63	17,21,35	15,65,62
Jute yarns and	1	—	9	4	8,87,96	11,16,42	24,69,31	28,83,57
Silk yarns and	554	96	954	270	189	125	675	258
Woolen yarns and	20,89	19,11	71,82	64,13	29,75	29,86	99,07	96,24
Other yarns & textile fabrics	1,11,00	1,13,58	4,59,28	2,93,64	22,48	39,59	88,60	1,02,67
Miscellaneous	79,10	79,42	2,76,63	2,53,65	1,44,53	1,38,21	3,85,92	4,03,08
TOTAL, CLASS III	19,55,75	22,31,62	66,56,61	67,09,13	20,50,87	20,09,09	59,28,49	59,27,29
IV. Living Animals	1	18	411	82	485	269	11,27	10,32
V. Postal Articles and baggage not specified	20,48	31,87	95,98	80,30	27,36	26,75	88,39	73,92
GRAND TOTAL	49,71,17	44,14,65	160,90,82	140,79,78	39,64,96	42,73,35	1,18,73,01	1,11,92,02

* Excludes the value of certain special imports of food grains and stores, full particulars of which are not yet available.
— Nil or negligible.

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The State of Indo-American Relations

THERE is no doubt that Indo-American relations at the present time are at a low ebb. Mr. G. D. Birla's address at the Bombay Economists' Discussion Group last Saturday had some pertinent points to make on this subject. Speaking on India's foreign policy and how it is generally misunderstood in the United States, Mr. Birla said: "As regards our Government foreign policy, Mr. Nehru is very much misunderstood

in America; perhaps it would be more correct to say he is not correctly understood. The average American is completely ignorant about India and Indian conditions; for example, the man in the street does not know whether Karachi is in India or in Pakistan. Therefore, there is need for greater education of Americans about India. The American is blunt, but he is also sincere. Circumstances do not allow him to make investments here. But, at the same time, we have the World Bank and other institutions which are out to help the under-developed countries."

Mr. Birla considers that this misunderstanding is a passing phase and goes on further to say: "It will be wrong on our part to assume that America is anti-Indian. America is puzzled or rather irritated against everybody. They feel that, while they are helping other countries, these countries are not siding with America in their turn. Certain countries have described this in the past as Rockefeller Imperialism. I would say they are suffering in a way from deep ignorance. I believe, however, that, in course of time, everything will be all right. But we also have to appreciate what exactly is their feeling. If peace is to be established, America must come to an understanding with us and we with that country."

The point that India needs to come to an understanding with the United States should be as obvious as the point that India has to come to an understanding with the People's Republic of China. Why is it then that, while Indian opinion is so ready to recognise the latter point, it is so unready to recognise the former? This is a question to which observers, both here and abroad, have been slow to find an explanation. In India itself the point is not even entertained; unconsciously for the most part, it is bypassed. We consider ourselves to be supremely realistic in regard to the People's Republic of China. We argue that the People's Republic of China is a fact and a momentous one, and, therefore, it cannot be ignored. But nobody seems to be concerned about the equally undisputable proposition that the United States is a fact, and, for the present, an even more momentous one. If, as Mr. Birla claims, there is deep ignorance of India in America, may not an American state equally well that India is very unaware of the largest fact of international life?

On the Indian side, it may be said quite categorically that the refusal to recognise the necessity of coming to terms with the United States has been the result of an emotional rebellion following the conclusion of the United States-Pakistan military pact, and thereafter the headstrong manner in which the policy of containment has been followed in South-East Asia. It surprises most Indians today to find how few Americans have seen the obvious point that these operations have—whatever views the Pentagon may hold in this matter—endangered India's security.

This arises as much from a historical appreciation of Indian defence as from anything else. Traditionally Indian military defence at least over the last hundred years, when the British Navy commanded the Indian Ocean, has been defence at one point, called the North-West Frontier. Partition changed a point into two straggling lines one running over a thousand miles across the western front of the Indian Union, and another of nearly the same length round Eastern Pakistan. Thus a country which had in a hundred years to reckon only with defence at a point has suddenly been confronted with the possibility of an attack on lines nearly two thousand miles long. This was no

theoretical danger. Kashmir in 1947 and 1948 showed it was terribly real.

There were, however, limits even to this insecurity by reason of the fact that the military resources of the Indian Union were always considerably greater than those of Pakistan. The military aid now being given by the United States to Pakistan has, however, inverted the ratio. If Americans expect an appreciation of their action notwithstanding this inversion, they must be curiously unrealistic in appraising Indian opinion.

And it is not only Indian opinion which can see the danger in these terms. Events in Pakistan this week show that the restraint which can be exhibited on military elements there is severely restricted. The return of the army to power and the specific inclusion of the Commander-in-Chief in the Cabinet cannot but be deemed to be a factor which makes an incursion into Kashmir a possibility seriously to be considered. There has been in recent years a progressive loss of strength by civilian power and it cannot be claimed that in this period the Pakistan army has exhibited any great loyalty to civilian opinion or has studiously refrained from attempting to influence policy. If the Pakistan army throws its weight about so vigorously in Pakistan, how can it be trusted to be moderate at all time and at all places when it knows that an incursion of just this kind might pay it rich political dividends? The instability that has been noticed in Pakistan by reason of the fact that the governing class is becoming increasingly military in outlook now makes the situation all the more anxious from the point of view of both countries. The United States cannot possibly ignore the fact that arms delivered to Pakistan in these circumstances cannot possibly be viewed except with some considerable Indian concern.

On the other hand, an attitude of hostility to the United States cannot ever be in India's interests. It is to be remembered that Indian security in the last hundred years was, and still is, dependent pre-eminently upon the power of the British Navy which removed the possibility of an attack by sea. Now that naval dominance in the Pacific has passed entirely to the American Navy, it is clear that no military alliance with any power can totally offset the power of the United States. It is quite foolish to think of Chinese military strength as a counterweight to American arms for a country which can be dominated even partially by sea power.

From Mr. Birla's impressions as well as those of a large number of other Indian observers in the United States it would appear that this is the appropriate time for a full reassessment to be made of the possibilities of the Indo-American friendship. Mr. Birla mentioned that there was a great deal of misunderstanding "amongst politicians" in the United States about our country. This reference is presumably to Washington itself. The truth is that the Indian Embassy at Washington is hopelessly understaffed for the performance of the task of informing American public opinion. Mr. G. L. Mehta has tried over some years to perform this task of explanation by a series of good speeches, but these have been quite inadequate to turn a tide which only the most understanding and extensive publicity campaign could have halted. It is, after all, Indian policy that we should be friends with all nations. We are wholly right to increase friendly bonds with the People's Republic of China; but we would be equally, or even more, concerned to improve our relations with the United States. In a sense they are two sides of a balance the fulcrum of which is in New Delhi. We have the means at the moment to maintain a balance. If India is really neutral, it should be a major aim of Indian foreign policy to see that the scales do not come down too heavily on either side.

The Emergency in Pakistan

THE proclamation of an emergency in Pakistan and the drastic political changes that have followed it cannot yet be assessed precisely for their consequences on the political stability of the country. Both on this and on the previous occasion in April last year, the Governor-General has shown himself to be both a source of stability and of instability in the entire constitutional process. This has long been accepted as inevitable in the peculiar political conditions of Pakistan. The convention by which the Prime Minister and the Governor-General have been regarded as balancing the interests of the two zones which are divided by distance and culture, would in itself have required a Governor-General, who would be something more than a constitutional Head of State, bound always by the advice of the Prime Minister. A balance was essential in the interests of political cohesion. There were, therefore, grave misgivings when the Constituent Assembly rushed through a measure last month in the most indecent haste, to reduce the Governor-General's powers vis-a-vis the Prime Minister. A showdown seemed inevitable; but the constitutional process by which the Governor-General could recover his lost status and power was not too clear. On the last occasion when Mr. Ghulam Mohammed dismissed the Prime Minister and chose his successor, only a constitutional convention was being broken, not the letter of the law. On this occasion, however, there would be grave doubts as to the propriety of the Governor-General's action when the Constituent Assembly, which is competent to amend the existing Constitution, had expressly provided to the contrary.

In substance, however, the steps now taken would constitute a step in reverse for democracy in Pakistan. It does not in principle differ from the imposition of Governor's rule in East Pakistan as soon as general elections there had repudiated the Muslim League Government and returned an odd assortment of its political opponents to power. Since that date, the bulk of the population in Pakistan, living in the eastern zone, has not enjoyed representative democracy. That status has now been merely extended to the rest of Pakistan, more or less for similar reasons, since the sovereign representative body, the Constituent Assembly, has also proved to be equally irresponsible. The general welcome in Pakistan given to this latest step of the Governor-General is probably an indication of the extent to which the Constituent Assembly had forfeited the confidence of the public in West Pakistan also.

The difficulties of the assessment of public opinion in Pakistan are now complicated by the censorship that has been imposed. Prima facie, the crisis seems to have originated in a rivalry for supremacy between the Governor-General and the Prime Minister. But the continuance of the Prime Minister in the new Caretaker Administration does not fully bear out this interpretation. It is, however, clear that the Governor-General by dissolving the Constituent Assembly and scrapping the Constitution framed by it, put the Prime Minister in a position in which he will lack any other independent support. One other ingredient of this puzzle is the revival of the old principle in vogue under British rule, of the Commander-in-Chief of the Army being the Defence Member in the Cabinet. This is clearly an indication of the Governor-General's intention to rule with the support of the Army in the last resort. In East Pakistan, this was openly avowed by the Governor who is now in the Cabinet at the Centre. But the entire picture is one which was familiar under the Government of India Act of 1935, which is still the Constitution for Pakistan. The predominance of the official element among the members of the present ruling group including the Governor-General, Prime Minister and Finance Minister, as distinguished from the

professional politicians who are now kept outside, would further confirm the theory of reversal to an earlier political status, with a change only in the nationality of the Head of State.

There will be an important difference in that there will now be no external check over the actions of the Governor-General, such as was exercised by the British Cabinet. This makes Pakistan's Governor-General more of a despot than any of the British Viceroy's in their hey day. There is nothing now, except the expressly declared intention of holding general elections for the Constituent Assembly, to limit the exercise of despotic authority. This is not full assurance in the case of a Governor-General who has twice taken even the Constitution into his own hands. Already, doubts have been cast on the legal competence of the Governor-General in removing the disqualifications on certain politicians imposed by PRODA, when the Constituent Assembly had specifically provided for their continuance, however improperly or unjustly. The constitutional position of the courts is bound to remain uncertain on these vital matters; it seems unlikely that they will be in a position to place any impediment in the way of the executive authority as it is now constituted.

All these possibilities sound gloomy. There would, however, be little doubt that Pakistan has long needed fresh elections so that parties and opinions could crystallise around new policies and programmes. The violent swing of the pendulum in East Bengal away from the Muslim League was explained largely by the desire of a small group of politicians to hold on to power regardless of public opinion or popular discontent. Any appeal to the electorate in such circumstances is good in itself even if it does not actually result in a change of men. The best promise of a democracy, even in the present uncertain political conditions of Pakistan, would, therefore, lie in the implementation of the promise to arrange for early general elections. It is unfortunate that these elections could not be arranged in a more decorous manner without creating the atmosphere of a dictatorship.

The constitutional crisis that has now interrupted Pakistan's progress represents largely a failure of her democratic leadership to rise equal to the difficult political situation that has faced the country after its prominent architects passed away from the scene. It is essentially the failure of the leading political party, the Muslim League, to provide stability in the same manner in which the Congress party has done in India, in collaboration with the army and the civil service. An incomplete and interrupted political evolution has also affected the large task of economic development, on which only a beginning was made in recent months. It has always proved a good rule in confused political situations to create a stable administration as a trustee of power, before enlarging on popular democracy. Pakistan need not prove an exception. But a dictatorship would be quite a different thing. Future developments alone can show in what direction present events would move.

The emergency has intervened at a very crucial phase of Pakistan's history. It has put her external policies as much as her internal political structure into the melting pot. The worst fears of the critics of American military aid and of Pakistan's membership of SEATO have now come true, but sufficiently before it was too late. It is highly improbable that the U.S. decision to grant military aid would be carried out in substance so long as there is the prospect of the continuance of a dictatorship in alliance with the army. There have been successive political miscalculations all round and their outcome remains to be watched.

The Praja Socialist Party

THE Praja Socialist Party is now in the throes of a crisis. The party's leaders have now admitted this though there are some differences of opinion as to its nature. Mr. Jayaprakash Narayan described the present crisis as the worst not only in the brief history of the P.S.P., which has been full of vicissitudes, but also in the longer history of the old Socialist Party. Acharya Kripalani apparently felt obliged, as the Chairman of the party, to minimise the gravity of the crisis when he stated at Banaras that the present differences have arisen more over the approach to particular problems than on fundamentals. This distinction will elude most observers who have watched in recent months the party's leadership grow more and more confused over its goals and methods and unable to agree on the minimum internal discipline which is needed to give cohesion to a political party. This decline had started with the decision of Mr. Jayaprakash Narayan earlier this year to donate his life to Bhoodan work. At that time, however, there was less clear evidence lacking for the public to be sure that Mr. Jayaprakash Narayan's serious decision was dictated as much by his aversion to the jealousies within his party as to his intense devotion to the cause of Bhoodan. His latest statement now leaves little room for doubts on the workings of the minds of the P.S.P.'s top leaders.

More will be heard about these when the party workers assemble at the Nagpur Convention next month. However, Mr. Jayaprakash Narayan's decision not to attend even the executive meeting of the party seems to be a firm one, which will be of far graver significance to the future of the party than the speeches or resolutions at the ensuing Convention. Mr. Jayaprakash Narayan has complained of unjust aspersions against his motives in advocating differing policies. Such unhealthy features are not new in party politics. Many men of integrity who have to make use of political party organisations before they can secure opportunities to serve the public good in a democracy often have to suffer such malicious insinuations and worse. Indian political life has not been free from this taint. But when the high-minded are also highly sensitive, much harm can be done. In this case the ranks of the P.S.P. appear to have indulged in more than the reasonable extent of irresponsible tactics for which allowance can be normally made.

The Praja Socialists are now faced with the consequences of their own irresponsibility. The insinuations, to which Mr. Jayaprakash Narayan referred in his Patna speech last week, have only condemned its authors in the public estimation as petty-minded men. Mr. Narayan cannot be unaware of the affection which he commands in the country. It should give him the strength to overcome the evil forces within the party with which he has long been linked. That would also be a better test of the qualities of his political leadership than his retreating, apparently effortlessly, before them. But that task would also need trusted colleagues within the party who will be ready to make common cause in toning up morals within and in presenting a united front without. Is there after all basis for the belief—it is dreadful even to suspect it—that Mr. Jayaprakash Narayan is so much in isolation at the top levels that there is no hope for mending the party?

There is much in the recent public activities of the P.S.P. which would confirm this belief. Its initial phase of consolidation immediately after the general elections held out hopes that the widening of the party ranks—to include the K.M.P.P. and later the West Bengal Subhashist Forward Bloc—would infuse fresh

blood and modify the doctrinaire outlook of the Socialist party to enable the combined party to function as a live opposition to the Congress governments. This chastened mood was shortlived. The ambitions of individual leaders have led the party into strange alleys and by-ways, leaving its political sympathisers annoyed and its own ranks bewildered. The most amazing confusion was seen over the electioneering in Travancore-Cochin, which, however, ended not too unhappily. The formation of a Praja Socialist Ministry in this State should have served to blunt the edges of frustration and induced a responsible frame of mind within the P.S.P. Even the agitation in U.P. over the irrigation tax—misguided as it was in the choice of methods—ended in a technical victory in the courts because of the opportunity it gave to challenge outmoded laws repugnant to the Constitution. All these modest successes must have served to convince the party leadership that it need not practise unrighteous courses of action merely to enhance its popularity as the country is wide enough and indeed willing and ready to accommodate a strong party which is alert as an opposition and constructive in its services to the country. The party's particular creed—socialism or any of its varieties—would have mattered less if it could have ensured honest political teamwork.

The leaders of the P.S.P., with the obvious exceptions, have shunned the difficult uphill task of raising themselves up by their own efforts. There were serious limitations to the party's working out an alternative structure of policy to the Congress programme. Both the foreign and domestic policies of this country in their general outlines do not run on narrow party lines. The P.S.P. leaders' criticisms of India's foreign policy have been weak and flippant when they have not been wholly irresponsible. The wholesale condemnation of India's Five-Year Plan by the P.S.P. at the general elections and subsequently was, morally and tactically a mistake. There was great scope for criticism inside legislatures and co-operation without, on the pace of the implementation of the Plan or in the detailed working of other policies. At all local levels, co-operation with official policy or independent constructive public service—such as Gandhiji had envisaged even for the Congress party—would have established the P.S.P. in the hearts of the people if it could have secured a devoted band of workers acting without petty jealousies or faction.

Instead of utilising these opportunities the P.S.P. has tried to achieve short-cuts to popularity. The attempt to enlist Acharya Vinoba Bhave's name for land satyagraha and to make Bhoodan an exclusive mascot of the P.S.P. for political ends, deservedly failed. As a political opposition, the P.S.P. has tried to stir the public by adopting the tactics of agitation in a country which has, by and large, grown tired of them and is enthusiastically settling down to the task of nation-building and looking eagerly forward to its results. The dilettantism of the P.S.P. leaders is hardly a substitute for the political insight required to build up the party wherever—as in Travancore-Cochin—it can fulfil a deeply-felt need of the people. It was such lack of insight which ordained the failure of the Praja Socialists even in the confused politics of Andhra. Being neither utopian nor practical, the Praja Socialists have not drawn in sufficient numbers the talent and energy which the younger generations could have supplied. It has thus failed the country which has tolerantly looked upon it to provide the still missing component in our democracy of a well-organised opposition. Its internal politics are not of moment except in this general context.

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THE WEEK'S NOTES

AGREEMENT ON FRENCH POSSESSIONS

The Indo-French agreement on the de facto transfer of the French-Indian possessions to the Government of India is not merely an interim arrangement until the de jure transfer. Almost on all issues, except citizenship, understanding has been reached with France. The interval until the de jure transfer is now undefined but the Government of India will take over the areas and administer them in the present manner. Article 260 of the Indian Constitution gives the Government of India the authority to administer territory not now forming part of Indian territory, in accordance with agreements with other governments under the Indian Foreign Jurisdiction Act. It is also understood that only the act of final de jure transfer of sovereignty would require French ratification. The municipal regimes in the communes have to be maintained in their present form and any constitutional change in the administrative status of the French establishments can be made only after ascertaining the wishes of the people. The civil service has been guaranteed its privileges. A Franco-Indian Commission composed of three French and three Indian representatives is expected to settle the outstanding issues.

There is little to criticise in the terms now laid down on matters relating to educational, cultural and charitable institutions or about the special position assured to French nationals and domiciled settlers on matters relating to employment or exemption from taxes (other than customs and excise taxes) till the de jure transfer. Under Clause 15 all persons or corporate bodies who leave or have left are permitted freely to repatriate their capital and properties over a period of ten years from the date of transfer. Some of these provisions, in which special guarantees are embodied for periods beyond the date of de jure transfer, may have to be incorporated into a treaty since the French will have no other claim to seek enforcement. The agreement is only an illustration of the hallowed maxim that where there is a will, there is a way out of all complexities in international relations.

EUTHANASIA FOR THE INVESTIGATION COMMISSION?

The unanimous judgment of the Constitution Bench of the Supreme Court declaring Section 5(1) of the Taxation on Income (Investigation Commission) Act, 1947, ultra vires, has given the finishing stroke to the Commission, whose position has now become anomalous. The Commission came into being under the special post-war conditions and has, during its long enough career, accomplished much of what was expected of it. An earlier ruling of the Supreme Court had disabled its functioning in respect of cases of tax evasion detected indirectly through other pending cases before the Commission. The legislation that was enacted to get over the consequences of this ruling was framed in sufficiently general terms to include all other cases of tax evasion in the war years. This has now been incorporated into the normal law and would provide all the scope necessary to deal with cases of evasion. It was becoming clear that a special law and a special agency would no longer be necessary. The Constitution Bench has now held that this special law and agency, being more restrictive in respect of the rights of revision and redress accorded to assesses charged with evasion, would be discriminatory and hence illegal.

The pending cases will now have to revert to the Income Tax Department for disposal. There is an undecided question whether Section 5(1) of the Act should be regarded as consistent with Article 14 of the Consti-

tution until the new law amending Section 34 of the Income Tax Act came into force on July 17, 1954. The question has not been argued now as the Court proceeded on the assumption, merely for purposes of argument, that they could be reconciled. But this issue may well come up in other cases which were closed by the Commission during the period since the new Constitution. In any case, there is now no reason for the existence of a Commission, when tax evasion will be properly looked after as part of the normal functions of the taxing department. There may be no saving in expenditure by this change but the assessee would get better protection which he could not have secured by legislation, which is always subject to political pressures.

WINDING UP SWISS WATCHES

On the eve of the Ninth Session of the Contracting Parties to GATT (October 28), the climate for freer trade in the world has grown worse than ever before. In the long controversy between the Swiss watch industry and the American Government, the latter has decided on one more step, which has infuriated the Swiss watch-makers. At the end of July last, there was a 50 per cent increase in the U.S. tariff on Swiss watches. Again last week, the U.S. Government decided to take anti-trust action against importers of Swiss watches. The decision may only indicate the powerful political pressure of American watch interests which cannot be resisted on the eve of the Congressional elections. It is quite possible that the situation may change once these are over but it is hardly reasonable to expect that the rest of the world should perpetually be making concessions to extraordinary pressures of this kind which endanger friendly relations with other Powers.

The Swiss have legitimate reason to feel indignant about it because it not only seriously affects the employment situation and, indirectly, Swiss capacity for imports but also their reputation for fair practices in trade. They point out that the American watch industry has never been prevented from growing and that jewels, parts, watch-making machinery and skill have been freely made available. It is also claimed that on price-fixing the Swiss had nothing to do with the practices in the United States. Whether the state of anger in Switzerland would lead to retaliation or not it is hard to say though it is regarded as likely. But there is bound to be sympathy for a small country like Switzerland and surprise that in an economy such as that of the U.S.A. which claims to have taken giant strides in industrial productivity and rationalisation, very narrow-minded policies should have been approved while United States business representatives have been the loudest in their precepts for free multilateral trade for the rest of the world.

BRITISH ASSURANCES TO ISRAEL

The British Note to Israel last week reaffirms the Government's readiness to help in every possible way to bring about a peaceful settlement of Arab-Israeli differences and emphasizes the importance it attaches to the avoidance of frontier incidents. The Note, which was handed to the Israeli Ambassador in London a few hours before the signature of the Anglo-Egyptian agreement on the Suez Canal base, refers to certain considerations which the Ambassador had laid before the Foreign Secretary on September 22 concerning the effect of the Anglo-Egyptian agreement on Israel's security. The Note says: "Her Majesty's Government recognize the Israeli Government's concern in this matter. They are convinced, however, that the Anglo-Egyptian agreement will result in a general lessening of tension in the Middle East. By increasing the confi-

dence between the Arab States and the West, it should facilitate a solution of major problems in the area". The Note reassures Israel that the Anglo-Egyptian agreement has no aggressive purpose. It contains a clause in which both parties agree to respect the Suez Canal Convention of 1888 relating to freedom of navigation through the Suez Canal; it does not provide for the handing over of arms by the U.K. to Egypt.

The main value of the Note lies in the affirmation that the policy of Her Majesty's Government in the Middle East is still governed by the tripartite declaration of May 1950, particularly as regards the opposition of signatory governments to the use or threat of force between the Middle East States and the principles governing the supply of arms to those States. "The Israeli Government may rest assured" the Note says "that Her Majesty's Government remain determined to give effect, with all the means in their power, to the policy expressed in the tripartite declaration."

At the same time, the Note emphasises that particular importance should be attached to the avoidance of incidents on the frontiers which might exacerbate Israel-Arab relations. It notes the absence of serious incidents in the last few weeks, and trusts that this will continue. There is indication that Israel is prepared to resume co-operation with the Israel-Jordan Mixed Armistice Commission. The agreement of the Israeli Government to release the blocked balances belonging to Arab refugees is also expected to contribute to a lowering of tension. The Note ends with the assurance that "Her Majesty's Government remain willing to co-operate in all measures designed to put an end to the present state of tension with Israel's neighbours and to pave the way for a wider settlement".

ECONOMIC CRISIS IN HUNGARY

Following the meetings of the central committee of the Hungarian Communist Party held early this month, the press and radio in Hungary have been disseminating accounts of economic shortcomings which go well

beyond what has so far been known to be the state of affairs in this, the weakest of the Soviet Union's Eastern European satellites. The frankest and most recent account was given by Istvan Kovacs, first secretary of the Budapest committee of the Communist Party. He declared publicly that the squandering of material in industry had proceeded to shocking lengths, and that the dissipation of public property was more intolerable still. In his own words, "swindlers and thieves are robbing the people's economy of tremendous amounts. The stealing of building materials has assumed even larger proportions than in the past. Honest workers and Communists connive at this scandalous behaviour and do not stand up against it". Other Party officials have indulged in similar outbursts of self-criticism, from which it emerges that errors and failures have been manifold; industry is not meeting the requirements of the "new era". In particular, the supply of consumer goods has not been rising sufficiently during the past 12 months; industrial production in general is lagging behind schedule, the most serious arrears occurring in the production of fuel, which the Budapest radio called "Headache Number One".

To make matters worse for the authorities, an acute controversy has sprung up within the Communist Party over the Government's economic policy. Those Party members who continue to regard the peasants as enemies of the industrial proletariat are blaming the concessions made to the peasants last summer for upsetting the balance between industry and agriculture. Officials are trying to stifle these complaints by pointing out to industrial working-class audiences that without the grant of favours to the peasants the industrial workers will go short of food. Furthermore, serious critics within the Party have suggested that living standards have been too high in recent months, and have suggested a reduction of the purchasing power of the population so as to regain economic equilibrium. Official and semi-official statements emanating from Hungary indicate a partial reversal of Hungary's economic policy in the near future, at the expense of all consumers, urban and rural.

WORLDGRAM

INDUSTRY

National Industrial Development Corporation for India: The National Industrial Development Corporation, Ltd., registered recently as a private limited company under the Indian Companies Act, will have a Board of 15 Directors. The Board will be composed of Sri T. T. Krishnamachari, Minister for Commerce and Industry; Sri J. R. D. Tata, Sri G. D. Birla, Sri Shri Ram, Sri Kasturbhai Lalbhai, Sri S. P. Jain, Sri Dhiren N. Mitra, Dr. J. C. Ghosh, Prof. D. R. Gadgil, Sri S. Bhoothalingam, I.C.S., Sri M. K. Vellodi, I.C.S., Sri P. C. Bhattacharyya, Sri S. S. Khara, I.C.S., Sri K. R. P. Aiyangar and Dr. A. Nagaraja Rao. The Corporation has a share capital of Rs. 1 crore of which Rs. 10 lakhs have been subscribed.

British Steel Output: British steel production in the first nine months of 1954 reached a record level of 13,740,400 tons against 13,041,800 tons in the same period last year. It is believed that the 18.5-million ton target for 1954 is likely to be attained.

Exports of Austria's Paper Industry: During the first six months of 1954, exports of Austria's paper industry amounted roughly to 100,000 tons as against 71,000 in the first semester, and 95,000 tons in the second semester of 1953. More than 32,000 tons of these paper exports were newsprint. The paper industry has good stock of orders from abroad and is sold out up to the end of the year. Payroll figures are higher than in 1953.

U.S. National Highways to Cost \$100,000 Million: The Chairman of the President's Advisory Committee on the proposed national highway programme recently announced that it would cost an estimated \$100,000 million within the next 10 years to build a first class road system throughout the U.S. Current spending for highway construction is \$4,000 million, the Federal contribution being \$600 million, the local governments and bond buyers supplying the rest.

Peak Construction Activity in Canada: The Canadian Bureau of Statistics estimates construction planned for 1954 at a new peak of \$4,830 million—up 5 per cent from the previous year at \$4,595 million. New construction is boosted to \$3,866 (\$3,646) million and alterations and repairs to \$964 (\$949) million. Estimates show a shift from engineering to building construction. Total building construction is put at \$2,914 (\$2,732) million and engineering at \$1,915 (\$1,863) million.

Activity in French Shipyards: The total tonnage of ships expected to be launched from French shipyards during 1954 is estimated at 385,000 tons (180,000 tons in 1950). This expansion represents a 65,000-ton French navy order, and an order for tankers totalling 230,000 tons (137,000 tons in 1953). Shipyards will commence construction of ships for a total tonnage of 300,000. The French Government is to give fresh credit facilities to shipyards at a rate of interest lowered from 5 per cent to 4½ per cent. This however may not prove sufficient incentive for expansion or even for maintaining production. Unless more foreign orders are secured the industry is likely to be hit badly. The stiff competition offered by German, Italian, Dutch and Japanese shipyards is making it difficult for the French industry to expand.

Indian Committee for Heavy Electrical Equipment Enquiry: The Government of India have appointed a Committee to enquire into the manufacture of heavy electrical equipment in the country and submit a report

by the end of November 1954. The Committee will study the heavy electrical equipment requirements; current production and its possible expansion in India; study the unused capacity available in all Government establishments and workshops; investigate the extent of the remaining requirements, how this could be met speedily and economically and the agency through which it should be met. The Committee will consult producers and engineers, visit factories, establishments and workshops in the course of its enquiry.

Rupees 24-Lakh Loan for Development of Khadi: The Government of India have sanctioned a further loan of Rs. 24 lakhs to the All-India Khadi and Village Industries Board for distribution to: (a) Gandhi Ashram (Meerut) Rs. 10 lakhs, (b) Bihar Khadi Samiti, (Muzaffarpur) Rs. 3 lakhs, (c) Punjab Khadi and Gramodyog Sangh (Adampur, Doaba) Rs. 3 lakhs, (d) Saurashtra Rachanatmak Samiti (Rajkot) Rs. 2 lakhs, and (f) Rajasthan Khadi Sangh (Chomu) Rs. 2 lakhs. The institutions will utilise the loan for the purchase of kapas, cotton, wool and silk, purchase of yarn, purchase of raw materials and implements and for other purposes connected with the production of Khadi.

TRADE

Japan's Exports Increase: During the first nine months of 1954 Japanese exports totalled \$1,118,531,000 against \$876,417,000 in the corresponding period of 1953. The increase is especially notable in goods going to the Sterling and open account areas.

West German Export Incentives: The sum total of additional tax savings for small and medium tax payers under the modified West German Income Tax Bill is about DM. 500 million. It is, however, proposed that some DM. 350 million be secured through: cessation of the 3 per cent free export reserve (DM. 170 million); DM. 50 million by making night and Sunday overtime work taxable again; and DM. 120 million by abolishing the preferential tax rate of 30 per cent on corporate income if used for the payment of dividends. This is not likely to affect raisings as the flat rate at 45 per cent is still 15 per cent lower than the old rate.

Malayan Rubber Exports for 9 Months: Malayan rubber exports for the first nine months of 1954 totalled 682,679 tons—56,652 tons more than in the corresponding period of 1953. Exports to consuming countries (with figures for nine months of 1953 in brackets) are: U.K. 144,791 (161,736) tons; U.S.A. 119,081 (140,186) tons; France 63,766 (47,433) tons; West Germany 54,557 (38,317) tons; Italy 40,916 (30,499) tons; Japan 46,880 (34,193) tons; Australia 32,064 (23,499) tons; South Africa 20,887 (20,384) tons; Argentina 18,889 (14,699) tons; Sweden 15,525 (10,499) tons and the Netherlands 13,039 (8,162) tons.

Trade Surplus for Federation of Rhodesia and Nyasaland: Britain, South Africa, America, India and Australia shared more than 86 per cent of the imports valued at £50 million taken by the Federation of Rhodesia and Nyasaland in the first half of the year. Exports of the Federation's produce and manufactures amounted to \$65.3 million and re-exports to another £1.4 million. Exports of gold bullion exceeded imports by £3.3 million. U.K. supplies over 50 per cent of the imports, U.S. some 5 per cent and South Africa 39 per cent.

U.S. Rice Exports Drop as Asian Markets Decline: Rice exports from the United States in the August-

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July 1953-54 marketing year totalled 1,654,000 bags (100 lbs. each), a decline of 9 per cent from the preceding year. Increased exports to countries in the Western Hemisphere and Europe failed to offset a marked reduction in exports to Asia. As Asian supplies improved, rice was not exported to Ceylon, Indonesia and the Philippines, important markets in the two preceding years, and shipments fell off to the Republic of Korea. As the result of greatly increased exports to Japan, rice shipments to Asia totalled 9,189,000 bags, 28 per cent less than the average of the two preceding years. Exports to Japan, which faced a rice shortage this past year, totalled 841,000 bags, nearly twice the average of the two preceding years. U.S. shipments to Japan made up 92 per cent of its rice exports to Asia this past year, compared with 35 per cent in 1952-53, and 50 per cent in 1951-52.

Trade Talks With Delegation From German Democratic Republic: Some of the principal commodities listed as available for export from India to the German Democratic Republic, are: tea, coffee, tobacco and tobacco manufactures, chrome ore, iron ore, vegetable oils, essential oils, spices including pepper, raw cotton & piecegoods, silk, wool, jute manufactures, coir and coir manufactures, hides and skins (tanned), shellac, mica, myrobolan and myrobolan extracts, leather and leather manufactures. The chief items available for import from the German Democratic Republic are: machinery and equipment for chemical and pharmaceutical industries, mining machinery, textile machinery and spare parts, tractors and spare parts, instruments and apparatus, chemicals, raw films and newsprint. The arrangement is to remain in force for one year.

FINANCE

Brazilian Economic Policy: The guiding principles of the Brazil Government in economic affairs include: (1) Limiting new projects to the most important ones in basic fields of power plants and transportation, especially railroads, with emphasis on those plans that can give results earliest, (2) checking credit expansion in order to halt inflation, (3) providing reasonable controls for excessive profits, high prices and speculation, (4) taking measures to encourage exportation of Brazilian products, and (5) creating an atmosphere of stability and security for the country's producers. Foreign capital investments will continue to be encouraged.

Egypt Plans £(E)400 Million Loan Flotation: Internal and external loans to the value of £(E) 400 million will be floated by the Egyptian Government for the implementation of various productive schemes—Aswan High Dam, steel and iron works, a fertiliser factory, etc. No details are likely to be made available till the loan scheme is drafted. A mission from the International Bank for Reconstruction and Development is to visit Egypt in connection with the granting of a loan for these projects.

West German Tax Reliefs for 1955: The first reduction of West German export incentives will come into effect on January 1, 1955—one year earlier than intended. On that date the tax free reserve which German exporters have been enjoying—at 3 per cent of their export turnover, repayable within 10 years—will cease. Taxes during 1955 are expected to be reduced in the lower brackets by a further 12 per cent, taxes on incomes up to £500 will be reduced by some 27 to 30 per cent. The extra reduction tapering off for medium incomes and at an income of £3,300 the reduction equals the rate suggested earlier. Tax ceilings will be 55 per cent.

MISCELLANEOUS

French Population: According to first results of the recently published French census, the population of France in May 1954, was 42,774,000 compared with 40,502,513 in March 1945. The present figures does not include 187,000 service men and officials and 80,000 persons believed to be travelling at the time of the census.

Artificial 'Cow' Aids Study of Animal Diseases: An artificial 'cow', a remarkable machine made of glass tubing, rubber connections and similar chemists' paraphernalia, is being used in Terre Haute, Indiana (U.S.), to determine what happens to feed eaten by an animal, why organic changes occur and what can be done about them. It is an important part of the research and experimental equipment at the Vigo plant of Charles Pfizer and Company.

Agenda Before National Development Council: The procedure and principles to be observed in the formulation of the Second Five-Year Plan will be considered by the National Development Council at its next meeting in New Delhi on November 9 and 10, 1954. The Council will, among other subjects, review the progress made during the first three years, i.e. 1951-54 of the Five-Year Plan, and the financial, organisational, administrative and personnel difficulties experienced. The progress of Community Projects and National Extension Schemes and land reforms, the employment situation in the country, the implementation of the Planning Commission's recommendations relating to administration and public co-operation and public participation in the Plan will also be reviewed by the Council.

Bombay Vaitarna Project: The Bombay Vaitarna Project is expected to make Bombay City substantially independent of the monsoon. It will add 100 million gallons of water to the city's present daily supply of 120 million gallons. The Vaitarna Dam is 1,820 feet long and 269 feet high. Vaitarna will be linked to Tansa Lake, the city's principal source of water, by a four-mile pipeline. The Vaitarna Dam is entirely built of cement concrete, some one hundred and twenty-five thousand tons of ACC cement have already been used. The problems involved in handling this enormous mass of cement and a novel process developed by ACC—used for the first time in India—to prevent shrinkage cracking of the dam are related in a brochure issued by the ACC.

Modern Iron Manufacturing Processes for Asian Countries: An E.C.A.F.E. iron and steel expert, Mr. V. M. Subramaniam, who is to attend the Geneva meeting of the iron and steel sub-committee of the U.N. Economic Commission for Europe will visit Britain, France, Belgium, Austria, West Germany and Switzerland. The problems of using inferior coal reserves in developing iron and steel manufacturing processes and of the installation of small plants employing modern techniques are under consideration.

Appeal for Personnel for Flood Control Schemes: Flood control schemes in the States of U.P., Bihar, West Bengal and Assam need a large number of trained engineers and supervisors at all levels of experience to implement them. The schemes involve protective works estimated to cost about Rs. 100 crores to be executed within six or seven years. The Government of India have appealed to engineers of all grades and ranks who are not already in service—fresh engineering graduates and supervisors as well as retired technical officers—to send in their names to the Central Water and Power Commission indicating their willingness to aid in the schemes.

NEWS IN BRIEF

INDIAN

The International Confederation of Free Trade Unions has convened an international Seminar on 'Worker's Education' to take place at the ICFTU Asian Trade Union College in Calcutta from October 31, to November 20, 1954.

A Foreign Division official of the Young Women's Christian Association, making a survey of projects aided by the YWCA in eleven countries of the Middle East, Asia and Europe is to visit India shortly.

The Indian Tea Association announces that the Indian tea crop was 364.4 million lb. at the end of September, compared with 348.1 million lb. last year. The figures reveal an increase of some 16 million lb. in the total crop in spite of flood damage.

The Government of India sanctioned a sum of Rs. 29,67,493 during September 1954, for the construction of 1,189 tenements under the Subsidised Industrial Housing Scheme.

The Ministry of Food and Agriculture have arranged for the training of ex-Servicemen in the States' basic agricultural schools. Under the scheme, by 1956 some 2,250 ex-Servicemen will be imparted the one-year-course training.

The All-India Handloom Board has been given Rs. 3,22,000 to be utilised for publicity and propaganda for handloom products. Madras, Assam, Mysore, Saurashtra, Punjab and Hyderabad have been allocated grants and loans for the development of handloom and cottage industries.

An Indian team attended the Asia and the Far East Seminar on the 'Prevention of Crime and Treatment of Offenders' being held at Rangoon from October 25 to November 5, 1954. This seminar is organised under the joint auspices of the U.N. and the Government of Burma.

A third institute for annually training 600 merchant navy ratings is to be set up shortly by the Government of India at the Port of Navlakhi in Saurashtra. Every month some 50 boys will enrol for a three-month course, making possible the passing out of 50 ratings every month.

A passenger train service commenced running between Amritsar and Lahore from October 28, 1954 following the agreement reached by the representatives of Indian and Pakistan Railways at their Lahore meeting on October 19 and 20, 1954.

The Indian Delegation to the ninth session of the General Agreement on Tariffs and Trade being held at Geneva from October 28, 1954 will consist of a representative, an alternate representative, five members, two secretaries and an observer.

The Government of India have granted a further loan of Rs. 20 lakhs, equivalent to 75 per cent of the cost, for the purchase of a Cargo ship, to the Bharat Lines Ltd., Bombay. The ship is the fourth acquired by the Company for operation on the India-Persian Gulf Service with the help of Government loans.

FOREIGN

The Third Pakistan International Industries Fair is to be held in Karachi from March 5 to April 10, next year. Manufacturers in foreign countries have been invited to participate in the Fair. India is also expected to participate.

Talks to extend the Indo-Yugoslav trade agreement concluded last year for a period of one year are expected to be held shortly. During 1953 the trade between India and Yugoslavia amounted to 108.5 million dinars (both ways), and some 29.6 million dinars during the first six months of 1954.

Victims of floods in Yugoslavia and Hungary will receive relief supplies from the United States Government valued at \$5,240,000, the League of Red Cross Societies has announced at Geneva. Relief is also being sent to Haiti.

The U.S. Foreign Operations Administration announces that preliminary moves are under way by the Government of Thailand and the U.S.A. for the construction of a modern highway to link Bangkok with the isolated north-east province at a cost of \$2.5 million.

Railway experts from Britain, the U.S.A., the U.S.-S.R. and 14 other nations began discussions last week in Tokyo on the development of Asian railways, at a Conference of the Economic Commission for Asia and the Far East.

Vital statistics for 1953 issued by the Canadian Bureau of Statistics show that the death rate at 8.6 per thousand population was the lowest on record. This rate compares with 9.6 in the U.S., and 11.4 in the U.K.

Exports from Canada, Finland and Sweden of woodpulp, pulpwood and paper to the U.S.A. made up some 9 per cent of total U.S. imports at an estimated \$935 million.

The three-day meeting of the International Wheat Council at London stressed the need for closer co-operation from all wheat-importing countries. Italy's application for membership was approved by the Council.

The U.S. Secretary of Agriculture has proclaimed a national acreage allotment of 18,113,208 acres for the 1955 cotton crop, a cutback of about 15 per cent from this year's allotment of almost 21,400,000 acres.

The Brussels Steel Cartel has once more raised prices for three steel products for countries outside the Coal and Steel Community. The Cartel has been renewed until March 31, 1955. The last price increase was announced in July.

The Israel Budget for the current year (April 1954—March 1955) was recently adopted by the Knesset. The Budget amounts to IL. 572 million of which IL. 196 million represents the development budget, amendments to which were discussed earlier.

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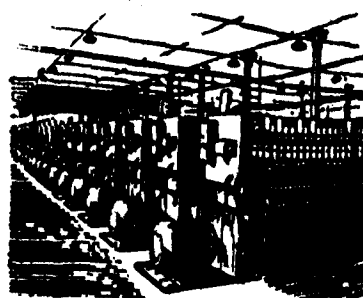


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A Window On The World

CRICHEL DOWN AND YOU

BY
ODYSSEUS

THE WORDS "MAGNA CARTA" are used throughout the free world as a symbol of liberty, the assertion of personal rights against the tyranny of kings. In 1954, we are subject to civil servants, the new tyrants who have been consolidating their grip on our lives largely since the outbreak of World War II in 1939 which gave them the opportunity to extend their power with some justification. But the end of the war saw the bureaucracies of few countries surrender their power to reach down into, and regulate, the citizen's life for him. In India today, investigation would probably reveal a surprising number of rules and regulations in force in this our present peace-time, which were originally justified as temporary measures solely necessitated by the war that ended nine years ago.

But the hearts of citizens who chafe under the post-war bureaucracies that flourish in the free countries will henceforth leap at the magic words "Crichel Down", which will ring out through the democratic world as heralds of a new era for the oppressed private citizen.

Here is the story: In 1937, 728 acres of land at Crichel Down, Dorset, England, forming part of three farms, were compulsorily bought by the Air Ministry as a bombing range. The owners pointed out that the production of their farms was complementary and would be permanently handicapped, and that the price offered was arbitrary. The Air Ministry replied "The public interest requires a bombing range situated at Crichel Down". An argument which was reasonable in 1937. But in 1949, the Air Ministry decided that it no longer needed this range. Immediately Commander Marten, the original owner of 328 out of the 725 acres in question, anxious to re-establish the full productivity of his farms, expressed his wish to buy Crichel Down back, or else to rent it. He pointed out that by their own action, the Air Ministry had demonstrated that Crichel Down was no longer needed in the national interest, and that it was therefore reasonable that the land should be restored to those from whom it had been forcibly taken. This was the signal for a five years' struggle between the Commander and the Ministry of Agriculture (to whom the Air Ministry had transferred the land). The Commander enlisted the support of his local Member of Parliament and eventually secured a public enquiry.

WHO IS TO DECIDE POLICY?

The result was the Crichel Down Report, published (Pt. 1) by Her Majesty's Stationery Office on June 15, 1954. Sir Andrew Clark, Q.C., the investigator, reported that the civil servants concerned had decided that as a matter of policy Commander Marten's 328 acres should not be sold back to him, but that the whole 728 acres should be kept as a single unit to be equipped as a model farm to be run by the Crown Lands. This decision was not taken as a result of a policy declaration by the government (acting as the elected representatives of the people) but by the civil servants (i.e. by those who, far from being the people's elected representatives, are in fact their paid servants) working on the file in their offices, safe from the public gaze.

When Commander Marten, by dogged and public spirited persistence, succeeded in getting the matter referred personally to Sir Thomas Dugdale, the Minister of Agriculture, the civil servants took alarm and advised their Minister that there was grave legal doubt whether he had power to sell land once it had been acquired by the Crown, advice which the investi-

gating Sir Andrew Clark drily reports that he finds "difficult to understand", because it was untrue.

There may be some to argue that even if the civil servants admittedly had no right to take a policy decision that should have been taken by someone elected of the people, their decision was in fact sound, since a farm unit of 725 acres is likely to be more economic than one 328 acres less in size. Sir Andrew's report discloses that the civil service experts were themselves divided on the question whether the equipment of Crichel Down as a single unit would secure increased production, and he finds that their decision was unsound from a purely financial viewpoint. He says: "The Land Commission were a comparatively new body, very anxious to gain experience by trying their hand at a new and interesting venture such as equipping Crichel Down as a model farm, and, in their eagerness to ensure that they were not deprived of the opportunity, they adopted an irresponsible attitude towards the expenditure of public money, and they were not always as frank with the Ministry as they might have been."

The Report goes on: "In Crown Lands, there is a lack of adequate control over the activities of Crown Receivers and a tendency, at any rate in this particular case, to leave everything to the Crown Receiver, and to accept without question everything he says or does. It is a matter for the consideration of the Minister whether he is consulted sufficiently frequently by the permanent Commissioner on policy matters."

The Report condemns "a most regrettable attitude of hostility" to Lt. Commander Marten shown by Mr. C. G. Eastwood, permanent Commissioner for Crown Lands, Mr. C. H. M. Wilcox, Under-Secretary at the Ministry of Agriculture, and Mr. H. A. R. Thomson, of Messrs. Sanctuary and Sons, Estate agents of Bridport, who is Crown Receiver in this transaction. To a lesser degree, states Sir Andrew, other junior officials shared this attitude, "engendered solely by a feeling of irritation that any member of the public should have the temerity to oppose or even question the acts or decisions of officials of a government or state department".

WHAT THE BUREAUCRATS SUPPRESSED

Sir Andrew lists a number of facts which should have been clearly presented to the Minister if a proper decision were to be reached on the questions whether Crichel Down ought to be equipped and farmed as one unit, or whether it ought to be sold back to the original owners. Among them, he mentions that the whole area had been compulsorily acquired against the strenuous opposition of the owners for £12,106; that previous owners wanted to buy back their respective holdings for about £21,000 for the land in its existing state; that the previous owners were all first class farmers; and that it would cost approximately £82,000 to equip Crichel Down as a self-contained unit producing a maximum rent of £3 per acre gross.

"The Economist" of London commented that the Report confirms that the "bureaucracy in Britain has grown arrogantly careless of the rights of the subject". This, however, is not a special characteristic of the British bureaucracy but of bureaucracies in all countries unless they are controlled by vigorous democratically minded Ministers.

Sir Andrew's reference to the "regrettable hostility" shown to Commander Marten "engendered solely by a feeling of irritation that any member of the public should have the temerity to oppose or even ques-

tion the decisions of officials" shows the danger of leaving decisions and rule-making powers in the hands of official who are the judges in their own cases and from whose decisions there is no appeal, save to a Minister who may be misled by a suppression of facts.

The Crichton Down case raises the fundamental question: What is the public interest and who is to decide it? Acts have been passed in all countries which grant enormous power to civil servants. We have, of course, on occasion heard assurances from Ministers in New Delhi that the "house can be certain that these powers will not be used without the most careful consideration of the public interest." But the Crichton Down Report, which should be read in detail by every lover of liberty, explodes the comforting theory that government departments have any monopoly of virtues denied to ordinary citizens. Civil servants can be obstructive, biased, selfish, arrogant, and as capable of varying the truth to suit their case, as any mortal who makes no claim to have a special affinity with the public interest. Under any threat to their departmental convenience or any hint that their decisions can be questioned, then "in the public interest" civil servants mobilise the whole power of government in defence of their actions. The Committee appointed to decide whether disciplinary action was required against the civil servants implicated in the Crichton Down case quotes a damningly cynical letter from the Commissioner of Crown Lands to the Ministry in which the Commissioner suggested, that the Ministry should consider with him "what, if anything (sic), we need to do to appear (sic) to implement the promises (sic) made to applicants for the tenancy of Crichton Down". They also have brought to light the activities of another civil servant who, in order to try to put an end to Commander Marten's importunities, was apparently casting about for any deeds in the Commander's past that could be raked up against him—the kind of behaviour which American police and gangster films publicise but not that expected hitherto from a British civil servant. This civil servant wanted to introduce into the Crichton Down file the question of how Commander Marten obtained a licence to build certain cottages in 1950. Evidently the Commander obtained these licences in an authorised manner because this line of attack was dropped.

The Committee sums up the proper attitude of a civil servant towards the public thus: "The civil servant should bear constantly in mind that the citizen has a right to expect not only that his affairs will be dealt with effectively and expeditiously, but also that his personal feelings, no less than his rights as an individual, will be sympathetically and fairly considered."

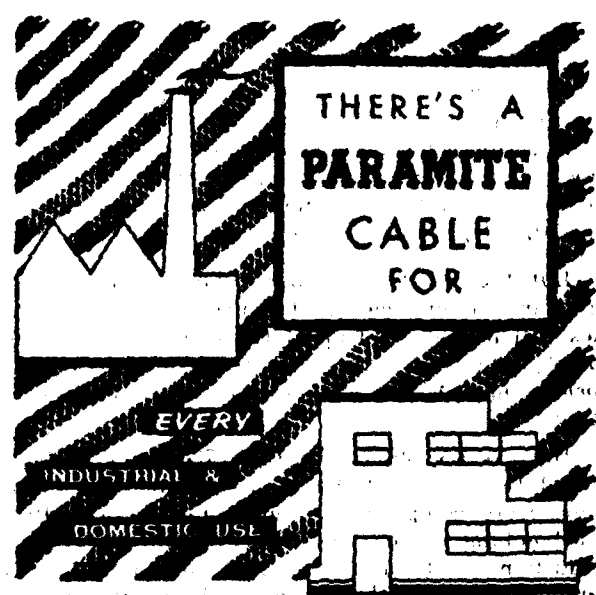
THE MORAL OF CRICHEL DOWN

The upshot of the Crichton Down Report was not, as some might hastily suppose, that the civil servants implicated were punished, but that the Minister resigned. To those unfamiliar with democratic procedure, this may seem inexplicable. Why should the Minister who was misled be punished? What had he done wrong? The answer is that civil servants are not there to give orders to the Minister but to do what he tells them; consequently, the responsibility is his, as the man accountable to the electors. Crichton Down, "The Economist" observed, has become a symbol for the widespread public irritation, for the disgruntlement of thousands of people who have come into contact with power-corrupted officialdom in the last fifteen years and who have been made to feel worms in the process.

The moral of Crichton Down is that a rule should be embodied in all legislation which confers vague powers on government departments that no decision affecting individual property rights should be taken without reference to some independent authority for a disinterested opinion. This will evoke a howl from

civil servants in all countries, protesting that it would bring government to a standstill. But government was not paralysed by Commander Marten's persistence, and the additional departmental work and delays that occurred were caused not by him but by the prevaricating civil servants. It is unjust that no arrangements should exist to render it unnecessary for the citizen to have to fight for five years to secure his rights, as Commander Marten was forced to fight.

Democrats the world over should rejoice in the Crichton Down Report and ponder over its applications to their local circumstances.



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A DELHI DIARY

RAFI SAHEB

THE passing away of Mr. Rafi Ahmed Kidwai last Sunday due to a heart attack which came on at a public meeting has cast Delhi in gloom for the whole week. I can remember no Diwali which has been so subdued. For a man who worked so silently his wonders to perform, the great display of popular grief in Delhi came as a large surprise. About half a million people lined the route of the funeral procession on Monday afternoon when his body was taken in state from his residence in King Edward Road to the ceremonial platform at the New Delhi railway station. Very few people in the country could have known Rafi Saheb, as he was affectionately called in his small circle of very intimate friends, and yet it was clear from the grief on thousands of faces that the people felt they had lost a friend. Can it be that the fall in food prices recently was widely recognised as his work, so that there was a visible mark by which people could say that they wept for a benefactor? From the deep feeling shown all over the country, I should imagine that there is some personal understanding of what Rafi Ahmed Kidwai has meant to the Indian Union.

This I take to be one of the signs of the great maturity of the Indian people. They are quick to appreciate their benefactors; the display of this appreciation is not hindered by the traditional reserve which belongs to the West. Men and women to whom Rafi Saheb was equally unknown sobbed alongside his most intimate friends. Those who were at King Edward Road also saw a formidable political opponent, Pandit Govind Ballabh Pant, in uncontrollable grief. There was not one person in Delhi who was grudging in his admission that Rafi Saheb's loss was a serious blow. All the way from Dairen came a message from the Prime Minister which echoed this feeling. "His death", telegraphed the Prime Minister, "is a loss I can hardly bear, both from the personal and public point of view".

The Government of India notification issued on Monday had one paragraph which deserves to be repeated. "Shri Rafi Ahmed Kidwai used every ounce of his strength and vigour in the service of his country and like a true soldier died at his post in the discharge of his duty. Indifferent health and the advice of his friends and doctors could not dissuade him from pursuing without flinching what he regarded as his duty. A true representative of the broad humanitarian culture which has been evolved in India through the contribution of peoples of many races, many religions and many traditions, Shri Rafi Ahmed Kidwai had a profound faith in the future of the nation. A combination of exceptional qualities of intellect, emotion and imagination made him truly a leader of men whom his grateful countrymen will not easily forget".

This portion of the tribute is more appropriate than the rest because it underlines three points which until now have not been generally known. The first of these is the point that Rafi Saheb went on working in spite of the fact that his doctors had repeatedly advised rest. Notwithstanding the fact that he must have been aware, because of the frequency of previous heart attacks, that the end might suddenly come he worked fanatically on. Secondly, tribute needed to be paid to his peculiar scholarship. It was widely based on reading but was totally hidden behind an exterior which was not always impressive, and which was not

aided by any gifts of exposition. He was essentially a man who could find the key to a situation without being able to describe the lock. This was his special intellectual gift. The story of successful decontrol of food in India is an example of just this wonderful capacity to break through to the remedy, even before his mind had analysed the disease.

One of the most interesting episodes in the story of food decontrol must surely be the case of the Cabinet meeting where it was finally determined. It is now no secret that on that occasion the Finance Minister challenged the Food Minister on the basis of figures of the Ministry of Food and Agriculture in order to argue how dangerous this decontrol experiment was likely to be. Rafi Saheb brushed aside the figures of his own Ministry with the most disarming aplomb. He trusted his intuition before his figures; in the event it was his intuition which carried him through.

This intuition was as readily available for the selection of men as it was for the rejection of figures. It solved great economic problems whether conceived in terms of the night air-mail, the "own your telephone scheme", or finally in terms of food decontrol. It is again no secret that he has been the Prime Minister's intimate adviser on the choice of personalities in the Indian Cabinet; at least two members of the Indian Cabinet were appointed on his advice. Because of the central place that he occupied in the Prime Minister's immediate counsels and in Congress Party affairs at critical times there is no doubt his passing leaves a gap which it will be extraordinarily difficult to fill. There passes with him also the romance of the one man who in recent years has acquired the reputation of being a modern miracle worker. The world will be more prosaic without him.

SECOND SIGHT?

Comment has been made in Delhi on the appropriate comparison drawn in Rafi Saheb's last speech between political conditions in India and Pakistan. The state of emergency in Pakistan had, indeed, been announced in the 1 p.m. news but the deeper significance of the emergency had not been appreciated when he first gave a central place to Pakistan in the few opening sentences of his address. He seemed to see through political reporting with the same kind of intuitive vision which he exhibited in respect of food decontrol. It is certainly true that in the assessment of the present conditions in Pakistan he has been as shrewd an observer as anyone else in this country. But I would imagine that the Pakistan situation does not require the vision of a seer. The essential point that stability in Asian countries will only be found when a superior authority rises to the power and influence of factions has not been appreciated nearly enough in Pakistan. The people in India have now emerged as a great stabilising factor making redundant a quarrel between factions and, in the event of factions, providing an arbiter capable of enforcing a decision. In a sense Rafi Saheb first appreciated this thirtythree years ago when he joined the Congress movements. It was the grand vision of that time that men could discard all the signs of present authority and see in the coming age of the people the solution of this problem of political power. In India we have had no power politics in the Pakistan sense. The people are sovereign in fact as well as in name.

ARGUS

THE WORLD ABROAD

LABOUR COMPLETES A REVOLUTION

The good which men do is not always interred with their bones. Philip Murray is dead, but a benevolent revolution which he set in motion is now reaching fruition in a manner that is good news for every citizen because it is good for the country. In essence, Murray's concept was that workers must fight for their rights, but that labour and management also have more interests in common than reasons for dispute. That spirit lived on last week in Atlantic City where Murray's successor—thoughtful, handsome David McDonald—rose to address the convention of the United Steelworkers of America, which both men helped found.

That had been only a short while ago, as time flies—18 years to be exact. But in that tumultuous span, as McDonald remarked, the seed planted by "just 11 of us [meeting] in a building in...Pittsburgh" had sprouted to 1,250,000 members. More incredible, the solid phalanx of management hostility had changed to almost universal acceptance not only of the necessity but of the desirability of dealing with the union. As McDonald put it: "Not only are we recognized by industry but we are accepted in our entire community...."

Such a status requires responsibility and McDonald made clear he intends to provide it. Until now, he said, the trade union movement has had two main approaches ascribed to it: the Marxist or class-warfare approach, and the other simply a selfish I'll-get-mine pie-card approach. Neither is what is needed for the corporate democracy that exists in A.D. 1954. Marx is 65 years in his grave and the capitalism he sought to destroy was that of 1848, which is just as dead as he is. Equally out of date, McDonald went on, is "the bread-and-butter selfish union which says, 'We will get all we can and the devil take the hindmost. Forget the equities of the owners. Forget the equity of management. Grab what we can and if necessary put them out of business.'"

Then McDonald, speaking like a sober statesman, spelled out what the realities do require. "We are engaged in the operation of an economy which is a sort of a mutual trusteeship....The U.S. Steel Corp. has almost as many stockholders as it has employees. Those stockholders....employ a group of managers....Certainly the managers must give full consideration to the just claims of the workers. Certainly the working force must see to it that the steel properties are operated successfully because if they are not.... they will have no jobs. Both....have an obligation....to the stockholders [i.e., to make profits]."

McDonald's speech is not the only evidence of the revolution—which itself is being accomplished by the 'evolution' of both labour and management into recognition of their interdependence and interresponsibility. For example, consider Chrysler. It is no secret that Chrysler's labour relations with the United Auto Workers have been consistently bad and it is no secret either that one of the principal reasons was that Chrysler's management did not really accept the union in spirit while accepting it on paper. In recent months that has been only a part of Chrysler's troubles; uninspired designs and poor sales had in fact confronted it with a serious emergency. As a big part of the answer Chrysler spent millions perfecting new designs, soon to be revealed, which it believes will change the sales picture swiftly. But President Lester Lum ("Tex")

Colbert also did an unprecedented thing. He went personally before 200 of the Chrysler union leaders, told them all about the still-secret Chrysler designs, told them still more frankly of Chrysler's plight. Then he made a man-to-man appeal for help from the union in whipping the troubles. Old hands say there is a new spirit at Chrysler, a determination to pull together with the union. The same spirit worked so well at Studebaker that the union even voted to take a pay cut to help the company out of a similar hole. Like McDonald's speech, all these things are part of the new picture.

No one can say precisely where it began. Some might date it back to 1936 when Philip Murray and his band of 10 launched their battle to give a voice to workers whose unions had always before been broken by the Pinkerton spies and the dread coal-and-iron police. Others might say it began in 1937, when Big Steel broke the united front of management to sign the first agreement with Murray's fledgling union. Certainly when unions like the clothing workers' even raised money for distressed employers, it was well under way. And it had arrived, by 1952, when Big Steel's Ben Fairless and Murray finally settled that year's long and costly strike with a mutual determination never to let another happen. Fairless went over to give a talk to the union's policy committee in Washington's Mayflower Hotel. He had a confession to make. During the strike he had kept away from his old home of Massillon, Ohio because his coal miner father still lived there and "has been in the United Mine Workers all his life" and because his older brother, a member of the Steelworkers, had joined the strike. He had often in the past told Murray, "There must be some better way to handle this thing than slugging it out." Then Fairless announced that he and Murray had agreed to make a trip together, visiting the company's principal plants and talking to all the workers—"I'm going to find out what you're thinking about, and you may be interested in some of my problems." When he was done the union leaders were standing and applauding and Murray, in his clipped Scot's brogue, was crying: "This is an unprecedented thing in the history of labour organizations."

Death cut Murray down before he could make the tour. But last fall Fairless and McDonald started it together. They have visited several plants. They have kept reporters and cameramen away so that their work would not seem to be a publicity stunt. When the union gave a dinner in honour of its new president, Ben Fairless spoke: "Even when I have disagreed.... I have never doubted for a moment that he was striving honestly and sincerely to promote the welfare of the American people. And when any man battles in that cause he commands my wholehearted respect....the only real reason man was put on this earth in the first place was to try—in his own way, and as best he could—to improve the lot of his fellow men...."

This the revolution has achieved. So many quantitative changes have taken place for U.S. labour that, as in physics, they have brought a change in quality as well. The worker has risen to a new level of opportunity, dignity and social status (his gains continue; McDonald announced that the latest 20c boost is a \$550 million raise for the steelworkers). In the American corporate democracy of 1954, no manager in his right mind wants to roll back the high wage

standard which supports the equally high consumption of a prosperous economy. Nor do unions, whose growing pension and welfare funds (\$17 billion) are largely invested in corporate stocks, wish to destroy the profit

system. At a time when managers talk like organizers and organizers talk like managers, both make sense.

—Editorial in 'Life' Magazine.

REDUCED FARM OUTPUT IN U.S.A.

Dry weather in many areas of the United States during the latter part of the summer had the effect of changing the 1954 farm production picture (total output of crops and livestock) from an anticipated record high to third from high. The total U.S. farm output now indicated for 1954, based on August crop reports, is about 3 per cent lower than was expected a month ago. It is a total exceeded only in 1952 and 1953, both big crop years.

The prospect of a 15 per cent decline in maize production is largely responsible for a considerable drop in the production of crops. Hot and dry weather over much of the country lowered the production of maize, spring wheat and hay. On the other hand, yields of some other crops improved, notably barley, rice, dry beans and peas, tobacco, and sugarbeets. The cotton crop, which requires less moisture than some other crops, suffered little damage from a total viewpoint. This year's production of livestock and livestock products still promises to be an all-time record, 19 per cent above the 1947-49 level and about 4 per cent larger than last year.

The total farm output—crops, livestock and livestock products—based on the current reports is indicated at 106 (1947-49's output being the base—100) as compared with 109, the figure originally estimated in July. The index of all crops now stands at 98, compared with 102 in July. Crop production per acre also is 98, compared with July's 102. Livestock's continuance at record levels brings the general production figure up to 106.

Changes in weather conditions during the early autumn could result in some further change in the total output volume. No big change is likely, however, this late in the year. Rain in late July and August has eased what could have been a really serious drought that might have resulted in a major drop in production estimates. Consumers continue to spend about a fourth of their incomes for food, and record consumer income has been holding demand for food and other products at high levels.

The drought cut the prospective feed concentrate supply from an estimated 191 million tons above that of last year and 10 million tons above the 1947-1951 average. Because of the increase in the number of animals to be fed, however, supplies per animal unit are about the same as last year and the average of recent years.

Supplies of wheat for 1954-55 add up to a record 1,884 million bushels—including the crop of 978 million bushels estimated for this year, the carryover of 903 million bushels from past crops and imports of perhaps 3,000,000 bushels. This year's crop is likely to exceed total use by around 100 million bushels. Thus about 1,000 million bushels would be expected to be included in the carryover existing next July 1.

The national acreage allotment under the government's crop support plan, accepted by a vote of the nation's wheat farmers, will be 55 million acres. This is 7,000,000 acres less than for this year. The new allotment is aimed to reduce the huge carryover and turn the surplus acreage over to other, and sometimes new, types of agricultural production.

Production of 12,700,000 bales of cotton was indicated by the new reports, 23 per cent less than in

1953. A bale of cotton normally weighs 500 pounds. In cotton, as with wheat, producers voted acreage controls to assure government price supports and acreage had been cut one-fifth from last year's total. Increased yields per acre made up for some of the acreage cut, however, since per-acre yields were above the previous year's in all areas but the cotton-raising areas of Texas and Oklahoma, where weather and insect conditions resulted in some decrease.

Demand for five-cured tobacco is continuing strong and this year's crop is expected to be 5 per cent above 1953's. Sales in two types of auctions through August averaged 49 to 51 cents a pound compared to 51 and 53 a year earlier.

Prices for cottonseed are expected to exceed government price support levels for this season; soybeans, at or above those levels; and peanuts, about at support. The per-acre yield for soybeans is the lowest since 1947, but the acreage planted was the largest in history and a record crop is in prospect. The output of cottonseed is expected to be down nearly one-fourth from last year, largely as the result of acreage limitations, and the prospective peanut crop is the smallest since 1939.

Smaller production will keep prices well above last year for the rest of 1954. The late crop, which provides the bulk of the year's output, is down five per cent; the intermediate crop is off 18 per cent. The year's sweetpotato crop is nine per cent lower than last year's and the third smallest since 1881. Prices are expected to be at least as high as for the 1953 crop.

Milk output has dropped more sharply than usual from the June peak, principally because of the drought. Milk and butterfat prices are less favourable, compared with feed prices, than in several years. The outlook for the rest of 1954 indicates about the same production as a year earlier. The total milk production for 1954 is expected to be about 125,000 million pounds, compared with 121,200 million pounds in 1953.

Prices of poultry products are generally below those of a year ago. The production of eggs, which was at a record level in July and continued high through August, will continue well above a year earlier through the fall. Volume marketings of heavy turkeys from the record 1954 crop have started at prices considerably below last year's.

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SPECIAL ARTICLE

ATTITUDE TOWARDS NORTH INDIANS IN MADRAS

A Public Opinion Survey by Dr. B. Kappaswamy, Professor of Psychology, Maharajah's College, Mysore.

[A survey made by this author in 1951, published earlier on October 1, 1954, analysed student opinion in Madras on Linguistic States. The following was also part of that survey.]

There is a general feeling among the educated people in the South that North Indians are 'dominating'. The extreme position is held by some that South India has a culture of its own which is unique and different from that of the North and so they urge that South should become constitutionally independent of the North. Business men also have a feeling that northern people are more enterprising and have built up their business in the South at the cost of the business men of the South. Similarly in political, social and even in intellectual circles there is a feeling that the North is dominating. Towards the middle of 1950 a campaign was started asking the people to 'boycott' the business firms and restaurants run by North Indians. But there was not much popular support for the movement. Finally by April 1951, the movement was withdrawn.

In this investigation there are four questions. The first question asks "Do you think the northern Indians are dominating in Party Politics, Administration, Business, Education and Culture, any other sphere?" The next two questions deal with the specific problem of business. The last question is a more general one, eliciting the attitude towards northern and southern people.

The table below gives the opinion regarding the spheres in which the North Indians are dominating. There are multiple responses.

TABLE I

North Indians are dominating in	Whole Group	Men	Women
Number	591	379	194
Party Politics	48.7	50.9	44.3
Administration	38.9	39.8	37.1
Business	53.8	52.2	57.2
Education and Culture	17.8	14.8	23.7
Other spheres	12.5	14.4	8.8
None	18.1	19.1	16.0

We find that only 18.1 per cent of the whole group assert that northern Indians are not dominating in any sphere. So an overwhelming majority of 81.9 per cent feel that north Indians are dominating in some sphere or another. There is hardly any sex difference—19.1 per cent of men and 16.0 per cent of the women have the attitude that north Indians are dominating.

As regards the spheres in which they feel that there is domination, Business comes first with 53.8 per cent, Politics second with 48.7 per cent, Administration third, with 38.9 per cent, Education and Culture next with 17.8 per cent and finally the 'other' spheres with only 12.5 per cent. The items mentioned under 'other spheres' are army, sports, cinema, personal beauty, etc. Thus we find that there is a feeling that in the spheres of Business, Politics and Administration the north Indians are dominating. Only 17.8 per cent feel that they are dominating in education and culture.

There appears to be hardly any sex difference. The items are mentioned in the same order by men and women—Business, Politics, Administration and Education. Only women feel more strongly than men that even in the sphere of education and culture north Indians are dominating.

There is hardly any difference between the city college students and mofussil college students except in attitude towards business. City students feel more strongly with 59.1 per cent whereas only 47.6 per cent of the mofussil students give this and they do not give it the first rank. This may be due to the fact that there are more northern Indian business houses in Madras City than in the other areas of the State. Otherwise there is not much difference.

The next table gives the breakdown in terms of caste and creed.

TABLE II

North Indians Dominating in	Non-Brahmins	Brahmins	Christians	Muslims
Number	188	290	77	37
Party Politics	42.0	51.0	49.3	63.9
Administration	37.2	39.3	41.5	38.9
Business	52.6	53.8	59.7	47.2
Education	14.9	17.9	15.6	36.1
Other Spheres	9.8	14.1	11.7	16.7
None	19.7	19.0	13.0	13.9

There is not much difference between one group and another. The order of domination reported is the same except in the case of Muslims who put Party Politics as the more exploited field than Business. This may be due to difference in religion. On the one hand they may tolerate the north Indian business men who are Muslims and on the other hand they may have antipathy to the north Indian Hindus who are prominent political leaders. Another interesting feature we notice is that 36.1 per cent of Muslims report that the north Indians dominate even in the field of education and culture. Finally we notice that a smaller percentage of Christians and Muslims report that in none of the fields do north Indians dominate than Hindus. Of course, the difference is not statistically significant.

The following table gives the breakdown in terms of language groups.

TABLE III

North Indians dominating in	Tamil	Telugu	Malayalam	Kan. Langu- nada	Other languages
Number	203	145	130	64	49
Party Politics	48.7	59.3	36.9	37.5	63.3
Administration	43.3	44.1	28.5	29.7	44.9
Business	61.5	54.5	45.4	45.3	53.1
Education	12.8	29.0	7.7	14.1	36.8
Others	9.9	20.7	9.2	10.9	14.3
None	9.9	11.7	26.9	29.7	32.7

The most striking feature in the table is the difference in percentage of the various linguistic groups who declare that north Indians are not dominating in any sphere. The Malayali and Kannadigas are less hostile to the north Indians than the Tamils and Telugus. Similarly the Urdu and other language groups are more favourable. The Telugu and other language groups agree that north Indians dominate more in Party Politics than in Business, whereas all the other language groups, agree with the whole group in placing business first.

It will be interesting to study the influence of knowledge of other languages on the attitude towards north Indians. The following table gives the relationship between knowledge of north Indian languages and the attitude towards north Indians.

TABLE IV
Languages known

North Indians are dominating in	Only mother tongue	other South Indian languages	North Indian Languages
Number	225	218	148
Party Politics	52.0	45.0	49.3
Administration	40.0	36.2	41.2
Business	56.8	52.3	51.3
Education	15.6	16.1	23.6
Others	9.8	13.8	14.9
None	15.6	15.6	25.7

There is not much difference between the three groups as far as the order of preference is concerned. Nor is there much difference between the proportions for each item among the three groups.

The only difference we find is that with knowledge of north Indian languages, as high as 25.7 per cent declare that north Indians are not dominating in any of the fields, or against 15.6 per cent when only the mother tongue is known or only south Indian languages are known. The second question runs as follows: "The north Indian business men are helping the prosperity of our State, hindering it, make no difference". The following table gives the distribution for the group as a whole and for men and women.

TABLE V

Northern Indian Business Men	Whole Group	Men	Women
Number	591	397	194
Helping	36.2	33.3	42.3
Hindering	19.6	24.0	10.8
Make no difference	42.9	40.8	46.9
No response	1.3	1.9	0.0
TOTAL	100.0	100.0	100.0

We find that only 19.6 per cent assert that north Indian business men are hindering the prosperity of the State. On the other hand, 36.2 per cent assert that they are helping the prosperity and 42.9 per cent that their conducting business in the State makes no difference to its prosperity. Events have shown that this opinion is representative of the opinion of the general public in the State since the 'satyagraha' or 'Boycott' movement was withdrawn. Though the sex difference is not considerable we observe that men are more antagonistic to the north Indians than women.

The third question runs as follows: "Business men from the north should be allowed to do business, prevented from doing business". The following table gives the distribution for the whole group and for the two sexes.

TABLE VI

North Indian Business Men should be	Whole Group	Men	Women
Number	591	379	194
Allowed to do business	84.1	78.7	96.4
Prevented from doing business	14.6	19.4	4.6
No opinion	1.3	1.9	0.0
TOTAL	100.0	100.0	100.0

The table shows that only 14.6 per cent of the group feel frustrated by the business activities of the north

Indians and assert that they should be prevented from doing business in Madras State. We also find that men are more antagonistic than women to the north Indian business men.

We find the great consistency in the opinion as expressed in the two responses in that not a single person who asserts that north Indian business men are helping the prosperity of the State desires that they should be prevented from doing business. On the other hand, the bulk of those who look upon north Indian business men as hindering the prosperity of the State desire that they should be prevented. Further a small minority of those who say that it makes no difference to the prosperity of the State whether north Indians conduct business or not, state that they should be prevented from carrying on their business. The most aggressive members of the group are the 73 persons (12.3 per cent) who come under the 'Hindering-Prevented' category. Of them 67 are men and only 6 are women. The following four-fold table gives the internal consistency of the opinion very clearly.

TABLE VII

NORTH INDIAN BUSINESS MEN SHOULD BE

North Indian Business men	Prevented from doing business	Allowed to do business	Total
Help or make no difference	13	454	467
Hinder	73	43	116
TOTAL	86	497	583

The K2 is as high as 267.29 showing that there is a close relationship between attitude and policy. If they are helpful or do not make any difference they can be allowed to continue. If, on the other hand, they are looked upon as hindering they should be prevented from doing business. The Product Moment r is 0.458 and the coefficient of association (Yule) is as high as 0.967.

We can now analyse the 73 responses which belong to the aggressive 'Hindering-Prevented' category. As we have seen already 67 of them are men, only 6 women; 36(11.2 per cent) belong to city colleges and 37(13.6 per cent) belong to the mofussil colleges. So while there is a great difference with regard to sex there is hardly any difference with regard to city and mofussil students. The following table gives the breakdown in terms of language and caste and creed.

TABLE VIII

Linguistic groups	Castes and Creeds
Group per cent	Group per cent
Tamil 17.7	Brahmins 7.5
Telugu 11.2	Non-Brahmins 16.5
Malayalam 6.9	Christians 6.5
Kannada 12.5	Muslims 16.7
Others 10.2	

We find that the largest proportion comes from the Tamil group and the least from the Malayalam group. The agitation against the north Indian business men was carried on mostly in Madras City and in the Tamil part of the State.

As regards caste and creed we find that non-Brahmins and Muslims are more antagonistic than Brahmins and Christians. It is seen that the two former groups that a large number of business men. So this may be an indication of the resentment based on the keenness with which the group has been affected.

We can now analyse the response to another question which runs as follows: "Between Northern Indians and Southern Indians whom do you prefer as employer,

employee, co-worker, neighbour, co-tenant, kinsman by marriage."

TABLE IX

No Preference for anybody

Men	26.0
Women	13.9
City	18.75
Mofussil	25.8
TOTAL	22.0

One hundred and thirty or 22.0 per cent of the whole group state that they have no preference at all in the matter. They do not mind whether their employer, employee, etc., comes from the north or the south. Of them 26 per cent are men and 13.9 per cent are women showing that men are definitely more liberal in their views than women. Some 18.75 per cent come from the city colleges and 25.8 per cent from the mofussil colleges. Thus the mofussil college students are more liberal than the city college students. This may be due to the fact that north Indians are conducting their business more in Madras City than in the other cities and towns of the State. In other words, the hostility to the members of the out-group is more in places where they are in larger numbers.

Seventy-eight respondents (13.2 per cent) assert that they desire relationship along the lines indicated only with south Indians while 22 or 3.7 per cent assert that they prefer only north Indians to the exclusion of south Indians. Individual interviews would have helped us to probe into this attitude. Sixty persons

(10.1 per cent) do not give any opinion. The remaining 301 persons give varying preferences. These are the people who specify their preferences as against the 290 who have generalised preferences.

These figures do not reveal much variation with respect to the different kinds of relationship. In general we find that while 26 to 33 per cent prefer to enter into these relationships with south Indians, only 14 to 20 per cent prefer north Indians. With respect to preference for south Indians women are more conservative than men while with reference to the preference for north Indians they are more liberal. Taken along with the results in the previous table we find that women are more conservative in their attitude towards northerners than men.

The order of preference of the various kinds of relationship with the north Indians will be as follows:

TABLE X

Rank	Relation	Per cent Preference
I	Neighbour	21.2
II	Co-worker	20.6
III	Employer	18.8
IV	Employee	17.9
V	Kinship by marriage	15.9
VI	Co-tenant	14.0

The indication of social distance is not very consistent nor is there much difference between one proportion and another. The proportion for kinship by marriage is higher than that for the relationship of a co-tenant.

Apparently this method of ascertaining social distance is not very satisfactory.

THE BUSINESS WORLD

PAYMENTS UNION FOR S.-E. ASIA

In the consideration of the wider issue of fostering economic co-ordination, and possibly at a subsequent stage also economic integration, between the countries of the ECAFE region, the problem of establishing a payments union for this area has cropped up as a vital part of that scheme of co-ordination and integration. The idea has obviously been inspired by the experiment of the EPU. It is apparent that the problem of a payments union for the Asian region is being raised prematurely and it is difficult to foresee when it can take shape.

Since, however, interest in pursuing this proposal in its logical implications has been persistent in some quarters, it was taken up for preliminary consideration by a Working Group of experts on payments problems at the instance of ECAFE. The countries of the region which were represented in the Working Group were Burma, Ceylon, China, India, Indonesia, Japan, Pakistan and the Philippines. Although the Group has not found it essential to form any tentative conclusion on this question, the trend of its general observations corroborates the prevailing view that the prospect of setting up the payments union is far from practicable at the present time and the scheme must be deferred for quite some years.

The absence of any urgency for the establishment of a payments machinery for the region is undoubtedly at the root of the lack of enthusiasm that is currently in evidence for the proposal. The countries of this area have so far evinced no willingness to sponsor the union primarily because the pattern of their trade has been shaped on definite traditional lines by reason of their pre-independence political and economic ties and this pattern has given no material cause for any desire for substantial change. On the other hand, it has earned for them positive benefits by way of payments facilities by virtue of their membership of important currency areas led by the major international trading countries. Thus Burma, Ceylon, India and Pakistan enjoy the membership of the sterling area, Cambodia, Laos and Vietnam belong to the franc area, Indonesia to the guilder area and the Philippines to the dollar area. These links extending over decades of close economic relations have been serving practically their major requirements and the absence of the prospect of the proposed Asian payments union performing any additional functions more effectively has detracted from its immediate appeal.

The volume of intra-regional trade which can be additionally benefited by the projected payments union is estimated to be of a modest size, and granting that this limitation applies in a lesser degree to the trade of EPU countries, there is a vital factor of distinction between the two. The settlements of the EPU include, in addition to the balances of its own region, also the balances of outside countries which are linked with the different areas of European currencies. In the case of the Asian payments union, therefore, the scope of intra-regional trade must be enlarged and liberalised if its utility in the settlement of payments balances is to be made worth while. Trends in the intra-regional trade of the ECAFE area in the past few years do not lend corroboration to a sense of optimism. The dependence of most of the countries of this area on a limited

range of products makes the fluctuations in their exports constant and sometimes violent. Their export earnings are subject to great variations even in short periods, causing similar variations in their net payments position. The collapse of the boom in primary products after the end of the Korean war and in rice due to a successful drive in indigenous production in the importing countries are fresh phenomena causing large upsets in the balances of exporters of primary products.

An essential condition precedent to the establishment of a payments union in the region, therefore, is the liberalisation of the trade, but this problem is fraught with certain obstacles which would inevitably take time to be removed. The compulsion of the situation to resort to import restrictions is one large obstacle at the present time. Many of these restrictions are being relaxed, but their total end is not yet within sight. In view of the time that must elapse before multilateral trade can be restored on a basis of stability, promotion of trade by means of bilateral agreements has been left as the only alternative, but its success cannot be taken as assured. India's experiment of bilateral trade agreements with the countries of this region has not served to stimulate trade on an appreciable scale, largely because of the inflexible composition of the trade and the recent recession in the major export commodities.

The fluctuations in the trade between ECAFE countries in the past three years may be illustrated with reference to the different currency regions. The figures of value quoted here represent quarterly averages. Burma's exports in the intra-regional trade declined from \$33.2 million in 1950 to \$17 million in 1953, while the decline in her imports shows a drop from \$17.5 million in 1950 to \$16.5 million in 1953. But in relation to 1951 and 1952, it is much steeper. Cambodia, Laos and Vietnam, however, have registered some increases under both the categories in the same period. Indonesia's exports fell from \$73.4 million in 1950 to \$67.6 million in 1953, but imports shot up during the identical period from \$39 million to \$79.9 million. The large imbalance in Indonesia's payments position in the global context is also borne out in her South-East Asian trade. Malaya has disclosed a similar downward trend. The Philippines, however, has registered a positive increase, but her imports in 1953 were lower than in the two previous years.

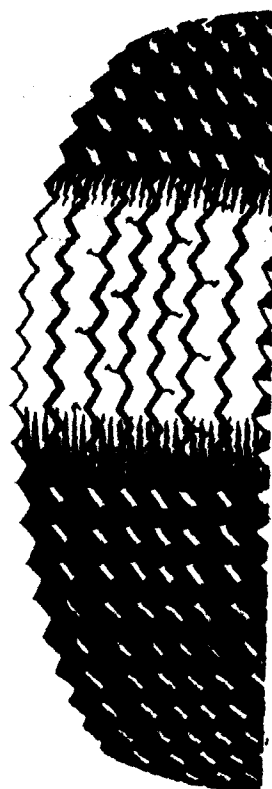
Since perfect balancing of surpluses and deficits is not feasible and a net balance must normally emerge, a payments union without working capital for central clearing must be ruled out. In view of the wide fluctuations in the net balances, the size of the working capital will have to be large and the initial quotas will have to be pitched high. The prospect of obtaining the requisite working capital externally is hardly assuring. In the absence of any existing financial institutions in the region analogous to the Bank for International Settlements in Europe, a special agency will have to be set up for determining initial credit or debit positions, quotas of member countries for the working capital, monthly clearings, and other technical functions. All in all, the hurdles indicate postponement of active consideration of the proposal.

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INDIA AND AMERICA—A REPORT

By
CROESUS

The Bombay Economists' Discussion Group is by no means an "exclusive" body, although its meetings are generally not open to the Press. Occasionally, as for example, when some eminent persons address the Group, the Press is not refused admission, because it is felt—and wisely, I think—that the views of outstanding persons which mould public opinion and even State policy ought to receive wider publicity. One such occasion was provided last Saturday, when Mr. G. D. Birla, who has just returned from an extensive tour of U.K., the continent and U.S.A., addressed the group.

Mr. Birla covered a very wide ground not excluding politics. Indeed, he seemed to me to be at pains to impress the fact that India's foreign policy is being "deeply misunderstood" not so much because the policy is what it is but because it is not made to go home to the American in a convincing way. There is, he said, sufficient misunderstanding of our country in higher official circles and business circles, but so far as the ordinary politician and the man in the street is concerned, it would appear, the ignorance is so Himalayan as not to enable him to say whether Karachi is in India or Pakistan. Hence Mr. Birla's plea for the proper education of the American about India. It is noteworthy, as he said, that the average American is not anti-Indian by any means. Only he is blunt and is rather puzzled that India, an otherwise intelligent country, does not stand up and fight China. Although there is not the same intensity of opposition in the U.S. towards China as towards Russia, we are told, America is afraid that communism would spread to the whole of Asia. This she regards as a dreadful prospect, even as many in this country do. It was just as well, therefore, that Mr. Birla told the Americans that we in India also are a democratic country with an independent judiciary and a stable administration and that our government is strong and alert enough not to stand any ideological or political nonsense from any country, be it Russia or China, or for that matter, any other foreign power.

To the student of modern economic development, there was good meat in Mr. Birla's address, as witness his observation that "it is a good thing for India that there is now a keen competition among suppliers of capital goods." The result is that we can get supplies of capital goods from that country which can supply the best quality on the most attractive terms. One Western country after another has been coming forward, each vying with the other in making the terms more attractive to this country. It was the shrewd business man in Mr. Birla speaking, when he replied, in answer to a question whether there was any truth in the report that Russia would be supplying to India a steel plant: "There is nothing wrong about it, but whether it will come or not is a different matter." And the politician in Mr. Birla could not be restrained, at the same time, for he added: "Our Government in this respect is quite alert. It is not going to tolerate any political nonsense from anybody."

After listening to Mr. Birla's impressions of his recent foreign tour, I got the impression that he has been greatly impressed with the tremendous recovery since the war in all the European countries. This, he was inclined to attribute to the wise priority. In Germany, for instance, he said, it was not housing that received priority but production. By the way, Mr. Birla paid a very high compliment to the Germans, who, he said, were very good engineers and also very hard working. They would offer severe competition to the U.K., he added.

About the prospect of the International Finance Corporation which is supposed to help the economic

development in underdeveloped countries and of foreign aid generally, this veteran industrialist had some interesting things to say. As regards the former, he said that the matter was discussed at the World Bank meeting recently and that, although the present administration in the U.S. was not very sympathetic to the idea, he would not be surprised if it materialised in the next six or twelve months. This observation provoked the question whether the Democrats or the Republicans were more favourably disposed towards India. Mr. Birla's reply was that the former were certainly better disposed towards this country, although the latter were not unsympathetic. It looks as though, when vital issues are concerned, foreign countries generally and even America, for that matter, believe in one policy for the whole nation. This is perhaps very strikingly brought out by the disclosure that Mr. Birla made about the forthcoming visit of Mr. Chester Bowles, a former U.S. Ambassador to India. Although a Democrat, he is going over here with the blessings of the present administration which is Republican. We need not speculate on the capacity in which Mr. Bowles will be back in India soon, but it is permissible to draw the inference from this decision that America is making a sincere attempt to understand India and to make herself better understood by we Indians. If the scale is not to be tipped too much on any one side as truly behoves a neutral country that we call ourselves to be and are, as a matter of fact so far, this attempt requires not only to be earnestly appreciated but warmly welcomed.

But to revert to prospects of foreign aid, as Mr. Birla visualised it. According to him, the American investor is not likely to come in on any measurable scale. It is not only a question of the relatively low yield on investments that this country offers today vis-a-vis the U.S. and South America—although that is partly responsible—but one of an unfamiliar habit. "The American has yet to get accustomed to make investments in this country." Nevertheless, Mr. Birla said we could expect aid from other agencies such as the World Bank, Export-Import Bank, Technical Aid Programme, etc. About the U.K. investing in India, however, Mr. Birla was more optimistic, although he said it might not be very much, might be in dribbles. But what interested me really was the statement of Mr. Birla that there is no use aspiring for too much aid, when we are still suffering from so many handicaps which prevent us from fully utilising the aid we may get. There are a few inherent obstacles to a fuller absorption of foreign aid by India such as lack of sufficient technical skill, etc. But in saying this, he was not for a slowing down of the tempo of our industrialisation. On the contrary, he wanted the process of industrialisation to be intensified and the pace to be quickened, so much so that he felt constrained to declare that this country can never hope to make much headway unless we start making our own capital goods in India. He was not opposed to even crude copying in the beginning, as there was no other more positive or practical way of learning the know-how. This is, in fact, how Japan began, and Japan can supply capital goods to any country today. In fact, with the aid of American capital, Japan is even prepared to supply capital goods on long-term credit. Because America lacks a suitable agency through which she could supply capital goods on credit and because America is keenly interested in Japan's economic prosperity, America has actually started advising countries like India which seek capital goods from her to turn to Japan. This, said Mr. Birla, was his experience whenever he enquired for capital goods in America during his visit.

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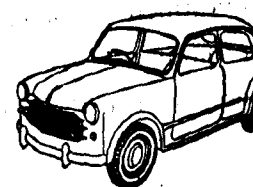
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IN

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(RUPEES FIVE)

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BUSINESS NOTES

THE SILK-TOBACCO DEAL

The announcement of the conclusion of a trade agreement between India and China was followed soon by a specific deal for the export of tobacco from India and of raw silk from China. In the deal finally declared, 47 lakh lbs. of Indian-grown tobacco of the 1953 crop and 43 lakh lbs. of the 1954 crop comprising five different varieties have been agreed to be imported by China. Details of the deal appear elsewhere in this issue, but attention of the tobacco trade in South India is currently focused on the prices that have been specified in the agreement. Their spread between As. 4-2 per lb. and As. 7-0 per lb. f.o.b. Indian port are to be judged in the context of the current market conditions. To apply to them standards of price levels prevailing a year before or thereabout is unlikely to serve as any proper assessment, nor is it reasonable to point out that only recently private offers were made by the trade in this country to China of supplies at prices lower than those now agreed for the simple reason that those lower offers represented distress terms. In the current context, the prices agreed upon have earned the approval of the trade. Since on the Indian side the agency of approved exporters is to be employed, the arrangement evolved by the Government of India of prescribing previous experience in export of Indian tobacco to Eastern countries of Asia as a major test of eligibility for export licences and of fixing quotas with reference to actual exports to Eastern countries during the three years ended March 1954 is reasonable.

The quantity of 90 metric tons of raw silk to be imported from China is composed of four grades priced variously between 28sh. and 29sh. per metric ton c.i.f. Indian port. This quantity, it is estimated, will be valued at Rs. 37 lakhs which will be Rs. 7 lakhs in excess of the value of the total quantity of 90 lakh lbs. of Indian tobacco agreed to be imported by China. India's reopening of raw silk import trade with China after a long lapse is calculated to produce varying reactions upon different sections interested in raw silk. The Chinese supplies will go to ease unsatisfied demand for genuine silk fabrics, but the extent of this demand is difficult to ascertain. The raw silk trade welcomes the agreement as offering relief in prices. But Indian producers of raw silk are presented with a trying price prospect which was already severe for them even otherwise.

CALCIUM CHLORIDE INDUSTRY

The claim of the calcium chloride industry for continuance of protection and other measures of assistance came up for enquiry before the Tariff Commission recently. This war-time industry which was granted protection initially in 1945, is enjoying it by periodical extensions. The specific rates of the protective duty originally granted were a standard rate of Rs. 4-14 per cwt., a preferential rate of Rs. 3-4 per cwt. for imports from the U.K. or British colonies and a preferential rate of Rs. 1-10 per cwt. for imports from Burma. In 1953 there was the addition of a surcharge of 5 per cent as part of the overall policy.

This industry presents a singular case where the continuance of protection for a further suitable period (which may be presumed) is not calculated to improve its condition. As the situation obtains for the past few years, this industry is enjoying the benefit of a closed market, as imports are virtually banned except for a small quantity for special consumer requirements. Actual imports were limited mostly to the anhydrous variety and amounted to merely 59 tons in 1950, 5 tons in 1951, 14 tons in 1952 and a nominal quantity of one ton in 1953. The ban on imports has made it difficult to obtain c.i.f. prices of actual imports difficult to obtain

for an assessment of the quantum of protection and the Tariff Commission has resorted to the device of obtaining the c.i.f. prices from the Imperial Chemical Industries, Calcutta and from the High Commissioner for India in London. In reality, there is no competition to be guarded against and unless the import policy is radically changed, for which apprehension there is no ground at present, this situation will prevail.

Different estimates have been presented to the Tariff Commission about the present and probable future requirements ranging respectively around 700 tons per year and 1,200 tons per year. The current demand may be placed somewhere near 750 tons which is relevant in the context of the indigenous production of the two units which comprise this industry. The present installed capacity of those two units together is estimated at 1,500 tons per annum. The figures of production are significant as noted below:

Year	Tons
1950	1,345
1951	959
1952	193
1953	733
1954 (First-half)	305

The decline, even if the exceptional year of 1952 is ignored, between 1950 and the first half of 1954 computed at an annual rate is as steep as 50 per cent. As regards the quality of the indigenous product, the majority view finds no fault with it, but a minority section is dissatisfied with it. In the absence of imported supplies, the only alternative to the use of the product of the two units is resort to substitutes. It appears that ice manufacturers and certain cold storage as well as refrigeration units are using common salt for calcium chloride, but the extent of other users switching over to substitutes is not clear.

The basic problem of the industry, therefore, is to ascertain the causes of the lack of home demand and to find appropriate measures to stimulate it. The higher cost of production due to the wide gap between capacity and output can be reduced by greater production, which is one way to encourage higher demand.

INCENTIVES FOR ELECTRICITY UNDERTAKINGS

In his address before the Tenth Annual General Meeting of the Federation of Electricity Undertakings of India, Mr. K. G. Milne, referred to the continued pressing need for additional incentive to the investor in the Electricity Supply Industry and suitable amendments to the Electricity (Supply) Act in that regard. Government had recently formulated a draft Bill apparently with intent to liberalise certain provisions of the Act to some extent. The Bill however raised a number of complicated points and Mr. Milne hoped that in the light of the Federation's comments these would be settled with speed and appositeness so that the amended law might not only be brought into force soon but also achieve the maximum and cause no trouble thereafter. The Industry's original case for an increase in the Standard Rate from 5 per cent to at least 6 per cent had been coupled with arguments for permitting an allocation to a Reserve for Rehabilitation of 1 1/2 per cent as also for utilising in the business other internal sources of finance. According to the draft Bill however Government did not appear to have it in mind at present to do more than allow the Standard Rate to be linked with the Bank Rate, which would at the present ruling rate offer a return of 5 1/2 per cent. The Federation had pressed the insufficiency of this if the investor was to be attracted to come forward with liberal finance to vital to the development of the industry.

A welcome feature in Government's proposals was the intention to make provision whereby expanding undertakings could create a reserve for deferred taxation. This when embodied in the Act would see the end of one of the severest disequilibria arising from diverging provisions in different laws. The Industry was still faced with the problem of additional income-tax, and/or denial of shareholders' dividend gross-ups, stemming from the diverging depreciation provisions in the Indian Income Tax Act and the Electricity (Supply) Act. Mr. Milne hoped that the Taxation Enquiry Commission, which had been apprised of the problem, would suggest a simple and just remedy. While there seemed to be growing realisation on the part of the Central Government of the impediments in the way of power development requiring to be removed, some of the State Governments remained stiff in their attitude. The Madras and Andhra Governments had re-enacted the provisions of the Madras Electricity (Supply) Undertakings (Acquisition) Act which were declared ultra vires of the State Legislature by the Supreme Court. The validity of the Acts might again have to be tested in the Courts in relation to the Fundamental Rights guaranteed by the Constitution.

The non-formation of State Electricity Boards in many States was regarded by Mr. Milne as a clear instance of a centrifugal tendency defeating an important scheme of a Federal Act and he hoped that the Centre would finally enforce their declared policy of not extending the time limit for the Boards to be constituted by the States beyond 31st March, 1955.

CONSUMPTION OF ALUMINIUM

Emphasis was placed in these columns in the issue dated October 1, 1954, on the concentration of domestic demand for aluminium products on utensils. This lopsided trend has been a source of concern for the manufacturers of this strategic metal in this country because the expansion of the aluminium industry in future will be conditioned by the expansion in the consumption of aluminium for purposes other than for making of utensils. It is encouraging to realise in this context that already some progress has been made in the utilisation of aluminium products for other requirements. Certain companies have been set up in this country for fabricating a wide range of products using aluminium, including bus bodies, chemical equipment, grain silos, and marine craft. Four companies are engaged in producing aluminium conductors used to carry power for industrial and domestic requirements. What is now a field of imports will tend to be looked after by the indigenous industry as it expands. The Aluminium Union of Calcutta estimates that out of the expected consumption of aluminium in this country in 1954 of more than 20,000 short tons (approximately 18,000 long tons) about 5,000 tons will be used by cable manufacturers in the electrical industry.

ANCILLARY CHARACTER OF SMALL INDUSTRIES

In an informed address delivered before the Mahratta Chamber of Commerce and Industries, Mr. N. D. Sahukar has attempted to draw attention to the serious risk involved in formulating policies for the revitalisation of small industries on the thesis that there is an inherent conflict between small and large-scale industries. The policy of levying a cess on organised and large-scale industries to subsidise and sustain small industries as well as the cry for demarcation and reservation of fields of production for the two categories engaged in the same industry rest on this assumption of conflict. These measures cannot fail to prove self-defeating in the long run inasmuch as artificial props will go to maintain uneconomic units in small industries and the process of revitalisation will hardly be achieved in any reasonable period of time. Mr. Sahukar

rightly stresses that the correct approach to the growth of both the categories of industries is to realise the feasibility of their co-existence as in other industrialised countries on the specific recognition of the fact that small industries should function as ancillary to large-scale industries.

This ancillary character of small industries needs some brief amplification. In a wide range of large-scale industries, it is a patent fact that their capital and technical resources cannot be absorbed profitably in the production of a variety of components. The limited volume of the demand for these components clearly marks them out as distinct objects of production in small-scale industries. Taking cue from Japan, therefore, our large-scale industries would secure economies of production costs, if they encourage the establishment and development of small-scale ancillary industries. Already this trend is being urged in the bicycle and automobile industries. These are only illustrative, if important, examples where scope can be widened for ancillary small units. Expansion of small industries on complementary lines, however, casts certain basic obligations on them among which standardisation, precision and maintenance of a high degree of quality are quite indispensable, if their components are to be used in the final assembled products of large manufacturing industries. Even in less mechanised industries there exists a similar area of collaboration. Adherence to standards and quality presupposes a minimum reasonable degree of mechanisation of small industries and the technical training of workers at certain levels employed in small industrial units. The idea of mechanisation raises something of a scare since it has become fashionable to raise a bogey of mass unemployment resulting from it. The progressive elimination of unemployment in countries which have advanced far ahead in mechanising their small industries should suffice to demonstrate that larger incomes generated in the process go to create an effective demand for more goods and therefore for more industrial units. The problem of technical training is of greater dimensions than is generally assumed and the advance so far made in providing facilities for technical training cannot be regarded as anything else than a modest beginning.

Apart from this ancillary character, even small industries, whose area of production is coincident with that of large-scale industries, turn out distinct classes of products which they can claim as their own.

AUSTRALIA'S REVISED SURPLUS FOR 1953-54

Buoyant revenue and a shortfall in expenditure enabled the Australian Treasurer to disclose a surplus of £A56.3 million in 1953-54 in place of the surplus of only £A215,000 provided in the budget estimates. In addition, it appears that unspent appropriations, totalling possible £A30 million as well as the £A5.8 million proceeds of the Swiss loan, were transferred to trust funds, for the treasury bill issue was reduced by £A35 million.

Although the 1953-54 budget provided considerable tax concessions, revenue collections under most headings exceeded those of 1952-53. The most notable exception was income-tax. The high level of business activity during the year was reflected in collections of customs, excise, and sales tax. Customs revenue exceeded budget estimates by £A12 million and the previous year's receipts by £A24.1 million, excise yielded £A4.9 million in excess of the provision and £A12.4 million more than in 1952-53, and sales tax, in spite of the concessions granted during the year, was £A6.6 million greater than in the previous year and £A8 million more than the budget estimate. Expenditure differed from both the previous year's payments and budget appropriations. The total of £A90.4 million was £A21.5 million less than the amount appropriated.

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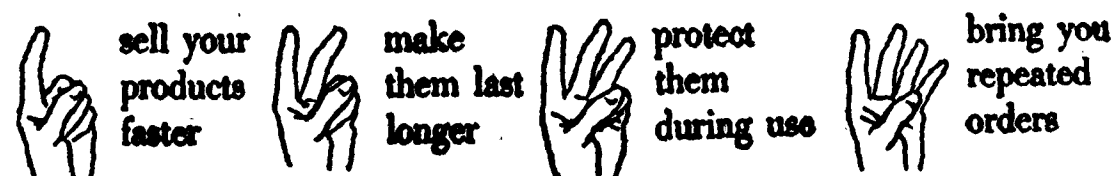
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COMMODITY NEWS AND NOTES

INDIAN TOBACCO FOR CHINESE SILK

In an agreement signed on the 19th October, 1954, between the representatives of the Governments of India and the People's Republic of China, India has agreed to export tobacco to China and import raw silk from China.

Nine million lb. of tobacco of the following details are to be shipped to China by India before 31st March, 1955.

Quality	Quantities in '000 lb.	Price per lb. f.o.b. Madras, Visakhapatnam or Kakinada
		(In Indian rupees)
	1953 Crop	As. Ps.
LMG	3,00	7 0
B	4,00	7 0
DB	10,00	6 0
DG	15,00	5 3
PL	15,00	4 2
TOTAL	47,00	
	1954 Crop	As. Ps.
LMG	3,50	7 6
B	3,50	7 4
DB	8,50	6 2
DG	12,50	5 5
PL	15,00	4 5
TOTAL	43,00	
GRAND TOTAL	90,00 lb. i.e. 9 million lb.	

The Indian Government has agreed to the import of 90 metric tons of raw silk of the under mentioned grades of the 1954 cocoon crop from China. A minimum quantity of 30 metric tons, if possible 50 metric tons, shall be shipped by China before 31st December, 1954, and the balance in three equal instalments before 31st March, 1955

Quality	Quantity in metric tons	Price per lb. (c.i.f. Indian Port)
		(In pound sterling)
		Shilling
Grade 'A'	5	29
Grade 'B'	5	28 8d.
Grade 'C'	40	28 3d.
Grade 'D'	40	28
TOTAL	90 metric tons (one metric ton = 2204.6 lb.)	

The China National Import and Export Corporation has directly to conclude contracts for the purchase of tobacco and the sale of raw silk with the parties approved by the Indian Government. These contracts are to be concluded in accordance with the terms and conditions regarding specifications, packing, payment, inspection, delivery, transport, shipping, etc., the details of which have been given in Schedules 'A' and 'B' of the agreement. The two Governments have also agreed to the import by China of Indian tobacco of 1952 crop and import of improved quality of Canton raw silk by India, the terms and conditions for which are to be finalised shortly.

GOVERNMENT TO CONDUCT SALT SURVEY

The Union Government has undertaken a survey of all places where individuals and groups of individuals manufacture salt under the "ten acre concession"

to assess the extent to which the concession is being properly utilised. If the Government finds that the concession is being abused steps may be taken to reduce the facilities offered. The Government has allowed individuals or groups to manufacture salt for local consumption only and not for transport by rail. Since quality salt has a direct bearing on human health, the Union Government will take preventive measures against the sale of unwholesome salt for human consumption.

RUBBER OUTPUT GOES UP IN SEPTEMBER

Larger imports combined with a sharp increase in production have helped to replenish the low stocks of rubber which was causing concern to manufacturers. Rubber stocks with estates and dealers at the end of September, 1954, amounted to 3,357 tons, including 701 tons in transit, as compared with 2,490 tons at the end of the previous month. Stocks with manufacturers, however, were 55 tons lower at 2,162 tons due to higher consumption, which rose from 2,177 tons in August, 1954, to 2,350 tons last month. Production of rubber recorded an increase of more than 50 per cent during last month and totalled 2,394 tons as against 1,564 tons during August 1954. Imports, on the other hand, rose more than 100 per cent from 345 tons to 769 tons last month.

SHARP DECLINE IN COAL EXPORTS

Coal exports, after showing steady improvement from the beginning of this year, recorded a sharp decline in September, 1954. Exports for last month, including coastal shipments, are placed at 1,82,318 tons as compared with 2,12,782 tons in the previous month. While shipments to foreign countries fell from 1,20,233 tons in August 1954 to 93,939 tons, coastal dispatches at 88,379 tons recorded a decline of 4,170 tons. The shortfall in coal exports was unexpected in view of the overall improvement in the transport situation. The daily average loading of coal in Bengal and Bihar fields was 3,593 wagons in September 1954, as compared with 3,558 wagons in the previous month. Coal exports to Pakistan, however, recorded a slight improvement last month and were estimated at 67,760 tons as against approximately 64,254 tons in the previous month. During October 1954, the Pakistan Government has demanded for both East and West Pakistan 71,095 tons against the target quota of 81,000 tons.

MALAYA EXPORTS MORE RUBBER

Malaya's exports of rubber for this year are beating those reached in 1953. They totalled 682,679 tons up to the end of September, an increase of 56,652 tons on the first nine months last year. This has been achieved despite the fact that the two main customers, Britain and the United States, have both cut their buying. The United Kingdom took 144,791 tons in the first three quarters of this year as against 161,736 tons in the corresponding period of 1953. Figures for the United States were down from 140,186 tons to 119,081 tons. But these decreases have been more than outweighed by increased sales to France, Western Germany, Italy, Japan, Australia, South Africa, the Argentina, Sweden and Holland.

PAKISTAN IRON ORE YIELD

Pakistan iron mines yielded a total of 714 tons during the first half of this year. Production of iron ore began in March. Iron ore was not mined on a commercial scale before March. The Pakistan Government is undertaking several projects to develop the iron and steel industry. A survey of the iron ore bearing regions has been undertaken by German experts, and plans for establishment of iron and steel factories near these deposits are now being completed.

COMPANY MEETING

THE JUPITER GENERAL INSURANCE COMPANY LIMITED.

Report of the Administrator, Dewan Bahadur R. Varadachari.

The Report on the accounts of the Jupiter General Insurance Co., Ltd., for the year 1953, the 34th year of the Company, issued by Dewan Bahadur R. Varadachari, Administrator, reveals satisfactory progress.

Below are extracts from his Report:

The Criminal proceedings started by the State of Bombay are proceeding and all the accused have been committed to stand their trial in the Sessions Court of Greater Bombay. The Administrator has also reported that a civil suit has been filed in respect of the loss caused to the Company by the alleged action of certain persons including a declaration concerning the ownership of the controlling block of shares.

The total premium during the year 1953 amounted to Rs. 73,50,402 as against Rs. 74,80,817 in the previous year. Considering the fact that the Company has been working under a Government-appointed Administrator for over three years and the limitations under which the organisation has to work without any tied business and in the face of the severe competition prevailing in the field, this performance should be considered satisfactory. It is noteworthy that the price of the ordinary shares of the Company has recently gone up from Rs. 8 to Rs. 12-8 per share.

FIRE DEPARTMENT

The net premium in the Fire Department amounted to Rs. 15,41,959 as against Rs. 18,89,986 in the previous year. This fall is due to the fact that although the foreign treaties which were cancelled from the end of 1951 (after the arrest of the former directors) were restored in 1953 as a result of personal contacts established by me during my visits to London, many companies have not yet started giving full reciprocity and there is also a time lag. Thanks to the efforts of our London Managers, Messrs. B.W. Noble Ltd., it is hoped that we would be able to obtain full reciprocity from all companies in future. The profit of the Department amounted to Rs. 2,78,122 as against 2,43,445 in 1952. The reserve has been kept at Rs. 8,25,000 being 53.5 per cent of the premium.

MARINE DEPARTMENT

The net premium in the Marine Department amounted to Rs. 4,80,141 as against Rs. 4,47,591 in the previous year. The profit of this Department was Rs. 17,946 as against Rs. 1,11,616 in 1952. The reserve has been kept at Rs. 7,25,000 being 151 per cent of the premium.

MISCELLANEOUS DEPARTMENT

The net premium amounted to Rs. 15,85,798 as against Rs. 14,85,372 in the previous year. In common with the experience of companies all over the world, the result has been rather unsatisfactory, but in Jupiter particularly the aftermath of the unfortunate Chief Agency opened by the previous management in Trinidad is still affecting the Company, and even in this year's account substantial sums have had to be reserved to meet further claims. Steps have already been taken during the year to stop certain lines of business and improve the quality in certain others.

The account closed with a loss of Rs. 1,18,364 as against a loss of Rs. 79,636 in 1952. The reserve has been kept at Rs. 8,00,000 being 50.4 per cent of the premium.

LIFE DEPARTMENT

The New Business completed during the year amounted to Rs. 1,08,60,000 covering 3,332 policies as against Rs. 1,06,40,350 covering 3,480 policies in the previous year, the annual premium receivable being Rs. 8,27,953 as against Rs. 5,70,761 in 1952. The renewal expense ratio for the year works out to 18.3 per cent as against 15.2 per cent in 1952. The expense ratio for 1952 was lower because profit commission from reinsurers for some years and certain other credits amounting in all to Rs. 66,300 was taken credit in the accounts of that year. In 1953, apart from the fact that such items were not available, the renewal premium income was lower than in 1952 with the result that the renewal expense ratio became higher. The Life Fund increased during the year by Rs. 15,91,450. The gross interest earned on the mean Life Fund during the year was 3.7 per cent while the net yield was 3.1 per cent as in the last year.

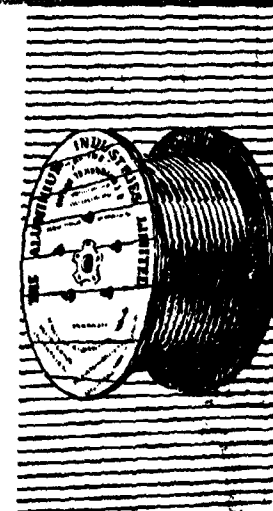
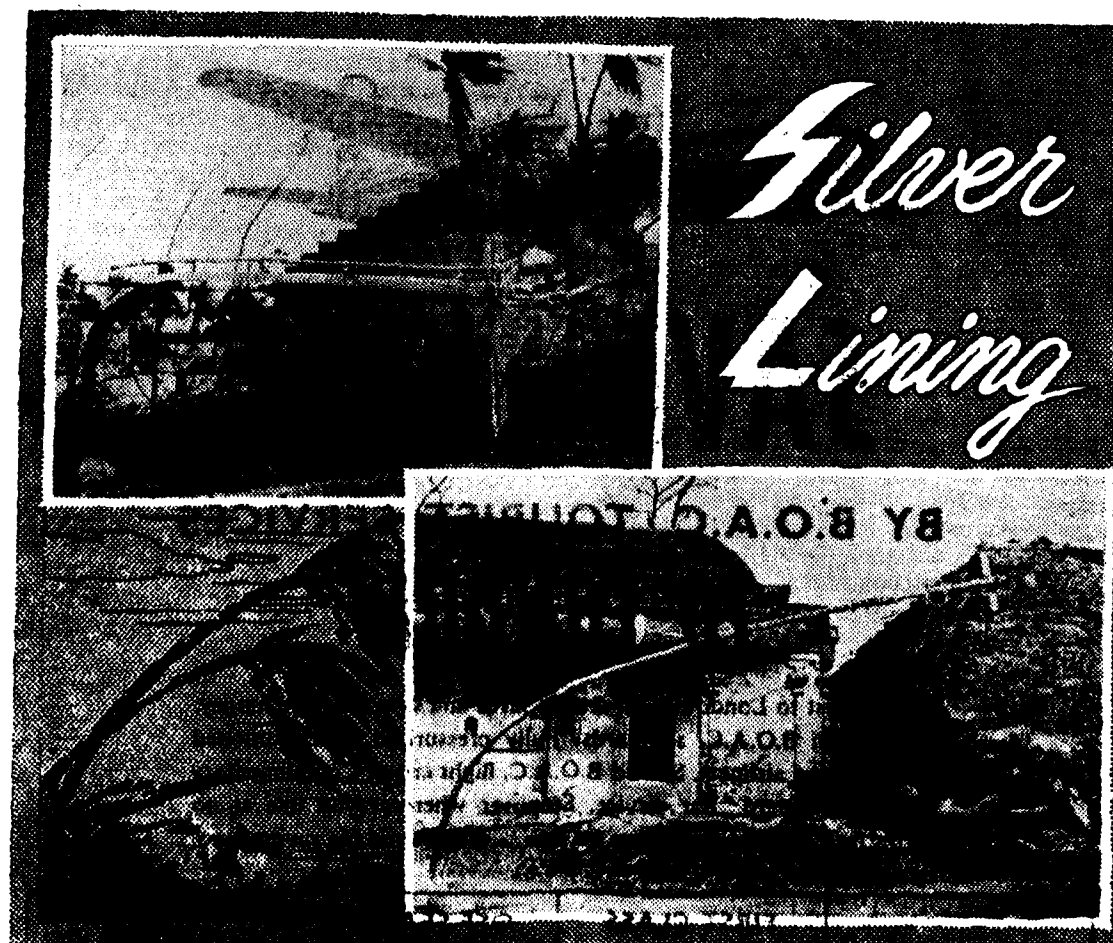
PROFIT AND LOSS ACCOUNT

Including the balance brought forward from last year, the total available profit amounts to Rs. 5,65,738. Out of this, I have transferred Rs. 31,808 to "Taxation Reserve" so that there is a total of Rs. 3 lakhs available under that head. This leaves a balance of Rs. 5,33,930 in the Profit and Loss Account. The first charge on this is the dividend due to the Preference Shareholders for the years 1950, 1951 and 1952; this amounts to Rs. 97,434. The Scheme for reconstruction of the Capital Structure of the Company in accordance with Section 6B of the Insurance Act, 1938 was sanctioned by the Controller of Insurance Act to take effect from 1st June, 1953, but as some of the Preference Shareholders and one ordinary shareholder have filed an appeal to the High Court under sub-section (2) of Section 6B of the Act, effect has not yet been given to it. I regret that it is still not possible to consider any dividend to ordinary shareholders in view of the present position of the Company and the necessity to conserve its resources.

The fact that this Company has been providing ample reserves in the Departmental accounts has been responsible for saving it from collapse. The Income-tax Department, however, objected to the extent of the reserves, but the Income-tax Appellate Tribunal confirmed the action of the Company. The mandamus application of the Income-tax Department before the High Court to raise a question of law has been rejected recently.

INVESTMENTS

From 11th July 1951 up to date, the total investments of the Company in gilt-edged securities amount to Rs. 82,26,412 after meeting all the outgo during the period. The total assets of the Company as on 31st December, 1953, amounted to Rs. 3,50,53,478.



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BRITISH OVERSEAS AIRWAYS CORPORATION

COMPANY AFFAIRS

TEXTILE MACHINERY CORPORATION LTD.

The working results of the Textile Machinery Corporation Ltd. (Managing Agents: Birla Brothers Ltd.) for the year ended December 31, 1953, show an impressive increase of more than hundred per cent in net profit (after providing for depreciation but not for taxation) from Rs. 3.39 lakhs in 1952 to Rs. 6.91 in the year under reference. Total sales, however, show a decline of Rs. 15.40 lakhs from Rs. 103.09 lakhs to Rs. 87.69 lakhs. The textile industry touched peak levels of production (both cloth and yarn) in 1953, and pushed up the sales of textile machinery. Additional sales centres were opened by the Corporation at Kanpur and Sholapur to serve these areas.

The directors have enhanced the provision for depreciation from Rs. 12.00 lakhs to Rs. 12.50 lakhs while no provision has been made till 1952 for taxation. The ordinary dividend rate which stood at 2½ per cent per annum in 1951, and 5 per cent per annum in 1952, is proposed to be increased to 7½ per cent in the year under reference.

The table below summarises the progress of the corporation during the last three years:

(In lakhs of rupees)

Year ended	31-12-1951	31-12-1952	31-12-1953
Sales	83.38	103.09	87.69
Stocks	38.87	16.76	22.65
*Net Profit	4.76	3.39	6.91
Provision for depreciation	0.75	12.00	12.50
Provision for Taxation	0.75	..	..
Ordinary Dividend rate	2½	5	7½
per cent per annum			

* After providing for depreciation but not for taxation.

THE JUPITER GENERAL INSURANCE CO., LTD.

The total new business completed by the Life Department of the Jupiter General Insurance Co., Ltd., during the year ended December 31, 1953, amounted to Rs. 106.60 lakhs (3,332 policies) as compared with Rs. 106.40 lakhs (3,480 policies) in the year 1952. The annual premium receivable at Rs. 6.28 lakhs compares favourably with the figure of Rs. 5.71 lakhs in the preceding year. The expense ratio for 1952, at 15.2 per cent was lower than the corresponding ratio at 18.3 per cent in the year under reference because profit commission from re-insurers for some years and certain other credits were taken credit in the accounts of that year.

The net premium earned by the Fire Department declined from Rs. 18.90 lakhs to Rs. 15.42 lakhs. The profit of the department, however, increased from Rs. 2.43 lakhs to Rs. 2.78 lakhs. The reserves at Rs. 8,25,000 are 53.5 per cent of the premium.

The net premium in the Marine Department improved from Rs. 4.48 lakhs to Rs. 4.80 lakhs. The profit at Rs. 1.12 lakhs compares favourably with Rs. 0.98 lakh in 1952. The reserve has been kept at 151 per cent of the premium.

The loss incurred in the Miscellaneous Department is reported to be in line with the experience of companies all over the world. The loss at Rs. 1,18,864 compares unfavourably with a loss of Rs. 79,638 in

1952. The reserves have been kept at 50.4 per cent of the premium.

The audited accounts show a profit of Rs. 5,65,738. The administrator has transferred Rs. 31,808 to "Taxation Reserve" and has decided to pay the arrears of preference dividends for the years 1950, 1951 and 1952, absorbing Rs. 97,434.

JUBBULPORE ELECTRIC SUPPLY CO., LTD.

The audited accounts of the Jubbulpore Electric Supply Co., Ltd. (Managing Agents: Messrs. Martin Burn Ltd.,) for the half-year ended March 31, 1954, show a net profit of Rs. 1,46,607 after setting aside Rs. 30,000 to development and extensions. The directors have proposed a dividend at the rate of 8 per cent per annum which would absorb Rs. 89,982. An additional bonus of annas two per share, as recommended by the directors, would cost Rs. 28,119.

Revenue from the sale of electricity during the accounting period under reference has advanced significantly as compared with the preceding period while the number of units sold has slightly declined. The schedule of units sold and revenue realised are set out in the table below:

Half-year ended	Units sold	Revenue
		Rs.
30th September, 1951	8,649,661	10,24,776
31st March, 1952	8,537,639	11,70,070
30th September, 1952	9,626,474	10,74,752
31st March, 1953	9,877,159	11,91,490
30th September, 1953	10,663,476	11,90,024
31st March, 1954	10,110,681	13,41,740

BALMADIES PLANTATIONS, LIMITED

The working of the above company (Managing Agents: Messrs. Planting Agencies, Ltd.,) for the year ended May 31, 1954, has resulted in a profit of Rs. 70,532. Adding to this a sum of Rs. 18,728 brought in from the last year's account, the total comes to Rs. 89,260. The directors have appropriated Rs. 25,000 for the development fund. They have also recommended a dividend of 6 per cent per annum (tax free) on the preference shares and 12½ per cent per annum on the ordinary shares absorbing Rs. 4,500 and Rs. 25,000 respectively. The crop harvested during the year under review stands at 57.4 tons as against the estimate of 50 tons. The estimate for 1954-55 is 75 tons.

THE BENGAL FLOUR MILLS CO., LTD.

The audited accounts of the Bengal Flour Mills Co., Ltd., (Managing Agents: Balmer Lawrie & Co., Ltd.,) for the half-year ended June 30, 1954, disclose a net profit (after providing for taxation and depreciation) of Rs. 2,64,456. The directors have transferred Rs. 20,000 to Tax Contingency Reserve and Rs. 1,30,000 to General Reserve. Dividend at the rate of 20 per cent per annum absorbing Rs. 1,20,000 has been recommended.

The mills maintained full production throughout the half-year as there was an exceptionally good demand for all the products manufactured by the company.

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupce Coin	Rupce Securities	Total Assets
1938-39*	182.36	28.28	210.64	44.42	66.95	111.37	52.91	67.11	32.16	210.64
1947-48*	1,227.82	47.12	1,274.95	44.42	1,135.32	1,179.74	92.53	32.36	62.84	1,274.95
1948-49*	1,231.84	22.02	1,253.86	42.49	907.47	949.96	75.43	42.96	265.62	1,253.86
	(5.58)	(—)	(5.58)					(90)	(5.58)	
1949-50*	1,128.94	24.00	1,152.94	40.02	647.04	687.06	59.59	50.53	415.36	1,152.94
1950-51*	1,163.21	17.19	1,180.40	40.02	624.70	664.72	56.31	57.21	458.47	1,180.40
1951-52*	1,189.84	27.78	1,217.62	40.02	625.27	665.29	54.64	63.98	488.36	1,217.62
1952-53*	1,114.84	27.87	1,142.72	40.02	664.40	704.42	61.65	80.22	458.08	1,142.72
1953-54*	1,133.95	23.03	1,156.97	40.02	594.02	634.04	54.80	92.63	430.11	1,156.97
Average of Fridays										
February 1954	1,174.68	16.14	1,190.82	40.02	635.85	675.87	56.74	93.80	421.35	1,190.82
March ..	1,190.15	12.48	1,202.63	40.02	648.15	688.17	57.22	93.12	421.34	1,202.63
April ..	1,220.24	13.08	1,233.32	40.02	674.15	714.17	57.91	97.81	421.34	1,233.32
May ..	1,220.26	26.62	1,246.88	40.02	688.15	728.17	58.45	96.49	421.32	1,246.88
June ..	1,196.24	36.30	1,232.54	40.02	679.40	719.42	57.96	96.80	421.22	1,232.54
July ..	1,163.71	35.99	1,199.70	40.02	638.15	678.17	56.62	100.31	421.22	1,199.70
August ..	1,149.93	32.78	1,182.71	40.02	618.15	658.17	55.65	103.42	421.22	1,182.71
September ..	1,152.24	26.51	1,178.74	40.02	613.15	653.17	55.41	105.22	420.35	1,178.74
Week Ending										
19-9-1954	1,161.27	17.41	1,178.68	40.02	613.15	653.17	55.42	104.29	421.22	1,178.68
17-9-1954	1,151.03	28.72	1,179.74	40.02	613.15	653.17	55.37	105.35	421.22	1,179.74
24-9-1954	1,147.14	30.20	1,177.33	40.02	613.15	653.17	55.48	104.42	417.75	1,177.33
1-10-1954	1,155.04	22.49	1,177.54	40.02	623.15	663.17	55.47	106.62	417.75	1,177.54
8-10-1954	1,178.22	13.49	1,191.71	40.02	623.15	663.17	55.68	105.79	417.75	1,191.71
15-10-1954	1,162.05	24.94	1,186.99	40.02	623.15	663.17	55.87	106.07	417.75	1,186.99

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS*	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14.90	..	16.19	75	31.84	1.28	43.12	28.38	1.53	4.21	1.72	2	6.36	90
1947-48*	366.79	16.93	102.47	34.21	520.40	14.55	544.96	47.24	2.62	406.95	1.57	21	81.58	4.85
1948-49*	222.17	6.62	80.53	56.52	393.72	15.33	419.05	22.12	4.28	307.78	1.71	3.34	75.65	4.14
	(14.33)	(3.04)												
1949-50*	141.19	23.12	67.00	64.39	295.69	15.76	321.45	24.12	4.30	280.91	3.35	8.39	960.54	4.34
1950-51*	145.60	17.71	62.22	62.29	290.82	18.14	318.97	17.31	3.04	107.70	2.37	6.77	78.72	5.06
1951-52*	181.30	18.95	58.68	69.22	325.15	18.62	353.77	27.92	6.31	187.14	5.90	19.42	95.19	11.91
1952-53*	136.40	7.79	52.89	61.93	259.02	23.69	282.71	28.03	6.64	133.56	2.85	19.03	89.77	12.83
1953-54*	105.44	23.40	46.52	57.45	232.80	23.91	266.72	23.22	9.46	123.31	1.78	19.84	81.58	7.51
Average of Fridays														
February 1954	89.53	21.74	40.14	61.95	213.36	22.49	245.85	16.36	12.76	105.09	75	31.19	71.29	8.40
March ..	80.90	42.08	40.44	42.99	206.41	24.91	241.32	12.72	10.46	99.86	1.12	39.83	68.70	8.64
April ..	64.51	30.53	42.16	45.21	182.41	27.95	220.36	13.35	12.98	78.55	1.21	40.01	65.17	9.09
May ..	93.14	20.61	43.30	46.10	203.15	28.47	241.62	25.96	10.11	65.23	1.12	57.83	71.91	9.51
June ..	110.59	18.52	43.21	43.79	216.04	28.38	254.42	26.44	9.07	171.44	1.29	39.09	85.31	9.84
July ..	121.13	20.39	46.82	36.55	224.91	26.98	261.89	36.21	1.76	103.01	7	19.84	93.06	1.73
August ..	126.46	14.64	56.51	35.01	232.60	23.98	266.60	33.03	3.02	112.99	1.41	16.86	93.11	6.20
September ..	137.93	13.37	62.04	34.29	247.63	13.94	271.48	26.77	6.22	117.74	1.09	18.04	95.23	6.43
Week Ending														
10-9-1954	135.16	11.16	59.24	34.58	240.14	13.20	263.35	17.64	5.83	117.81	1.45	18.78	95.41	6.43
17-9-1954	143.62	12.99	61.49	34.02	251.12	14.74	275.87	26.97	6.81	119.17	64	18.43	95.38	6.46
24-9-1954	141.20	14.49	62.59	34.01	252.30	15.16	277.46	30.50	8.05	117.39	92	18.63	95.49	6.49
1-10-1954	108.92	35.57	61.40	34.59	240.47	16.56	267.03	23.65	3.64	118.54	..	18.02	97.48	6.70
8-10-1954	102.53	27.50	59.93	34.05	224.01	16.32	250.34	13.71	5.22	106.10	1.61	19.59	97.43	6.69
15-10-1954	98.27	30.18	68.74	33.40	231.19	12.89	257.91	25.23	4.76	105.50	84	17.55	97.00	6.74

Note: Figures in brackets relate to Pakistan. *Includes Rs. 5 crores each on account of capital paid-up and Reserve Fund. †Average of Fridays. ‡ Includes cash and short term securities.

INDIA'S TRADE WITH THE U. K.

I. PRINCIPAL EXPORTS

(Thousand £)

	Year 1952	Year 1953	August 1954	8 Months Jan.-Aug.	
				1953	1954
Total All Exports	114,717	113,443	10,690	66,202	85,063
Of which :-					
Tea ..	48,743	51,928	4,456	24,607	35,580
Leather, leather manufactures & dressed furs ..	9,284	14,009	965	9,365	9,470
Tobacco & tobacco manufactures ..	6,956	5,790	1,009	3,898	5,440
Hides, skins & fur skins, undressed ..	540	958	92	635	642
Wool & other animal hair ..	3,496	4,608	489	3,245	3,882
Cotton ..	2,297	2,993	104	2,215	1,862
Miscellaneous textile fibres & waste ..	1,395	829	159	430	828
Metalliferous ores & metal scrap ..	3,960	4,388	201	3,163	2,077
Miscellaneous animal & vegetable crude materials, inedible ..	4,364	3,258	581	2,016	3,030
Animal & vegetable oils, fats, greases & derivatives ..	3,673	2,442	167	2,117	995
Miscellaneous textile manufactures ..	16,578	12,736	1,413	7,600	11,629

II. PRINCIPAL IMPORTS

(Thousand £)

	Year 1952	Year 1953	August 1954	8 Months Jan.-Aug.	
				1953	1954
Total All Imports	112,635	114,491	10,863	75,181	80,321
Of which :-					
Machinery other than electric ..	29,595	27,791	2,270	19,010	19,168
Electric machinery, apparatus & appliances ..	17,138	17,944	1,391	12,707	10,590
Wool & other animal hair ..	3,293	4,828	480	3,719	3,651
Petroleum & petroleum products ..	2,509	3,953	694	2,880	3,928
Chemicals ..	13,426	13,058	1,589	8,067	10,132
Paper, paperboard & manufactures thereof ..	1,923	1,229	94	925	871
Iron and steel ..	4,785	4,699	520	2,995	4,102
Non-ferrous base metals ..	1,631	2,137	150	1,559	1,084
Manufactures of metals ..	6,329	7,309	605	5,368	3,756
Railway vehicles ..	5,655	3,758	198	2,854	2,484
Road vehicles & aircraft ..	9,564	8,758	771	5,292	6,755
Scientific instruments; photographic & optical goods; watches & clocks ..	1,896	2,206	213	1,414	1,491

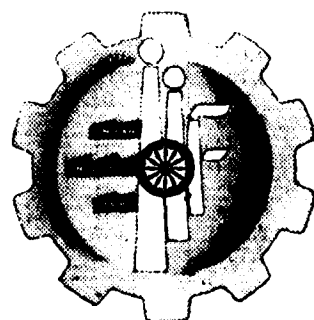
III. INDIA'S IMPORTS OF MACHINERY FROM THE U. K.

(Thousand £)

	Year 1952	Year 1953	August 1954	8 Months Jan.-Aug.	
				1953	1954
Total Machinery	46,733	45,735	3,661	31,717	29,758
Of which :-					
Boiler & boiler-house plant ..	1,458	1,653	62	1,150	1,035
Internal combustion engines ..	4,511	1,356	224	939	1,330
Agricultural machinery ..	495	151	24	108	123
Machine tools (excluding portable power tools) ..	1,336	1,934	185	1,367	1,280
Pumps ..	980	856	65	603	497
Industrial & works trucks & tractors & mechanical handling equipment ..	1,024	1,471	138	996	1,103
Excavating & earth-moving machinery & road rollers ..	867	528	58	303	383
Mining & well drilling machinery ..	546	519	37	381	348
Printing & bookbinding machinery & printing type ..	628	791	36	540	378
Textile machinery ..	8,668	6,990	635	4,883	4,790
Air-conditioning & refrigerating machinery ..	253	290	20	180	161
Generating sets, generators & motors ..	2,184	2,689	190	1,941	1,555
Converting machinery, transformers, switch gear & switchboards ..	3,321	4,806	336	2,917	2,920
Electronic valves, & radio, television, radar & sound reproducing apparatus ..	2,203	1,485	294	985	1,177
Electric cables, wires, strips & strands, insulated ..	5,026	5,034	207	4,119	1,870

Source :- Trade and Navigation Accounts of the U.K. (H.M.S.O.)

Indian Industries Fair



1. The Federation of Indian Chambers of Commerce and Industry is organizing, with the active support of the Government of India, an international exhibition styled as the Indian Industries Fair in New Delhi from October 29 to December 15, 1955. The biggest ever to be held in the country, the Fair will serve as a show-window for Indian industry, while foreign participants will exhibit capital goods to enable Indian industrialists to make a first-hand study of design, quality and performance.

2. Copies of the Prospectus, Rules and Regulations, and Application Forms for space may be obtained from the Secretary, Exhibition Committee, Indian Industries Fair, 28, Ferozshah Road, New Delhi-1. (Telegrams and Cables: UNICOMIND, New Delhi)

New Delhi, October 29 - December 15, 1955

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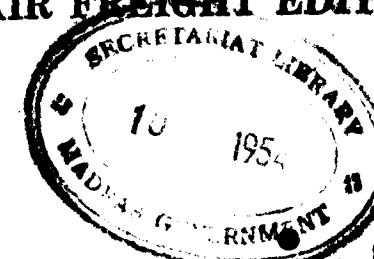
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ONE RUPEE

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India and China

THE Prime Minister landed in Calcutta on his return from China on Tuesday, November 2, at 3-10 p.m., exactly on time. The manner in which air travel on this remarkable trip adhered strictly to schedule was a reflection of the precise organisation which went into almost every detail that composed it. This without question was the most exacting mission on which our Prime Minister has proceeded. It was a mission not merely to China but also to Burma, Viet-Minh, and all the Associated States of Viet-Nam, Laos and Cambodia. In every place, there was the most generous, if sometimes excessive, hospitality, the most spontaneous friendship, and the most thoughtful schedules for the Prime Minister and his party. A warm tribute should be paid to all those who handled these arrangements with such great efficiency.

Not too much importance should be attached to visits of this kind in spite of the fact that they are

always described as 'historic', the precise meaning of which is never clear. It may well be, after present excitement has died down, as after other trips the Prime Minister has done, perspective will reappear. There is no doubt that the Prime Minister has been deeply impressed by certain qualities of the Chinese people, particularly their unity and discipline. What does, however, this historic meeting imply in terms of Sino-Indian relations? Can it change their course?

There is no question that the dominant urge of both India and China, which is to be allowed to proceed with the work of national rehabilitation, is the same. China does not now desire war. On the other hand, there was no indication on this trip, or at any other time, that the Peoples' Republic of China wavers in any respect in its belief that the eventual future of South-East Asia is to be on the lines predicted by the philosophy of Marxism-Leninism. This was made clear

by Liu Shao-chi's address at the First National Peoples' Congress at Peking on September 15. Similarly on the doctrine of peace, while there is a clear indication that China has no present intentions of aggression outside the particular problem of Formosa (which is to them a matter of domestic sovereignty) her attitude to war as a possible tool in pursuit of her larger interests is different from ours. India will never go to war unless attacked; can this be said of China with equal assurance?

And thus as this great exchange of friendliness has concluded, second thoughts should be directed to our points of difference which have not been stressed while the Prime Minister was a guest of the Peoples' Republic of China. It was natural, and by no means improper, that he avoided any reference to these differences while he was there. It is vital, however, now that the Prime Minister has returned, after a mission which must be considered by every token resoundingly successful from the viewpoint of promoting Sino-Indian friendship, that we should consider not merely the points of difference which were appropriately not discussed on this occasion, but also repercussions of the present trip on public opinion abroad. In the United States, as seems to be natural, it has awakened fresh suspicion. In Western Europe, it has awakened wide interest with a large question mark. In the Middle East it has not been particularly popular because of the appearance that it has given that India is more interested in the Far East than in the Middle East. It is necessary that any dividends achieved in Sino-Indian relations should be duly discounted for any adverse repercussions that they may have on our relations with other foreign countries.

For the particular position that India occupies in foreign policy it is obvious that excessive enthusiasm shown for friendship with the Peoples' Republic of China is a mistake. It is a mistake because it is seen abroad as some reduction of our declared policy of dynamic neutrality. Dynamic neutrality is impossible if our major emotional attachment is to the second largest member of one of the Great Power blocs. It is also to be remembered that the Peoples' Republic of China, while it has an overwhelming interest in peace, has under arms more men than all the countries of Asia put together. Friendship with the most powerful military unit in Asia is very apt to be misunderstood. It may seem natural to say that it adds to peace; but can peace be strengthened by insecurity?

The dominating fact of European history—for the last four hundred years at least—has been the fact that the strongest military power on the European continent inevitably gave rise to the largest alliance against itself. Thus, from the age of Louis XIV up to the fall of Napoleon, the power of France was at once the cause and the justification of every anti-French alliance. In much the same way, the first forty-five years of this century belonged, in this somewhat discordant sense, to Germany. It was the fear of the military power of Germany which made alliances on the European continent until 1945. After 1945, by no accident, but by this same basic fact that the strongest military power awakens alliances against itself, security has been built in Western Europe against the Soviet Union. The fault in each of these cases—if there are faults in the workings of history—is in the excessive military power of each of these countries in turn, first France, then Germany and now the Soviet Union. It is absolutely inevitable in the conditions of Europe that the strongest military power should awaken an alliance the base of which is the fear that this power generates in the minds of weaker nations.

In all countries of South-East Asia except India there are strong misgivings in respect of the use to

which the Peoples' Republic of China might put its vast military capacity. Most countries in South-East Asia would excuse the use of this power in Korea seeing that the United Nations' forces were so close to the power plants on the Yalu River. Most of them would probably excuse an attack on Formosa provided it did not set off a global war. In this sense, every South-East Asian nation is prepared to concede a considerable army as legitimate for the Peoples' Republic of China. This does not, however, excuse or justify an army more than half of that at present maintained by the Peoples' Republic of China. South-East Asia can ask the legitimate question of the Peoples' Republic of China: If she is vitally interested in peace as India's Prime Minister knows it to be, is it necessary to keep ten million men under arms in one way or another? To this question the Prime Minister has given no answer and it would seem that the Chinese army was not even discussed in Peking. There is only one opinion in India on this point and that is that the army of the Peoples' Republic of China is absurdly excessive for a country whose primary interest is peace and defence only.

History is repeating itself. As in European history over four hundred years, the excessive army of the Peoples' Republic of China is drawing around itself an anti-Chinese alliance. SEATO is just such an alliance, but the fact that it contains the United States, the United Kingdom, Australia and New Zealand gives this alliance a global appearance which detracts from its continental character. The essential point that needs to be remembered, however, is that the Peoples' Republic of China is occupying the role in Asia which France, Germany and now the Soviet Union have occupied in the European system. If the Peoples' Republic of China really wishes to be friends with South-East Asian countries, it must shed its fearful mien which has already placed Thailand, Pakistan and the Philippines in the SEATO camp. We in India must recognise that a military alliance against an overwhelming military power is as inevitable in Asia as in Europe. To disregard this fundamental historical truth is to make us amateurs in the interpretation of military history. The consequences of the army of the Peoples' Republic of China cannot be evaded. Peace cannot be found by words or by wishful thinking. If SEATO is to be reduced, so must the army of the Peoples' Republic. The Peoples' Republic of China is primarily responsible for SEATO in the same sense in which the military dominance of the U.S.S.R. has brought NATO into being.

If the promotion of Sino-Indian friendship were the only aim of the Indian foreign policy, there would be everything to be said for an even greater display of enthusiasm than has already taken place. But Sino-Indian friendship is only a small part of India's foreign policy. We need to give thought to our other interests and to the great possibilities of economic co-operation with South-East Asia as well as with the Western powers. Even in strictly political terms we cannot afford to endanger our neutrality by too heavy a leaning towards the Peoples' Republic of China. We have already gone too far. In order to maintain with sincerity our protestations of neutrality, we will need to draw slightly back.

Almost all that needs to be said, therefore, in terms of Sino-Indian relations is to be said in terms of caution and not in terms of voluble enthusiasm. When the Peoples' Republic of China has subdued its threatening military appearance and when an alliance with the Peoples' Republic of China carries no adverse repercussions on our political and economic interests, there will be time for greetings to be exchanged in words more expansive than those which were used at Peking and elsewhere. That time is not yet, but we may, if we wish, look forward to its coming.

Generals in South-East Asia

POLITICAL developments in Pakistan last week should have served to draw our attention to the setback constantly experienced in many areas of the world today in the working of new democratic governments. The Middle East countries have long sustained a reputation for political instability which the creation of representative institutions has been unable to affect visibly. But the Middle East shares this quality with the many Republics of Central and South America. In these areas the absence of monarchical absolutism has not helped to foster smooth working of the democratic way of life. Rather, the need for an authoritarian political discipline seems to have actually grown, considering the number of dictatorships which are flourishing today even on the basis of elections of some sort. Their saving quality has been that though they are all authoritarian, they have not degenerated into being totalitarian. If their monotony is not relieved by the excitement of elections, they are still vulnerable to coups d'etat which shows that the systems have not been closed to the movements of change penetrating from outside after they have gathered sufficient strength. This was recently seen in Guatemala and later in Brazil. The merits of the particular changes may be debated, but it is clear that the systems are not so impervious to change as the totalitarian regimes behind the Iron Curtain.

It is this distinction which still endears most of them to the "free world", which normally should not have any truck with systems other than those established in the authentic democratic tradition. It is being realised that in all these countries, the people even when literate or politically conscious, are incapable of that degree of cohesion which would provide an orderly and stable government along with the maximum scope for the free play of their differences. It thus happens that this cohesion is eventually fostered by the only agency that is readily available and competent to foster it in the given set of circumstances, namely the Army. This makes the General, or the politician who is backed by a General, the ultimate arbiter of political differences. The Army in most of these cases does not present the frightening picture which it once used to; the mere knowledge that its weight is cast on one side is often sufficient to relegate others to the background, at least temporarily, until it could change its mind.

The countries of South-East Asia have not been dissimilar, though there are important exceptions here, as there are in Europe bounded by Franco's Spain and the East European dictatorships, old and new. Nepal, for example, has long been under an authoritarian system which had resembled the Japanese Shogunate before the Meiji Restoration. Today, the democratic birth-pangs in Nepal could well illustrate the necessity even for a return to the authoritarian tradition, perhaps through a different route without repeating Rana rule. The surviving royalty makes any such reversal unnecessary at the moment, but Nepal's internal troubles are typical of the circumstances which make a strong hand inevitable. If the transition to democracy in any country makes the emergence of the outstandingly strong leader possible through the democratic process, the change to democracy eventually succeeds. But not otherwise.

The Indonesian political scene still remains confused and our hopes at present must centre round the ensuing elections. But there the political leaders had for a time been engaged in a violent political struggle for freedom and hence are able to show some militancy and discipline which is usually associated with the Army. In Burma, General Aung San and his team

were regarded at first as the most competent and the most trusted receivers of state power. It is possible to suggest that the confusion which makes the emergence of the strong military man has, in these cases, been a product of colonialism retreating without sufficient preparation of the territories for administration. The exception to this thesis would be Thailand, where despite the absence of colonialism, political stability today is based on the authority of General Pibul Songgram. Only so long as the kings were strong or there were no serious challenges to their choice of the Ministers, royal authority could prevail. Thailand presents a far from martial picture of rule by a General who has faced many coups in his time.

India thus remains the exception to this widely prevalent trend towards respect of the authority of the Army, in spite of many other social and cultural affinities to the people of the area around her. The explanation may partly be, that there has been a strong aversion traditionally, towards regarding the Army and its commanders as superior either to royalty or the priestly order to which respect has been duly paid. This deep disdain has survived even the demonstrations of overwhelming strength by the British army in India in the last two centuries; perhaps, the aversion was even strengthened by these demonstrations. The British military base here, which, in effect, was the power behind all British interests from Suez to Singapore and beyond, was only regarded as a drain on India's resources and an affront to the dignity of her civilisation. The Army became in due course militarily invincible, but the evolution of the Gandhian doctrine of non-violence was much a spiritual answer as a political necessity. The more it succeeded in practice, the more impressive it became as a philosophy. The Gandhian approach successfully bypassed the military superiority of the British Raj and so long as that influence is pervasive in our political life, it is unlikely to create more respect for the Army than is its legitimate due.

To this philosophical explanation may be added a sociological one. It is almost the rule that in areas where there is a high premium on the Army General which makes him the inevitable saviour in difficult situations, there is no other alternative available, not only of a king or a strong political party, but also a well-knit and self-perpetuating intelligentsia of the middle class with strong traditions of its own to safeguard. In India, the longstanding lead enjoyed by the trading classes and the upper caste literate groups had made for the evolution of a sufficiently competent bureaucracy not only at the top but at all other lower levels. The growing technical competence of this group, not only in the ordinary tasks of administration but in the other fields of medicine, engineering, law and business, has possibly prevented too much importance being attached to the military uniform.

It may, therefore, be unwise to make comparisons which are not strictly applicable between the various countries of this region. Pakistan experienced the effects of British administration as much as Burma, Ceylon or India. But the social basis was radically different. The caste system is absent in all these countries except India. But this great virtue has also been associated with a drawback like the absence of a strong body of administrative talent which the upper levels in the social scale readily absorbed here as a result of foreign rule, because of their earlier tradition as the mandarin class. The inclusion of two Generals in the Pakistan Cabinet may have less significance internally than is now suspected in India or in the leading Western democracies.

The Course of Railway Earnings

RECENT trends in railway revenues have engendered a feeling of optimism. The official figures available to date, which cover revenue operations for the first five months of the current financial year, disclose actual performance that marks a positive improvement over the corresponding period of the last year. It may be reasonably assumed that an improvement will also be recorded over the estimates announced in February last. The real test to be applied to the behaviour of railway earnings is not merely whether larger revenues are being netted in but whether financial progress is being reflected in traffic operations in a degree that holds assurance of eliminating transport shortages. On this count it will be bold to entertain hopes of substantial relief.

Gross earnings of Indian railways during April-August, 1954-55, have gone up to Rs. 114.38 crores at which point they register an excess of a little less than Rs. 1.75 crores above the first five months of the preceding year. Passenger and other coaching revenue for the five-month period of this year works at a monthly average of Rs. 10.40 crores, which is higher than the monthly average for each of the post-independence years by a margin not less than Rs. 1.5 crores. But a straight projection of the revenue trends for five months into the whole year cannot be made. The course of passenger earnings since 1952 clearly establishes a decline in the second half of the calendar year when monthly earnings tend to range around Rs. 8 crores. In the absence of any specific anticipations of extra pressure of traffic, it is safe to assume that over the year as a whole passenger earnings will maintain a modest element of buoyancy and bring a small addition of about Rs. 1 crore to the budget estimate of Rs. 101.5 crores. The potential demand for passenger traffic has not sagged, but the actual volume has pursued a downward course in the last three years because of the increase in fares. It can certainly receive stimulation if telescopic rates are restored for long journeys and concessional fares are extended on a wider scale. The need to recapture higher traffic levels has not disappeared in the least.

The yield from goods traffic at a monthly average of Rs. 12.15 crores during April-August last reveals a slight shortfall relative to the budget expectation over the year as a whole. But such a computation would be wholly misleading in the context of seasonal fluctuations. Sugar, food grains, raw cotton, raw jute and jute manufactures, pig-iron and manganese ore have contributed to a lower demand for transport, but except for the last commodity which is highly sensitive to the fluctuations of the export market, there are no peculiar factors in the situation which would hold back a spurt in their movement. The pressure of the busy season has still to exert its influence on rail traffic during the closing five months of the financial year and there can hardly be any warrant for the assumption that goods revenue will not achieve a higher rate. The budget anticipation of an overall increase in this revenue over the last year rests on a sound forecast of traffic demand, and if the traditional conservatism in budget estimation is given proper allowance, it will not be a surprise if goods earnings realise an extra half a crore of rupees with a total of Rs. 150 crores.

On a modest reckoning, therefore, railway earnings can be expected to reach a figure of Rs. 275 crores—a marginal excess of about Rs. 2 crores over the budget. A small rise of less than Rs. 5 crores between 1952-53 and 1954-55 (which are comparable years in view of

the accounting change, introduced in the former year, of excluding freight traffic for railway requirements) is anything but flattering in a period of rapidly rising production.

In the light of the crucial test of the adequacy of transport capacity, the operational performance of the first five months of this year has registered a fall. With an expectation of higher freight traffic in this year, the tonnage lifted during the first five months has sunk by 400,000 tons below the figure for the identical period of the last year. The monthly average of 7.63 million tons carried during April-August last falls considerably below the monthly average of 10.42 million tons for the calendar year 1953—a gap which is unlikely to be bridged in the course of the rest of the year. It implies that the current earnings from freight transport have arisen from high-rated traffic or longer hauls.

Comparisons of tonnage lifted, which must be taken as a primary criterion of effective availability of transport capacity, over the past few years cannot fail to bear only a marginal progress made in railway freight traffic. The monthly average on this score between the four years 1950 to 1953 has varied from 10.42 million tons to 10.72 million tons, while the trends to date leave hardly any doubt that the current year's performance will mark a considerable reduction. It is certainly not arguable that the provision of capacity of this order is reasonably related to the traffic offering. The spectacular increase in the Interim Index of Industrial Production from an average of 105 for 1950 to 139.8 in the first five months of 1954, implies a rapidly rising demand for transport—predominantly rail transport—and constitutes a complete refutation of the theory of a reasonable supply-demand ratio.

Grievances intermittently voiced against the shortages of railway transport have real validity not only in relation to particular regions but also in relation to the normal position. Coal is a vital case in point. The diversion of wagons from food grains and other commodities has augmented loadings of coal, nevertheless the monthly average of 104,000 wagons in the first half of 1954, is substantially short of the averages of 112,000 and 116,000 during 1951 and 1952. The specific shortage of wagon capacity on the metre gauge railways is too evident to require any elaboration, but it is significant that miscellaneous loadings, which comprise most of the requirements of industrial raw materials and finished products, exhibit it in a conspicuous degree.

The conclusion which these trends convey cannot be missed. The disparity of the rate of increase in industrial production and the supply of transport capacity cannot be underestimated. The metre-gauge railway sections need higher attention and present experience gives an emphatic indication that the eastern regions of the country and Saurashtra have a pressing claim for the augmentation of existing capacity and provision of new tracks. On the broad-gauge railways too, substantial increases are necessary. The priorities must, of course, be indicated by the density of traffic. To sustain something like the probable two-fold increase in industrial production in the next Five-Year Plan, a proportionate increase in rail transport is surely not called for. But expansion ought to be planned on a bold scale even if it absorbs an outlay in the neighbourhood of Rs. 1,000 crores—a reasonable allocation in relation to the provision of Rs. 400 crores virtually for rehabilitation in the current Plan.

THE WEEK'S NOTES

POLITICAL CRISIS IN INDONESIA

The Indonesian Government is still in the grip of the crisis caused by the withdrawal of the nominees of the Greater Indonesian Party (P.I.R.) from the coalition Government. There is no certainty that this change in the P.I.R.'s policy would compel the Government to resign before the elections are held. It is difficult to appreciate the peculiar constitutional conventions of the Indonesian Republic. The P.I.R. has demanded the immediate reorganisation of the Cabinet with a view to changing the Government's economic and financial policy but the Cabinet has neither accepted this demand nor resigned. Within the P.I.R. also there has been a split and it is reported that 81 branches of the party have protested against the demand made by the party's new leadership. Mr. Wongsonogoro, who has been Deputy Premier till now, leads the pro-Government group against Dr. Tajuddin Noor who has led the anti-Government faction and dramatised the situation by capturing the leadership of the party.

It is believed that the other parties in the present coalition will not be influenced by the tactics of the P.I.R. They are reported to be engaging themselves in a task of conciliation. The chances are that the Government would weather this crisis, as it has survived many others since August 1, 1953 when it took office. In a Parliament of 212, it has had a strength ranging from 93 to 138 but the withdrawal of the P.I.R. could only succeed in compelling it to rely more on the Communists, unless, of course, it resigns. The Communists have so far been kept out of the Cabinet and whatever the Government's policies, the arrangements for early general elections should be regarded as more important at this juncture than a forcible change which would delay that event indefinitely. It would be wise for every nation newly acquiring its independence to make an appeal to the people at a very early stage in its career so that it can concentrate on other tasks without too much trouble from political parties which have no tradition for acting with a sense of responsibility while in the opposition.

DELHI ELECTIONS AND THE CONGRESS

The verdict in the Delhi Municipal elections this week will not, by any means, constitute a sample of the trend of political opinion in the country but they are, nevertheless, of importance as a warning to quarrelling Congressmen elsewhere. The Congress Party has now failed even to get a bare majority in the Municipal Committee. Considering that the Delhi Congress organisation is riven with faction, especially at the top, there should be surprise that the result has not been even worse. The record of the Congress administration both at the municipal and the State level has been dismal. The Congress candidates had to do their electioneering on the slogan of "Support Nehru", but the electorate interested in supporting the Congress as such could not have overlooked the fact that Delhi Congressmen are Mr. Nehru's constant headache, not his support. A more ugly feature of this election was the canvassing done by rival Congress groups for the opposing candidates, revealing a shocking state of party indiscipline.

The opposition which has now emerged, though larger, is unlikely to present a powerful combination. The Jana Sangh has won about 17 seats and now constitutes the largest single group. The Sangh has always had a core of support in Delhi which it lacks elsewhere, except perhaps in parts of Punjab. The decline of the Congress has given it the opportunity to build on this

support. The Sangh has been lately trying to build itself up on non-communalist lines but there are already indications that the more bigoted sections of the party would try to cash in at this moment of success and secure control of the party. The other parties including the Communists and the P.-S.P. have been unable to profit by the Congress debacle. For the P.-S.P. in particular, this experience must underline its political bankruptcy.

What is most deplorable, however, is the tendency of the parties to fight municipal elections on a national platform instead of on local issues such as civic amenities. Transport, educational facilities and sanitation all remain neglected as a result and it may take a long time for the electorate to understand that it lies in its power to return independents purely on the basis of their services instead of persons with party labels who use the elections as dress rehearsals for larger contests and very ineptly too.

THE PRESIDENT ON THE RULE OF LAW

The President's speech last week, at the laying of the foundation-stone for a new building for the Supreme Court of India, marked a refreshing change from the conventional tone of addresses usually delivered on such occasions. As a lawyer of great repute before politics claimed his exclusive attention, Dr. Rajendra Prasad was best qualified to deal with the place of the law and the judiciary in the Constitution. The independence of the judiciary is generally taken for granted in this country. That the judiciary has functioned in fact, as much as in theory, with independence is not usually emphasised. The President went further to point out that Governments also have, on the whole, given effect to the decisions of the judiciary in order to contribute towards the establishment of the supremacy of the law. All this was said in a spirit of complacency because President Rajendra Prasad drew attention to two important defects which have not received adequate thought though they are vital for the rule of law.

The first relates to the anomalous survival of the English Common Law maxim, that the King can do no wrong, not only in a Republic which knows no royalty but also when that principle has been abrogated even in England (by the enactment of the Crown Proceedings Act, 1947) because of the special position in tort it had given to the State. The Act is of profound significance to English constitutional law because the Crown has ceased to be a privileged person before the court, exempt from responsibility for the breaches and wrongs of its servants. Little attention has been paid in this country to the question of changing the obsolete British principle to which the courts had given effect before. If there is to be a Law Commission, a matter like this could appropriately come before it for consideration. The expanding area of activity of the State increases steadily the danger of official wrongs being left without proper redress.

There is already a tendency for the executive to protect itself by provisions which exclude the jurisdiction of the courts for all acts purporting to be done in good faith, leaving only a challenge of bona fides to be adjudicated. Mala fides are not always easy to establish and it should normally suffice that a wrong not deliberately contemplated and provided for under statute law, has been done to an individual. It is not for the executive to interpret the law and it was refreshing to hear this doctrine reaffirmed by the Supreme Executive of the nation.

THINK-PIECE ON CORRUPTION

A Sub-Committee on Corruption among engineers has now evolved the ingenious theory that late marriages now coming into vogue are one of the many causes of corruption among Government officials. The theory has gained some currency and there is a danger that it may even provide the flattering unction to many souls, now pricked at least occasionally, by venality. Late marriages, the Committee says, have been responsible for officers, on the verge of retirement having sons and daughters to be educated or married off, which exposes them to temptation. But if such extra strain comes earlier, when officers' pay and status are less advanced than it would be at their retirement (when there are prospects of early drawal on endowment insurance, provident fund or commuted pension) would the temptation be less strong, if it is excusable to be tempted at all? The various deterrents, by way of punishment, if detected, with dismissal, prosecution and loss of pension, should prove equally effective at any stage of an official's service; it cannot, therefore, be argued that an official is prepared to do at the end of his service and under family compulsions what he would be reluctant to consider earlier in his career.

A second consideration, which should expose the absurdity of the Sub-Committee's theory, is that even under early marriages, (in a country where the average number of live births per mother is over six) there will always be some younger children left for education or for marriage after an officer's retirement for which he should be expected to make normal provision. The Sub-Committee's brain-wave on this subject seems to have been inspired by the necessity to discover some pretext for suggesting the raising of the superannuation age from 55 to 60. Under the present system, most engineers who are physically and mentally fit do not fail to be re-employed under Government or in private employment. Thus the raising of the superannuation age would only prevent the relatively painless weeding out of the weak, the inefficient and the badly reputed at the age of 55. There is no harm in admitting that the engineering services are more exposed to temptation because of their relationship with contractors and construction materials, than, for example, judges or administrators—just as the revenue departments have been more exposed than several other branches of the administrative services. Technical specialisation is also apt to leave the engineers without the benefit of the strong tradition, academic and professional, which is available to the judiciary or the civil and medical services.

SAVADHAN—A LANGUAGE IS ON THE MARCH

Hindi will soon be on the march, in a literal sense. The three Defence Services have, in consultation with our educationists, compiled lists of Hindi equivalents of service terms, which, it is claimed, are broad-based, simple and intelligible. The claim can be accepted at face value, for was not the Army responsible in the past for spreading romanized Urdu and Hindustani to give the smattering of Indian languages even among British Blimps and Brass Hats? The 750 general Hindi terms peculiar to the Army and the other services now selected—the Naval Code is still being evolved—may soon be popularised with the thoroughness which we usually associate with all the activities of our Defence Services.

The most interesting news is that there has been a diligent search for words relating to Army drill. Few would suspect that the basic vocabulary of command for the Armed Forces needs as many as 160 words, when the rest of the world seems to be increasingly contented with only two—the do's and don'ts. The

Committee has now chosen bisyllabic terms with long vowels in both syllables and seems well pleased that phonetic considerations, which have a strong appeal to persons who have to shout the commands, have been fully satisfied. "Savadhan" for "Attention" has been cited as a specific instance of such choice but the Committee is said to be still baffled over the equivalents for "dismiss", "disperse" and "rank and file". It is ultimately in what the drill-sergeant makes of them that there can be satisfaction over the change of the language in these matters. There is probably the certainty that when these are introduced the drill commands will cease to be English. But that may not be the same as changing over to recognisable Hindi. And the drill-sergeant may never be fully converted to the change until his vocabulary of imprecations against erring novices, which have a felicity of their own, are also translated in the proper idiom and seem truly onomatopoeic. The suggestion has been made that the National Cadet Corps and the Territorial Army should be the chosen guinea-pigs to test out the new Code of Command. All luck to them!

MORE ABOUT COMMUNIST FAILURE IN HUNGARY

More indications of the failure of Communist Hungary's "New Course", which was to give the people more food and consumer goods, were given by the Communist regime last week. Hungary's "Third Quarter Implementation Report", just published, says that far too few consumer goods were produced during the last three months and that "the quality of almost everything produced was poor". Overall productivity was lower than during the previous quarter of 1954, and the comparative quarter of 1953, and production costs rose considerably.

The Report was followed by an article in the Communist Party newspaper 'Szabad Nep' by Zoltan Vas, Secretary of the Cabinet, which said that the plan for Hungary's industrialization had been falsely conceived and thus "the programme for raising the standard of living had no chance whatever of being carried out." Vas said that Hungary's present economic difficulties can be attributed to a "senseless policy of bluffing" and to the "megalomaniac swindle that was to convert Hungary into a 'country of iron and steel'".

The Report charged specifically that "meat and fat supplies did not meet the demand". There were still shortages in coal, ingot steel, aluminium, bricks, open-hearth and electric steel, agricultural machinery, and fertilizers. Last week's admissions were the most recent in a series of charges that the new economic course in satellite Hungary is a failure.

On October 12, Istvan Kovacs, First Secretary of the Budapest Communist Party Committee, bluntly declared that the "New Course", inaugurated on July 4, 1953, has failed to bring the workers and peasants the food and consumer goods it promised. On October 20, Premier Imre Nagy confirmed a party purge and declared the Hungarian people were paying too much for an industrialization that was being carried too far.

Neither the report nor any of the recent speeches by Communists high in the regime have offered any concrete plan—beyond a call to "cut prime costs and eliminate waste"—for attaining the regime's proclaimed objective of "raising the standard of living" for the workers and peasants of Communist Hungary, which were the objects even when the plan commenced 16 months ago.

THE STORY OF TEA No. 4



Plucking tea (South India)

'Two leaves and a bud'...

A TEA PLANTATION in full leaf is a beautiful picture in green.

The women and girls become very skilled in plucking. Using their finger and thumb, they gather the tender two leaves and the small unopened bud from the tips of branches and stems, and these are thrown in handfuls into baskets slung on their backs.

In Southern India, where there are no cold weather months, plucking goes on all the year round. Intervals of a week to ten days are allowed for development of fresh growth, referred to as 'flushes'.

A healthy, mature tea bush in Southern

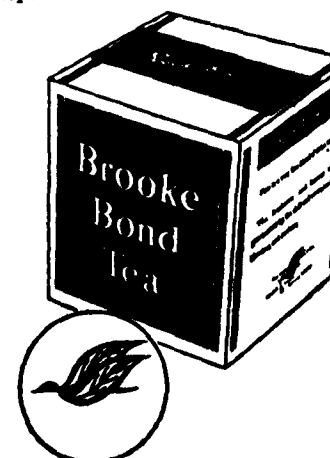
India will produce in a year a half-pound of the familiar 'black' tea we put into our teapot.

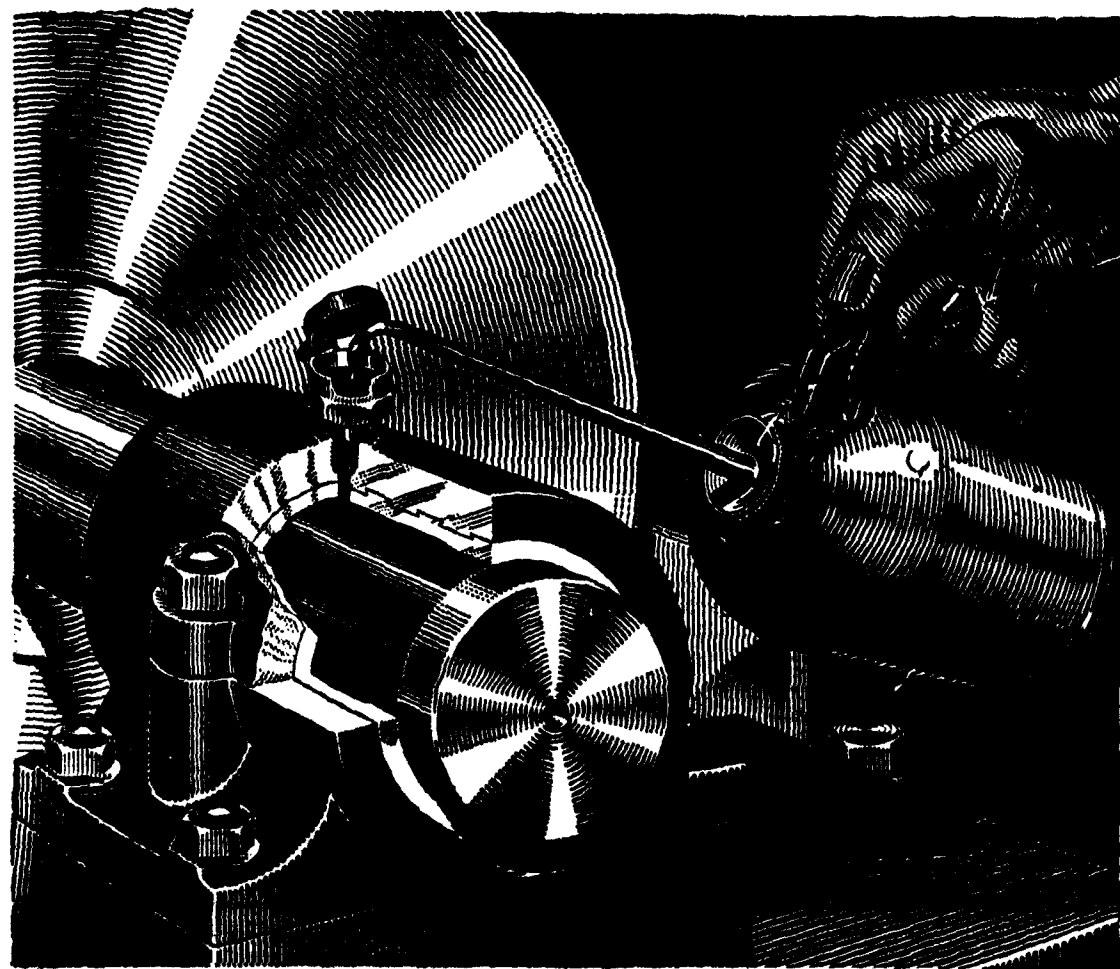
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WORLDGRAM

FINANCE

France Wants Dollars for Indo-China: It is believed that France has asked the United States for aid totalling \$1,220 million for Indo-China. It is believed that about 80 per cent of this sum is needed in the form of military aid for Viet Nam, Cambodia and Laos. The balance would be economic aid. France is understood to have promised that if this help is forthcoming, she will pledge herself not to cut her contribution to the North Atlantic Treaty Organisation next year.

British Industry's Profits Up: The 2,195 British industrial concerns who published their accounts in the first nine months of 1954 enjoyed gross manufacturing and trading profits which were 10.9 per cent higher than those of their previous financial periods. In cash, the rise was from £1,216 million to £1,349 million. Over the same period, depreciation charges rose by 5.2 per cent to £203 million and taxes by 7.8 per cent to £598 million. Although there has been an absolute rise in taxation, there has been a silent percentage fall from 45½ per cent to 44½ per cent. Net amounts paid in ordinary dividends rose from £121 million to £147 million, but this increase is only from 1.7 per cent to 1.9 per cent of the fixed and working capital employed.

Brazilian Issue Budget for Imports: Exports for the July-December period of 1954, are expected to earn Brazil an estimated \$1,042 million. Of this amount some \$400 million is expected to be in hard currency (Swiss francs, Canadian and U.S. dollars) and some \$582 million in other currencies, (including £16 million sterling). Imports have been budgeted at a total \$1,063 million—the \$21 million deficit to be entirely in the sterling part of the budget. The budget calls for \$643.9 million to be spent on imports subject to the exchange auction system, including petroleum and its products, some \$266.7 million for imports not subject to the system and \$153 million for amortization of foreign debts, commercial backlogs, remittance of profits and interest and repatriation of foreign capital.

British Capital Leaps Up: During the first nine months of this year, new money raised on the British capital market totalled £665.3 million—an increase of £125.9 million over the corresponding period of 1953. Private enterprise concerns accounted for £138.9 million of this, as against £71.5 million during the corresponding period in 1953. The Government and public authorities soaked up £526.4 million—£58.5 million more than in 1953.

Yugoslav Use of Loans From International Bank: Two loans granted by the International Bank for Reconstruction and Development to Yugoslavia in October, 1951 and February 1953, to the value of \$28 and \$30 million respectively were used for the purchase of equipment and completion of key projects. Some \$27,390,880 were spent from the first loan and \$22,242,493 from the second. Both loans stipulate a 25-year term of payment. The interest for the first was fixed at 4.5 per cent, while payment begins in April 1955. The annual interest on the second loan is 4.825 per cent, while payment begins in August 1956. It is considered that almost all projects financed by these loans will be completed by the time the first annuities fall due.

Promotion of Small Savings in India: An All-India Conference of Regional Officers of the Central National Savings Organisation met at Gwalior last week for the first time to discuss measures to promote mobilisation

of small savings in the country. Small savings constitute one-third of the financial resources to be raised by the Centre internally for the First Five-Year Plan. Collections totalled Rs. 37.57 crores in 1951-52, Rs. 40.15 crores in 1952-53 and Rs. 40.28 crores in 1953-54. In order to promote rural savings, schemes whereby extra-Departmental Branch Post Masters and influential persons in rural areas and 'gram panchayats' function as authorised agents for the sale of National Savings Certificates have been in operation for some time.

INDUSTRY

New Processing Plant for U.K. Oil Refinery: A new plant, one of only four in the world for processing crude oil to give petrol of a very high quality, is to be installed at the £35-million oil refinery at Fawley, Southampton, as part of an extension programme. Outlining the development plans, a director of the refinery stated that Britain was now using more than 20 million tons of petroleum products annually but has a surplus, available for export, of between 8 million and 9 million tons. The value of oil exports last year reached a total of £71 million and he estimated that this year they would reach £85 million.

Industrial Census of Burma: The first industry census taken in Burma shows the trend of industrial development in the country since the end of World War II. The industry with the highest value of products is rice-milling, with 390 rice-mills in the 252 towns covered by the census. The value of their products is estimated at Rs. 167 million, followed by the cheroot and cigar rolling industry with 474 units the value of whose products is approximately Rs. 29.1 million. Spinning and weaving of cotton textiles with 124 establishments, with the total value of the products at Rs. 26.8 million, comes next.

New Coaches and Wagons Received in August: The Indian Railways received the record number of 2,127 wagons from manufacturers in India and abroad during August 1954. Of these, 839 were received from Indian manufacturers. During the same period Indian Railways received 71 new passenger coaches, including 16 from manufacturers in Europe. The remaining 55 were delivered by manufacturers in India. The Railways also received 58 coaching underframes during August, all of which were manufactured within the country.

Development of Indian Rural Industries: The Government of India have sanctioned further grants and loans for the development of handicrafts, khadi and handloom industries. Orissa gets a loan of Rs. 5 lakhs; Saurashtra a loan of Rs. 3 lakhs; the All-India Khadi and Village Industries Board has been given a grant of Rs. 2,65,000 and a loan of Rs. 1,89,700; Madhya Pradesh gets a grant of Rs. 1,83,330; and Bombay obtains one grant of Rs. 38,700 and another grant of Rs. 32,963.

The French Motor-car Industry: The French motor-car industry is showing a steadily increasing production. During the first seven months of this year the French motor-car manufacturers made 356,634 vehicles as against 298,395 for the corresponding period of 1953. In August this year France exported 9,906 motor vehicles, compared with 11,366 in July, 1954, and 6,958 in August, 1953.

U.S. Generates 40 Per Cent of World Electricity: With new power stations coming into action in California, Michigan and Ohio, the U.S. now has an

electricity-generating capacity of 116 million kilowatts, the highest level it has ever reached. About 100 million kilowatts of this is produced for general light and power purposes by public and private generators. Certain specialist users, such as the railways and mines, provide the other 16 million. The U.S. now accounts for 41.7 per cent of all electricity produced throughout the world.

AGRICULTURE

Indian Food Grain Plan Target Exceeded: India produced an estimated 66 million tons of food grains during 1953-54, ending June last, exceeding the Five-Year Plan target for 1955-56, by 4.4 million tons. These estimates comprise 56.1 million tons of cereals and 9.9 million tons of pulses. As against a total acreage of 195.5 million in 1949-50, some 261 million acres were under food grains during 1953-54; the Plan target was 197 million acres. Rice production established an all-time high of 27.1 million tons against the calculated 1953-54 target of 25.5 million tons. Wheat production at 7.8 million tons sets another record surpassing expectations by 0.3 million tons. Total food imports at 2 million tons in 1953 were valued at Rs. 86 crores. During 1954 to date total imports are roughly one-fifth of the quantity imported during 1953.

Fruit Cultivation in India: It is estimated that some 3.2 million acres of land are under fruit cultivation in India. Mango occupies the largest area at 2.2 million acres, followed by banana absorbing 300,000 acres. India imports tinned fruit from Australia and the U.K., grapes and citrus fruits from Pakistan, and dates from Iraq. Mangoes are being exported to the U.K. and other European countries. A fruit horticulture scheme has been included in the G.M.F. scheme, and subsidies have been offered to fruit growers for encouraging cultivation. Cultivators are, however, reluctant to take to fruit growing on account of the fact that dividends come in after some years.

French Economic Reforms: The recent French 'New Deal' plan is expected to take 10 years to execute, and is intended to reorientate and rationalise French agricultural production. Uneconomic and too small farms are to be eliminated by improved production methods, and through planned production with targets and production limits. The 'New Deal' plan aims at establishing France as a net exporter of agricultural products, selling in particular substantial quantities of meat to Germany and the U.K.

Probe into Burma's Agricultural Marketing: A Special Committee has been formed by the Burma Government to ensure effective execution of the Government's policy regarding the State Agricultural Marketing Board. Primarily the Committee will enquire and report on how far the SAMB has discharged its responsibility in regard to preventing loss of and damage to agricultural products; determine the adequacy and efficiency of the staff; obtain intelligence of the rice situation abroad and locally in Burma; and enquire and report what measures have been taken to implement the recommendations of the Commission of 1949.

TRADE

Business Men's Conference to Discuss Asian Economic Problems: The three-day session of the Commission on Asian and Far Eastern Affairs (CAFEA) at Bombay during December 1954, will discuss (1) Trade Agreements of CAFEA countries; (2) Resources of S.-E. Asia and the Far East and how to develop them; (3) Fluctuations in the demand of the regional products and their impact on the regional economy; (4) Foreign investment and economic development; (5) Treatment of non-nationals in CAFEA countries; and (6)

Commercial arbitration, facilities and enforcement. Resolutions adopted at the CAFEA meeting will be first placed for consideration by the Council of the International Chamber of Commerce meeting in February at Paris and subsequently by the Fifteenth Congress of the I.C.C. at Tokyo in May 1955. The Bombay meeting will be attended by representatives of various National Committees of the I.O.C. Chamber of Commerce, and Industrial and Commercial Associations in the countries of the region as well as by diplomatic and trade representatives of foreign governments in India.

MISCELLANEOUS

Indian Documentaries in More Languages: The Ministry of Information and Broadcasting is examining the possibility of producing documentary films and news-reels in more languages. At the moment, these are produced only in five languages, viz, English, Hindi, Bengali, Tamil and Telugu. Between 30 and 40 documentaries and 52 news-reels are being produced annually on a variety of subjects. These films in turn are exhibited at all the picture houses in India.

Improving Housing Conditions in British Guiana: The year 1954 has seen an all-out attack on the housing problem in British Guiana. The Sugar Producers' Association agreed to divert nearly £500,000 from a price stabilisation fund for re-housing sugar workers, and devised a scheme by which individuals could buy prefabricated houses on hire-purchase. A Government two-year housing programme will spend nearly £2 million on low-cost houses for ordinary working-class people, on aided self-help schemes and housing loans. Experts from the U.K. have aided in drawing up the scheme. A grant of £23,353 has been approved from the Colonial Development and Welfare funds to meet the capital cost of further development of land settlement schemes in British Guiana this year.

Economic Policy of the Netherlands Government for 1955: During the past year the Netherlands made great strides forward in the economic field. Production, exports, national income and foreign exchange reserves showed further increases. Opportunities for employment are so much greater that difficulties now occur on account of labour shortage. Nevertheless, the Netherlands will continue economic expansion; in this connection the rapid increase in the working population, industrialisation, large exports and emigration remain essential. A pressing domestic problem is the housing shortage. Foreign economic policy continues to be directed to the removal of trade barriers. The Netherlands Government regards European co-operation in the political and economic sphere as an integral objective. Bills for the reduction of turnover tax, wage tax and income tax are expected to be introduced this year.

Wage Increase in Sweden Higher than in Western Germany: According to an investigation made by a Swedish paper on the development of wages in Sweden and Germany during the first half of 1954, as compared with the same period of 1953, and based on available statistical resources, wages in industry rose on an average by 3.8 per cent in Sweden and by 2 per cent in Germany. For the engineering industry only the corresponding figures were 3.3 and 1.5 per cent.

	West Germany		Sweden	
	Men	Women	Men	Women
All industry	1.9	2.6	3.8	3.8
Engineering industry	1.4	1.8	3.2	4.0

These statistics are in connection with the pending negotiations on next year's wages.

NEWS IN BRIEF

INDIAN

A four-man Hungarian team is in India on a three-month fact-finding and goodwill mission. The team is to study the Indian market and capital requirements and will seek to introduce Hungarian products to meet these demands.

The second meeting of the Planning Committee for the Administrative Staff College and the National Institute for Management was held in New Delhi recently. The College, expected to be completed by July 1955, is to be located in Bangalore or in Hyderabad.

According to a Ministry of Commerce and Industry Press note the Government of India has decided to licence exports of niger seed and kardi seed freely on shipping bills subject to a ceiling up to the end of December, 1954, or until the ceiling fixed is reached, whichever is earlier.

Some 130 delegates from 22 units all over the country attended the third annual session of the Indian Federation of Working Journalists in Bombay. The session discussed the Press Commission Report and formulated the Federation's views on it.

India and China reached a reciprocal air agreement as a result of the Prime Minister's talks in Peking. China is to run an air service to India, and Air India International is to extend its Hong Kong service to Canton. Negotiations with Japan for a Tokyo-Calcutta service are continuing.

A notification issued by the Joint Chief Controller of Exports announces the invitation of applications by the Government of India from crushers of cottonseed for export of cottonseed oil to all permissible destinations.

The Government of India have decided to extend for a further period up to March 31, 1955, the existing arrangements for payment to displaced pensioners of advances of pensions pending the transfer of their pensions from Pakistan.

It is officially estimated that during the year 1953-54, the amount of money spent on the development of broadcasting in India was at the rate of Rs. 18,000 a day.

The first stage of the Rs. 40-crore Kosi Project consists of a barrage at Hanumannagar, flood banks from Hanumannagar extending nearly 70 miles, on either side, and a canal system to irrigate about 1.6 million acres.

The total number of National Laboratories opened in India and conducting researches in indigenous materials and evolving the latest and most economical ways to benefit industry is reported to be eleven.

The outstanding balance of the 2½ per cent loan 1954 will be repaid on November 15, 1954, and no interest will accrue thereon from that date. Holders may tender their securities at the Public Debt Office, Treasury or branch of the Imperial Bank of India.

FOREIGN

The third session of the ECAFE Railway Sub-Committee meeting held recently in Tokyo was attended by representatives of Burma, Cambodia, China, France, India, Indonesia, Japan, Korea, Malaya and British Borneo, the Netherlands, Pakistan, Philippines, Thailand, U.S.S.R., U.K., U.S.A., and Viet Nam.

Indonesia will make a formal request, probably early next year, for a World Bank mission to come to Indonesia to survey the country's economic requirements. Indonesia's foreign exchange has improved due to increased rubber and other raw material production.

The International Labour Organisation has deputed a Deputy Director of ILO's Regional Office at Bangalore, to help Ceylon to get more assistance from the ILO for the development of her cottage industries.

Representatives of foreign countries, including India, have been invited to attend the first Pakistan Pharmaceutical Conference being held in Karachi this week. The three-day Conference programme includes presentation of papers and an exhibition.

The U.K. Board of Trade announced an increase in jute controls selling prices of raw jute by about £5 (sterling) a ton, following an increase in prices in Pakistan. Jute controls selling prices of imported goods of hessian type increase correspondingly, those of heavy goods remain unchanged.

Dr. Alejandro Flores, Chief of Technical Assistance Division of the ILO, is to tour South-East Asian countries to study the progress made and the problems being encountered in ILO technical assistance programmes. Dr. Flores will also attend the New York meeting of the U.N. Technical Assistance Board.

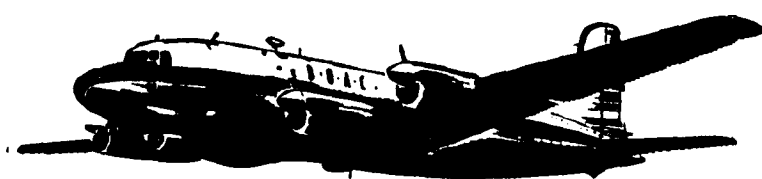
The United States will make available to Pakistan in current fiscal year about \$105 million in economic aid. This figure is five times that of last year's. The increased aid, part of which will be in the form of loans, includes funds for technical assistance, flood relief and development purposes.

M. Juan T. Trippe, President of Pan American World Airways, has been elected President of the International Air Transport Association for 1955-56, taking over from M. Max Hymes, Chairman and President of Air France, at the 11th annual general meeting next year.

An U.S.-Nepal agreement on launching a co-operative programme for flood disaster relief provides a \$2-million U.S. contribution matched with a rupee-for-a-dollar by Nepal. All funds required within the maximum—mutually determined—limits will be spent by June 30, 1955.

Ceylon's population increased by 220,000 last year. The Registrar-General of Ceylon in an annual report states that the population will exceed the 10-million mark by 1961 if this high rate of increase persisted.

The TWA will provide additional luxury features on their first-class flight No. 903 out of Bombay every Wednesday; luxurious sleeper berths for single or double occupancy would be available for a nominal extra charge.



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JAPAN'S POPULATION PROBLEM

Faced with a growing population which has doubled itself in the past half century, Japan must quickly find the means to feed the hungry mouths increasing at the rate of more than one million a year. It is no exaggeration to say that the population problem underlies all vital issues which confront Japan today. The situation is so serious that without fully and correctly understanding the problem of population, it is virtually impossible to solve any of the many issues—economic, social or political—before the Japanese nation today.

Japan's total population is estimated at 88,000,000 as on July 1, 1954, or double that of 1900. The density per square mile is 617 persons (per square kilometer: 238 persons) and is lower than 830 persons in the Netherlands and 739 persons in Belgium (in 1952). However, in these two countries, the cultivated acreage occupies about one-third of the total national land area and, therefore, the density per square mile of cultivated land is 2,577 persons in the Netherlands and 2,155 persons in Belgium (in 1952), while in Japan, where the cultivated acreage is only 15 per cent of the total land area, as many as 4,220 persons live in one square mile of cultivated land (in 1954) and this density still tends to rise. The alarming rate of this increase can be seen from the fact that due to the post-war baby-boom and the repatriations from abroad, the population of Japan recorded a sharp increase of 16,000,000 during the eight and a half years since November 1945. This boost of population, coming in the midst of a war-destroyed national economy, inevitably caused difficulties for Japan's economic rehabilitation and necessitated the lowering of the national standard of living.

BIRTHS AND DEATHS

The rate of birth during the post-war baby-boom was 33.34 per 1,000 population, far exceeding the pre-war level of 31. But this figure dropped sharply after 1950 and was as low as 21 in 1953, surpassing the modern trend toward reduction found in pre-war Japan. The latest decrease was the result of birth control practised because of the pressure of livelihood—the popularization of contraception and induced abortions. According to the 1952 survey of the Institute the Population Problems, Ministry of Welfare, 22 per cent of the married couples with wives aged below 50 were using contraceptives. The reported cases of induced abortion under the Eugenic Protection Law numbered 250,000 in 1949, the year the law was enforced. They subsequently increased year after year to total 1,070,000 in 1953 or 57 per cent of the births during the year.

Year	Population (Millions)	Birth rate Per cent	Death rate Per cent	Increase rate Per cent
1920	55.4	36.3	25.4	10.9
30	63.9	32.4	18.2	14.2
40	71.4	29.4	16.5	12.9
45 (a)	72.2	..	..	..
46	75.8	..	..	..
47	78.1	34.3	14.6	19.7
48	80.0	33.5	11.9	21.6
49	81.8	33.0	11.6	21.4
50	83.2	28.1	10.9	17.2
51	84.6	25.5	10.0	15.5
52	85.9	23.3	8.9	14.4
53	87.0	21.4	8.8	12.7
54 (b)	88.0	(c) 19.4	(c) 7.8	(c) 11.6

(Japan's Information Services)

FUTURE PROSPECT

On the other hand the death rate following the end of the war decreased from the pre-war level due to the improvement in public hygiene and the advancement of medical science. These served to offset the pressure of livelihood. In 1947, the death rate was 15 per 1,000 of the population or lower than the pre-war average of 17. Then it showed a speedy drop to only nine in 1953. The natural increase of population during the period of the post-war maximum birth rate amounted to 1,750,000 annually. And this figure was accentuated by the decreased rate of death. A lowered rate of birth brought the population increase down to 1,090,000 in 1953. But this was still an increase equivalent to the population in Kyoto, the third largest city in Japan.

The recent vital statistics in Japan are thus close to those of the advanced Western countries. Assuming that births and deaths will maintain their present rates, the Institute of Population Problems estimates that the population in Japan will exceed 10,000,000 in approximately 20 years and will rise to a maximum of 108,500,000 by 1990.

Since a marked lowering of the rate of birth is presupposed, the percentage of population of productive age and of old age will increase in contrast to the dwindling percentage of the juvenile population. It is worthy of note in this connection that the productive age population will increase by as many as 1,000,000 on an average annually in the coming 10 years or so. How to provide employment opportunities to this increased population and to improve their standard of living at the same time will certainly pose a serious question in the near future.

TABLE II

Estimated Future Population, and Age Group Percentages

Year	Population (millions)	Percentage by ages		
		0-14	15-59	60 and above
1950	83.2	35	57	8
60	93.8	30	61	9
70	100.7	22	67	11
80	106.5	21	67	12
90	108.5	19	66	15
2000	107.0	17	64	19

(Institute of Population Problems)

The population of productive age mentioned above signifies the population already born and thus certain to increase in the future. And it is considered that approximately 60 per cent of this increase will take place in farming communities. However, agriculture no longer has room to accommodate the increased population. Because of this, it becomes necessary to develop highly other industries, particularly the manufacturing industry. At the same time, foreign trade, now extremely dull, must be promoted and activated while domestic resources must be preserved, effectively utilized, and profitably exploited.

The official survey shows that the completely jobless numbered not more than 650,000 in March 1954. However, 2,640,000, though actually employed, are seeking other employment which will make them more gainfully occupied, or are desirous of side jobs. Of the

non-employed, 2,280,000 want employment. The above two groups total 4,920,000, indicating that the number of the "potentially jobless" among those engaged in agriculture and small businesses, is not small by any means.

It goes without saying that the key to the solution lies in developing the capacity to sustain the increased population. To achieve this end, it is necessary to have the people understand and practise birth control while preventing the abuse of induced abortions which, though popular now, not only have an undesirable effect on the mothers' health but are carried out, more often than not, to cover the failure of contraception.

That the Japanese people themselves should first exert their utmost efforts for the settlement of their own population problems and that they should then seek the understanding and co-operation of foreign countries for peaceful emigration abroad have great significance not only from the standpoint of the population policy but also from various other angles.

The Population Problems Council, first established as an agency directly under the Cabinet in 1949, recommended counter-measures for population problems similar to those outlined above. In the fall of 1953, it was reorganized and newly attached to the Ministry of Welfare. Since then the Council has been deliberating, in two expert committees—one on the accommodation of increased population and the other on the regulation of population—in order to attain more concrete and composite counter-measures for population problems.

As for the regulation of population, the Council on August 24, 1954, submitted to the Government a "Resolution Concerning Quantitative Regulation of Population" and urged the enforcement of the measures recommended in the resolution. It was a recommendation on how to have contraceptive methods thoroughly understood and practised, a recommendation made from the viewpoint of planned parenthood as an integral part of a co-ordinated population policy to control the increase of population.

As shown in Table III, given below, the consumption level in livelihood in post-war Japan has barely come up to the pre-war level. This is true despite the spectacular recovery in Japan's productive capacity, especially in the manufacturing and mining industries, because of the continuing slump in foreign trade and the sharp increase of population.

TABLE III

PRINCIPAL ECONOMIC INDICES

(1934-36 : 100)

	1948	1949	1950	1951	1952	1953
Population	116	118	120	122	124	126
Real national income per capita	..	..	..	86	93	97
Consumption level in livelihood	..	75	78	82	86	96

(Economic Counsel Board).

THE EASTERN ECONOMIST
ANNUAL NUMBER1954
INDIAIN
SOUTH EAST ASIA
ANDAN ANNUAL REVIEW OF CURRENT
ECONOMIC AND POLITICAL EVENTS

(RUPEES FIVE)

The central theme of Part I of the Annual Number 1954 of "The Eastern Economist" is 'India in South-East Asia'. Events during 1954 have underlined the tremendous economic and political significance of this area. The Truce in Viet Nam, the outcome of the Geneva Conference, and the Colombo Conference in April are indications of the great scope and urgency for co-operation between nations in South-East Asia. With SEATO in the background, economic co-operation is very much in the minds of nations in this region, and this provides a vast field for analysis both political and economic. "The Eastern Economist" Annual Number seeks to illuminate this theme through special studies in all its aspects.

In Part II the Annual Number will, as usual, deal with economic events in the Indian Union during 1954. An elaborate authoritative view will present the reader with a penetrating analysis of Indian economic affairs.

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The Manager,
The Eastern Economist,
52, Queensway,
New Delhi.

A Window On The World

BIG BUSINESS AND THE VILLAGES

by
ODYSSEUS

THIS WEEK, I keep my promise to Mr. C. K. Narayanswami, Director of Publicity, All-India Khadi and Village Industries Board, Bombay, to reply to his interesting letter, published in our correspondence columns on July 16, in which he challenged the following argument that I submitted in my article "Some Causes of Economic Instability" (June 25):

"Instability and insecurity in the economy cannot be caused by Finance Ministers, even if they are as able as Sri Chintaman Deshmukh. They are inevitable, if you insist—as I do—that two ideals are important: (1) A rising standard of living which brings change, growth, and progress, and (2) a system governed by consumers' votes for production, a system in which consumers decide what they would like to have produced, and not a system in which someone else produces what he thinks they ought to like. We have previously discussed this at length, and we decided that for the sake both of economic efficiency, and of the political freedom and rights of the individual citizen, the controlling power of demand is better than the controlling power of some man, or group of men, in a government department. These two ideals cannot, however, triumph without some sacrifice somewhere—no victory can be gained without casualties—and the price of a rising standard of living and a free consumers' choice is some insecurity and some instability."

Mr. Narayanswami commented that many authorities consider that these ends could be achieved by finding productive employment for India's millions. (I think that he suspects that I regard "progress" as identical with industrial expansion and that the countryside is not part of India's economy). He asks whether modern industrialisation can promise gainful employment to the rural millions. He urges that a properly conceived development of village industries is essential, that this will entail sacrifices from those "who are today engaged in unequal and cut-throat competition with the products of the rural millions," there will be casualties in such industries as deprive these millions of opportunities of employment by the mass production of goods which were or still are produced in the villages. Is Big Business prepared for this sacrifice? demands Mr. Narayanswami, and he goes on to ask me whether I accept all the implications of my thesis that production should be according to consumers' votes cast by means of using their purchasing power. Consumers may, he points out, prefer foreign imported goods to home manufactured goods. He observes that an economically under-developed country may not be able to produce goods of as high a quality as foreign imports. He quotes a Federation of Chambers of Commerce and Industry pamphlet as saying that the consumer must buy indigenous goods and shed his prejudice against everything made in India, even if initially the quality is not up to foreign standard, and that this inferiority must be tolerated for a while in the interests of national industrial development. He neatly turns the Federation's own argument against it by saying that if quality can be sacrificed in the interests of industrial development, surely it can also be sacrificed in order to let the rural masses earn their living by continuing to produce their traditional goods which factory production sells more cheaply today.

I seem to discern a lurking suspicion in Mr. Narayanswami's remarks that I am a propagandist for

some people, whom he doesn't like, called Big Business. Now, while I readily admit that I use this column to expound causes that I feel to be of public importance and that my exposition is inevitably coloured by my personal experiences, interests, and prejudices, I do not think that any careful reader could label me a propagandist. A propagandist is one who suppresses facts inconvenient to his cause. Apart from the question of moral reprehensibility, I pity people who act thus, who are afraid to follow the argument wherever it leads, because they miss the exhilaration of a good debate, the stimulation of a battle of wits, and the glow of satisfaction that comes when you feel that you have cleared up something that was in a fog in your mind, eluded you before. So that, however, misguided my and that you understand something that had always views, I hope that their submission makes some modest contribution to the truth by stimulating thought or discussion.

In the series on Capitalism and Socialism that I published here between April 16 and July 9, my object was to find an economic system which would (1) maximise the change, growth, and progress, without which the standard of living cannot rise, and which would (2) minimise the economic and social friction which change and growth render inevitable. No system can avoid either hitting the vested interests of employers and workers when newer and cheaper ways of production are found, and no system can eliminate some degree of "depression", some slowing down, as innovations occur, when plant becomes obsolete or some particular type of employment (such as the palanquin bearers of the pre-railway nineteenth century) become outmoded. I advanced reasons for the belief that the system of free enterprise governed by consumers' votes was less imperfect in achieving these aims than a controlled or socialised economy.

INDUSTRY V. AGRICULTURE—A FALSE
ANTITHESIS

Unless I misunderstand him, Mr. Narayanswami seems to think that industrial and agricultural expansion must be regarded as fundamentally hostile, that progress must always be at the expense of one or the other, and he seems to think that in this contest I back industry and oppose agriculture. My position, however, is that whether production takes place in factories or in fields is immaterial, providing that it satisfies consumers' demands. I ask what production consumers are voting for, and I maintain that those producers who find out the most efficient ways of satisfying consumers' demands will prosper, while those who are less efficient will suffer the passing effects of change and growth. There is no more special hostility between industry and agriculture than there is between the producers of any commodities that may be in competition—say a couple of motor car manufacturers, or a couple of wheat growers.

If Mr. Narayanswami cares to refer back to the articles "The Solution to Rajaji's Problem", "How the Standard of Living is Raised", and "Vallabh Vidyanagar", that I published here on July 3, 10 and 17 of last year, he will not only find my present argument elaborated, but will see that I am very much interested in raising the standard of living of the rural masses, and that I was at pains to publicise the solution that is being worked out at Anand in Kaira district, Bombay, by B. D. and B. K. Patel, whose basic aim is to apply

the latest scientific inventions and industrial methods to local industry, thereby finding alternative and new sources of income for villagers hitherto engaged in un-economic competition with factory production. To train villagers to use modern methods, and to equip them in such a way that rationalised local industries will meet district demands, seems to me a solution of the rural problem that is worth trying out. If successful, it will, of course, reduce the markets for a number of urban factory products in the short run—that is change and growth—but in the longer run, the national income will have been increased.

"UNEQUAL OR CUT-THROAT COMPETITION"

"Is Big Business prepared for this sacrifice?" asks Mr. Narayanswami. In a free economy, the attitude of Big Business towards competition will not differ from that of any other producer, big or small. No producer enjoys being kept on his toes by competition. If he sees himself being outdistanced by more efficient producers, he runs to government for help. In a socialist state, he gets the help and is kept going by subsidies, or controlled prices, or bounties, which means that the standard of living drops, or fails to rise as high as it could. In a free economy, the producer who cannot face Mr. Narayanswami's "unequal or cut-throat competition" fades out and the cost of living falls.

I do not profess to be an authority on the specialised problems of the countryside, and I confess that I do not know of any better solution than that being attempted at Vallabh Vidyanagar, but I do feel confident that Mr. Narayanswami is mistaken if he thinks that the rural standard of living would be raised by abolishing all mass produced textiles and getting the villagers to supply the whole of India's requirements on handlooms. The result would merely be the reduction of the standard of living to the extent of the higher cost of handloom textiles, plus the loss of income from the export of mass produced textiles. Handloom textiles would not be able to compete in foreign markets, except, as today, in luxury products.

On the other hand, it might very well be that the standard of living would be raised if the provision of cheap electric power to village industries, along the Vallabh Vidyanagar lines, enabled village machine-loom weavers to produce at competitive prices. If successful, this might lead to the decentralisation, or ruralisation, of the textile industry. I confess that I have always been inclined to feel that the Five-Year Plan should, for the time being, have given priority to the countryside, to agriculture rather than to industry, to "ruralisation" rather than to industrialisation.

Mr. Narayanswami asks whether I am prepared to allow consumers to have their free choice if they prefer the foreign to the home produced commodity. In general, I have no hesitation in saying "Why not?" because consumers will not be able to afford to buy the quality foreign products unless they have previously earned the necessary foreign exchange by selling Indian products to the foreigner. This is the classical free trade theory with which my sympathies lie. I am, however, well aware that in 1954, I am in a hopeless minority in this view, and I concede the force of the arguments in favour of "nation-building" protection. It is obviously reasonable that India should try to build up a balanced industrial and agricultural economy, rather than remain at the mercy of foreign economies (and also foreign military forces) by being content to import manufactures and to export raw materials. Nevertheless, tariffs which eliminate foreign competition are, in my view, bad, while those at levels which keep home industry on their toes are good.

Mr. Narayanswami finally says if consumers can be made to buy inferior qualities at higher prices in

order to build up Indian industry, can they not be asked to make similar sacrifices in favour of village industries? If the suggestion is that modern method of production should be scrapped in favour of a return to traditional village handicrafts, I should say that the answer is that India cannot afford the sacrifice, because the country as a whole would be impoverished by such a retrograde step. If the suggestion is that technique for a decentralisation of industry in the countryside, together with the mechanisation or electrification of rural industries, should be launched as, say, a Five-Year Plan, which would require immediate sacrifices in order to secure a higher overall national income after a certain period, I am all in favour of it.

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A DELHI DIARY

THE SUPREME COURT

WHILE the mind's eye of Delhi has been looking across many lands in its pursuit of the Prime Minister's movements from country to country, there has been one large event in Delhi which has caught attention. This was the laying of the foundation-stone of the Supreme Court building last Friday by the President. It was a good event; the Head of the State was judicious in his choice of words to balance the Judiciary against the Executive. There was a caution to the Judiciary that "the power of courts in interpreting the law should not be treated as a justification for creating new laws under the guise of interpreting existing ones". There was a warning to the Executive and the Legislature against attempting to usurp the functions of a court. The President said there was a tendency to lay down provisions in Acts ousting the jurisdiction of courts to interpret the law. He said that he did not consider that "this should be resorted to in order to avoid any inconvenience to the Executive" and felt it was only justified "in very rare cases". I had the feeling that the President held the scales so evenly that he would be an ideal Chief Justice. One wonders, however, whether this is an equally good qualification for a Chief Executive. Perhaps it is not; but (being obstinate!) I still lay my bets on Dr. Rajendra Prasad as the most likely temporary Prime Minister if Jawaharlal Nehru goes on leave.

NOT THE RETIRING TYPE

I notice that the Prime Minister in a Press Conference at Rangoon airport said he was not the retiring sort and "I am not trying to run away from politics". All this reported in Delhi has led to the belief that the Prime Minister has dropped, at least for the time being, his intention of going on leave. It is noticed that the Congress Working Committee is to meet for only one day on November 8 and the meeting is not likely to have the Prime Minister's leave proposal. Again as before, people are jumping to conclusions. They argue from the Rangoon statement and the fact that the members of the Congress Working Committee have not been informed that this subject is on the agenda implies that it is not likely to arise for some time. I do not think this logical, but at any rate for the next month or so no leave arrangements are being considered.

Reports entering Delhi indicate that Congress Pradesh Presidents, as well as Leaders of the Opposition, consider that the Prime Minister has a remedy for overwork in his own hands. They argue that if he continues to be Defence Minister, Foreign Minister, and Minister for Atomic Energy (a portfolio which I did not know existed!) then he is unnecessarily courting fatigue. The Opposition also asks if a Party which cannot produce a Foreign Minister, a Defence Minister or a Chairman of the Planning Commission can reasonably be expected to find a substitute for the Prime Minister. This observation seems to me logical, though hardly helpful under the circumstances!

THE DELHI ELECTIONS

Has the Prime Minister's absence from Delhi had anything to do with the Delhi Municipal elections, the results of which were announced this week? The Congress has won 28 seats out of 56, but it has lost a sizable

majority and people tell me in private that it is not easy for the loss to be repaired. Local politics, as usual, is blamed for these reverses, it being stated that many Congressmen have supported independents instead of official Congress candidates. Something it seems is rotten in the State of Denmark!

Why do people laugh when a man has a fall? I have been asked this question, which presumably has arisen because of the amusement which has attended the discomfiture in Congress ranks. Is the fallen man funny because of the look of injured surprise upon his face? Or is it that people who maintain their balance acquire a sense of humour by the superior position in which they find themselves? I can find no immediate answer to this question. There is no doubt that there has been silent glee over the Congress failure in this capital city. I hope sincerely, merely for this reason, that the Congress Party in the State will pick itself up and find some means of turning the tables upon its unkind spectators!

THE CART BEFORE THE HORSE?

I pass from the Delhi Municipal elections—a little uneasily—to problems of Road Transport. Mr. Lal Bahadur Shastri, Union Minister for Transport and Railways, speaking at the 14th annual meeting of the Transport Advisory Council on Wednesday, vouchsafed a great deal of information in an unexpectedly inspiring speech. He said, for example, that all the States except Bombay held the view that nationalisation of goods services would have to be deferred for some time to come. People are asking in Delhi why Bombay is so different from the rest. Can it be that Mr. Morarji Desai, often considered a friend of business men, is now the sole exponent of collectivism in goods transport? It is one of the contradictions of Indian politics that in the process of working a mixed economy some of the personalities on this or that side get a little mixed in their philosophies. I was a little surprised by the argument that Mr. Shastri used for advocating road transport extension. He referred to the need for the development of automobile industry as one of the main reasons why the Government felt that road transport should be extended. Surely this was putting the cart before the horse. Were motor cars made for roads or roads for motor cars? It seems astonishing that road transport is being provided as a protective measure for an industry. However, since the net result is the same, one need not quarrel too much about the mental process which goes into the making of decisions in the Transport Ministry.

AND THE APPLE-CART

I have just time to deal with the first results of the mid-term Congress elections in the United States. People are already asking what they mean, it being assumed that they must have some special meaning. I am not so sure. The dead heat in the Senate should not, it seems, be very different from what it has been for the last two years, and of these two last years may it not be said that they were six of one and half a dozen of the other. My political barometer records "No Change."

ARGUS.

SPECIAL ARTICLES:

PROBLEMS OF STEEL PROJECTS

By

DARAB C. DRIVER

HARDLY nine months have passed since the birth of the Rourkela Steel Project. A further delivery of twins (assisted by Russian and British midwives) is in prospect. This speaks well of the vitality of our planning but seems to put too much strain on its organisation to make preparations for their birth and after-care. We are submitting our economy to a sort of shock treatment to get rid of its deficiencies but there are not good doctors around to determine the right dose. Leaving metaphors aside, when by 1961 steel capacity is to be raised to 3 million tons per year, metallurgical talent in the Planning or Production Ministries should be strengthened. It should not be 'infra dig' for Government to consult experienced private manufacturers like Tatas and Sir Padamji of Indian Iron and Steel Company on the kind of problems that would arise in this connection.

The location of the unit for West Bengal is naturally Durgapur. But the location of the Madhya Pradesh unit presents difficulties. The innocence of New Delhi must be protected from the 'chalaki' of Madhya Pradesh landlords. It may be that influential parties would be interested in the disposal of their land to the new Steel Works whose location should not be allowed to be wangled on that account. Also the Central Government financing the Steel Works should not be victimised to pay extraordinary compensation to placate displaced peasants in anticipation of the next election. The requisites for a good site are abundance of water all the year round, firm foundation much above the usual flood level, proximity to Korba coalfield, iron ore deposits and any large thermal power station existing or to be, near approach to railway stations convenient for Western and Southern India markets, airstrip facilities, and capacious area free from malaria for the Works and the workers' colony and their future expansion.

In raw materials and stores, iron ore presents no difficulty. But coking coal, gas coal and refractories have to be considered. The Report of the Committee on Conservation of Metallurgical coal stated in 1950:

"The present requirement of coking coal for steel making is about 3.5 million tons per annum. Assuming that with stowing, washing and blending we have a reserve of 2,000 million tons of coking coal, the life of the coking coal reserves at the above rate of consumption would be nearly 600 years, but as the country is consuming a total of about 10 million tons of coking coal per annum at present, the life becomes reduced to 200 years. If the Government programme of stepping up the steel production is implemented, the coking coal requirement will be in order of 8 million tons per annum, which will make the life about 250 years, if the coal is used for coking, and coking only. Assuming, however, that for the next period of 50 years, the steel production is stepped up ten-fold, and that the coking coal requirement is increased pro rata to 35 million tons per annum—and such an increase may well be called for in the industrial development of the country—the life of the coking coal reserves becomes no more than 55 years. In each of the above cases, the life of the reserves may be halved unless stowing, washing and blending are adopted forthwith".

Since 1950 much coking coal has been used and wasted and some coking coal collieries have ceased to work

and some have reached the stage of unprofitable working. In the present circumstances of high cost and low earnings, private collieries, though under stowing, cannot always resist pillar cutting and thus add to their production; Government inspectors are there but they cannot go round everywhere in their three monthly inspection visits and all are not honest. It is, therefore, to be expected that coking coal market collieries are deteriorating, generally speaking. To provide consistent quality of good coking coal to the new Steel Works, and to conserve the limited high grade coking coal reserves, extensive washing of low grade coking coal is called for.

Besides Tatas' two existing washeries, there is the prospect of three new washeries being put up by private collieries. This is not enough. Washing plants are very costly and require at least 30,000 tons of coal per month to make washing economical. Not more than 6 or 7 collieries in India produce that much per month. More than half of the coking coal collieries, mining grade I and grade II coal, produce less than 2,000 tons per month. Washing of coal for such collieries is not possible, unless they are amalgamated into suitable groups for washing. In the present condition of things, with the new Steel Works coming up in unexpected quick succession, the Government has to take certain actions immediately and plan for further action in stages if necessary. Immediate action is indicated towards (a) working and washing intensively Government coking coal collieries, (b) encouraging existing washeries to produce more, (c) helping market collieries by loans and concessions to go in for washing on the lines of assistance given for stowing, (d) purchase by Government of large coking coal collieries which may be offered for sale because without further large investment, their working would not be profitable, (e) appointment of a technical committee to investigate the practicability of useful amalgamation among small coking coal collieries, (f) a fresh survey of the reserves of coking coal by a technical committee (the Coal Board has recently set up a Committee to draw up the procedure and methods of estimation of actual and potential reserves of coking coal in the country) and (g) an independent examination to ascertain the percentage of Korba coal to be blended with Jharria coal to make a good mixture for the coke ovens of Madhya Pradesh Steel Works.

The three new Steel Works at Rourkela, Durgapur and in Madhya Pradesh bring a great opportunity to our refractory industry to advance. But only two new refractory works are in prospect. It is estimated that during construction, each of these three Steel Works will approximately require 8,000 silica bricks, 50,000 fire-bricks and 11,000 magnesia bricks and after construction each Works will require about 20,000 bricks for normal repairs every year. It is unfortunate that most of the brick orders for construction will have to go abroad. Refractory brick industry is also important to the country as a large consumer of coal.

Government will have to plan forthwith how the large technical staff required is to be recruited. It is alleged that the Rourkela administration is inclined to seduce technically trained men from existing Steel Works by offering a higher salary. If true, such a procedure would be demoralising for the new Works and irritating for the existing Works. The obvious

course is for the Government to request the existing two Works to enlarge considerably their training facilities for technical graduates at the expense of the Government and to train for three years the technical graduates recruited by them for the purpose for which the Government will pay. Apart from this, foreign training for promising recruits should be made available. The tendency to favour recruits from the province the Managing Director or Secretary comes from should be foreseen and discouraged.

At the Chittaranjan Locomotive Works more than half of its capital has been used up in housing, roads and other civil works. If the same procedure is to be followed for these Steel Works, corresponding enlargement of the capital required should be estimated and estimates of profits made by foreign consultants on the basis of smaller housing, etc., provided in their countries should be accordingly adjusted.

Now that Steel Works are to be set up both in Madhya Pradesh and West Bengal, a previous suggestion made by Sir Padamji may be considered. Since train loads of Jharria coking coal will be going to the Madhya Pradesh unit, these wagons instead of returning empty, should be able to bring to the West Bengal Steel Works Madhya Pradesh iron ore, thus avoiding wastage of wagons running empty for 500 miles. If owing to savings made by avoiding empties in this mutual traffic of coal and ore, Railways can make a suitable concession in freight for the carriage of Madhya Pradesh ore to West Bengal, the proposal becomes possible and should be further examined.

At present two experiments are being made in India in the steel practice. Tatas are substituting oil for gas coal in their new open-hearth; after it is tried out at Jamshedpur, the Madhya Pradesh Steel Works may consider if oil would be cheaper and better than Bengal gas coal. Mysore Iron and Steel Works is working Tysland Hole Electric Pig Iron furnaces, and has reduced the one ton of coke required in ordinary blast furnaces to make one ton of iron, to 0.5 ton of coke, thus making a saving of 50 per cent in coke. This it could do because of the very cheap electric power in the neighbourhood. As there is no such cheap electric power available in West Bengal and Madhya Pradesh, this device to reduce coke in the manufacture of iron is not of any use to their Steel Works.

Adequate rail transport is the linchpin of the success of the scheme for triple steel works. The Railway Board will have again to revise their already revised programme for additional transport, and an assurance should be had that the Railways will provide sufficient transport for these three Steel Works and in order to do so, they will not rob Peter to pay Paul, because if in order to satisfy the new Steel Works, they starve existing Steel Works and other neighbouring industries of transport, there will be a hue and cry.

One way to economise in transport would be to plan that the West Bengal Steel Works at Durgapur should make the steel that may be required for export

and the existing facility of Durgapur canal should be enlarged, if necessary, to convey such steel to the Calcutta Port. Even if Durgapur canal cannot be used for the purpose, still by rail Durgapur would be nearer Calcutta than Rourkela or Madhya Pradesh and rail freight for steel for export cheaper.

When these new Steel Works operate, critics fear there will be too much steel in the market and export will be necessary. In order to prepare for such a contingency, after inquiring how much of steel export traffic Calcutta Port authorities can smoothly handle five years hence, necessary financial help should be extended to them if required. Also it should be planned in advance, in consultation with the existing Steel Works, what each new Steel Works will produce and for which regional market and in the case of a slump which Steel Works should close down which of its mills. By planning and co-ordination the risks of over production will be minimised. Also it should be planned in advance what subsidiary engineering works each of the new Steel Works should have; the time-lag between the starting of the Steel Works and its subsidiaries should be minimised.

Administrative difficulties will confront the planners as soon as operation of these three Works begins. The working costs of the three plants will differ and will be higher than those of the existing Works. Uniformity of wages, bonus, etc., will not be practicable. Whether selling prices to be retained should be uniform for them all will be another question. All these controversial questions should be anticipated and planning committees appointed in consultation with the existing Steel Works to show the way towards solution. Some fear that these difficulties are insuperable and would end in the nationalisation of the existing Steel Works with a National Board to manage them all.

One mistake, the administrators of these Government Steel Works should avoid, is the appointment of Managing Directors in quick succession, to suit the convenience of the Delhi Secretariat, with the result that these men know they are for a short while and are unable to give their head and heart to the important work before them. The administration of a big industrial unit is not like administering the revenue code. The classic example of the quick change in Managing Directorship is afforded by the Sindri Fertiliser Works, where we had in rapid succession Mr. B. C. Mukherji, Mr. Pai, Mr. A. B. Chatterji, Mr. Mathulla (Acting) and Mr. Nilkantan.

The broadening beneficence of this triple Steel Works scheme should be recognised; it is worth taking the risk of exporting the steel which finds no market in India, provided the authorities are assured that there is at least 200 years reserve of coking coal. The scheme will give a fillip to employment, new engineering works, the drooping coal mining industry and so far as West Bengal is concerned, it not only makes Durgapur Chemical Industry inevitable but it enriches it and gives scope for large extension.

THE RATIO IN INDIA

PROVISIONAL estimates of India's National Income for 1952-53 and 1953-54 which have just been made throw fresh light on the value of the Ratio in India's First Five-Year Plan. The Ratio is the value of the fraction obtained when an increment of investment is divided by the corresponding increment of income.

The calculations shown in the tables below calculate the Ratio for the first three years of the Plan and also separately for the first two years. The reason for making both calculations is that the National Income

for the year 1953-54 cannot readily be related to investment because an exceptionally good agricultural year raised the national income in that year by something like Rs. 1000 crores. In fact all calculations of a general Ratio in India are statistically imperfect for similar reasons.

The volume of investment which has been accepted for the two years 1951-52 and 1952-53 is composed of Rs. 530 crores in the public sector, Rs. 200 crores in the private corporate sector, Rs. 350 crores in private agricultural

investment (for the most part not financed by money) and Rs. 90 crores under other heads. The total of investment in the first two years of the Plan is Rs. 1170 crores and the increment of income is computed at about Rs. 940 crores, giving a Ratio of 1.24.

Over the three years taken together the Ratio is 0.75. Investment is computed at Rs. 1935 crores while the rise in income is computed at Rs. 2560 crores. As already explained, however, this figure is fortuitous and includes the effect of an exceptionally good monsoon. It is likely that, if 1953-54 had been no better than 1952-53, the Ratio would have been in the region of 1.2.

Special importance attaches to this figure by reason of the fact that the Ratio over all sections of the First Five-Year Plan was assumed to be 3:1. It is obvious that a serious error was made in this reckoning. Now that the Second Five-Year Plan has to be conceived in practical terms, there are indications that a figure of something between 1.2 and 1.5 would be more appropriate. It is to be remembered in particular that investment in the Second Five-Year Plan will be in industry which gives both a higher and a quicker return. The Ratio for the Second Five-Year Plan may on this account be considerably lower than that in the First Five-Year Plan. On the other hand, the opportunities for the fuller utilisation of installed capacity are not likely to be as good, and, in particular, an increase in cotton textile production with a comparatively negligible volume of investment will not be available.

The broad picture, however, seems to indicate that a figure of 1.2 to 1.5 will be appropriate for the Ratio for India's Second Five-Year Plan.

TABLE I
INVESTMENT IN INDIA

Sector	(Rupees in crores)	
	Two Years 1951-52 and 1952-53	Three Years 1951-52 to 1953-54
Public Sector	530	885
Private Corporate	200	300
Rural Non-Public	350	600
Others Including Urban Construction etc.	90	150
TOTAL	1170	1935

TABLE II
THE RATIO IN INDIA

Period	Total Invest- ment (I)	Increment in National Income (N)	Ratio (I) / (N)
Two Years (1951-52 and 1952-53)	1170	940	1.24
Three Years (1951-52 to 1953-54)	1935	2560	0.75



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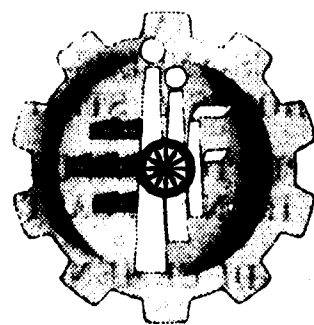


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THE BUSINESS WORLD

EXPANSION OF SUGAR PRODUCTION

Last week-end's tripartite conference on sugar held in New Delhi was preoccupied exclusively with the problem of evolving a suitable formula for an additional return to cane growers over and above the prices fixed for the season. The prevalence of the free market prices of sugar at levels higher than the controlled ex-factory prices for mill stocks, reserved for requisitioning by the Government to rectify the imbalance between supply and demand, has offered opportunity to cane growers for pressing for an extra element of price in the form of profit sharing. The quantum of extra earnings that is claimed by growers has proved a source of controversy and last week's conference ended in arriving at a tentative formula whereby the percentage share of the net price payable to cane growers in the major producing areas was agreed in these terms: West U.P.—60 per cent, East U.P.—53 per cent, North Bihar—53 per cent, Bombay—60 per cent, Andhra—57 per cent and Madras—57 per cent. It is an error to believe that there is unanimous support from all the producing areas to the scheme of profit sharing. What is apt to be overlooked is the vital fact that the scheme introduces a highly questionable principle in industry.

This stop-gap arrangement for finding satisfactory prices for sugarcane may be justified on the grounds of expediency, but the price problem must not be allowed to divert attention from the basic issue before the sugar industry. Price uncertainties arise essentially from a chronic disequilibrium between total supplies and requirements of sugar. Since the imported component of the supplies can be procured only at a high cost, it has become imperative to eliminate it as rapidly as practicable. The root of the problem is thus reduced to the augmentation of home output. So long as this real issue of expansion of productive capacity is not tackled with a correct approach, the uncertainties in the industry cannot be removed, whatever the nature of the palliatives.

The sugar industry's uninterrupted record of seven years of maintaining levels of output adequate to meet the home demand was broken for the first time last year and imports became inevitable as prices threatened to shoot up. The necessity of imports has lost none of its urgency and the present policy plans supplies from overseas of the order of 7.5 lakh tons. The widening gap between aggregate requirements and home production is of very recent origin dating to only 1952-53. It has resulted from the simultaneous operation of two distinct trends—a decline in production and an impressive increase in consumption. Consumption prior to 1952-53 ranged at an annual average of 12 lakh tons, but the rise in that year was as steep as 18.5 lakh tons and since then it has been on the upgrade and the present level of 18 lakh tons per annum cannot be regarded as stable. It may be reasonably exceeded by another two lakh tons in which case the Planning Commission's revised target of production of 18 lakh tons by the end of 1955-56 will prove inadequate for self-sufficiency. While provision of

domestic production capacity of this order has posed a tough problem, projection of the demand during the second Five-Year Plan is unlikely to provoke the attention it deserves.

The current position on the score of indigenous manufacture is far from satisfactory. After the peak production of 15 lakh tons was achieved in 1951-52, the process of decline could not be halted and on a reasonable reckoning the normal level of output for the time being may be placed at 13 lakh tons. The question that cries for solution is to make provision for an additional output of 5 lakh tons. Issue of licences for new capacity to the tune of 50,000 tons reduces the problem to devising appropriate ways for bridging the gap of 4.5 lakh tons. On a proper estimate, if this shortfall is to be made good entirely by installation of new units, an investment of about Rs. 30 crores spread over something like 40 units of economic size will be necessary. The Bombay Government's plan of expansion of capacity on the basis of co-operative manufacture envisages provision for the second Five-Year Plan in essence. However, there is no warrant, in fact, for the tacit assumption that larger production cannot be achieved except by setting up new factories. The possibility of stepping up the capacity of the existing units needs serious consideration. It has received very little of it in current discussions.

On the basis of a crushing season of 120 days, the present capacity of output may be placed in the neighbourhood of 15.5 lakh tons. It is a fundamental handicap of the industry that a crushing season of this duration is not available to a large sector of it. In 1951-52 as many as 68 factories out of a total of 139 in operation could not secure this span, while in 1952-53 the corresponding figures were 64 and 134 factories. An outstanding feature of this short crushing period is its impact on the major producing States of U.P. and Bihar, which between them accounted for about 68 per cent of the working factories in these two years. Seventy-five per cent of the units working for a shorter duration were situated in these two States in 1951-52, while the same percentage was reduced to 62 in the next year.

The duration of 120 days for the crushing season by means marks the ceiling and on the contrary it is quite capable of extension, if only new varieties of cane ripening early or late are energetically developed. The low yield of cane in India—14 tons per acre as against Java's 49.56 tons—and the low sucrose content of Indian cane indicate weak spots that combine to depress the output of sugar. To eliminate all these weaknesses is the function of research, provision of irrigation facilities (in which tube-wells must receive a new emphasis) and construction of rural roads to bring larger cane areas within the ambit of factory supplies. There is another aspect of this problem. Sugar has got embroiled in politics, but the question of shifting the location of seriously under-worked units to sites commanding the advantage of attractive resources cannot be shelved indefinitely.

POLICY FOR ELECTRICITY RATES

BY

CROESUS

Rate policies in public utility undertakings, in particular electricity undertakings, are attracting attention not only in this country but in a number of other countries as well. Just as there are proposals in this country for amending the Electricity Supply Act of 1948, an enquiry is in process in the U.K. into

the electricity supply industry in that country. But it may take some time before the views of the committee that has been appointed by the Minister for Fuel and Power in Great Britain are known, especially on rate policies generally. Recently, discussing the latest annual report of the British Electricity Authority (namely, the report for the year ended March 31, 1954) the "Economist" (London), had some comments to offer on the price policy of the B.E.A. In the opinion of the "Economist", the prices charged by the B.E.A. do not fully conform to what the Ridley Committee called "prices that correctly reflect the relative costs" and so, the journal suggested that, in order to bring that about, three changes were necessary. One of these changes (which is relevant for our purpose) is the provision for depreciation at replacement costs.

More than the comments of the "Economist" on the annual report of the B.E.A., I was attracted by, (i) the recent statement of the California Public Utilities' Commission on the limit of fair return and (ii) the speech of Mr. Robert S. Quig, Assistant Manager, Rate Department, Ebasco Services, Canada, on the principles governing fair return. In the context of the demand being made by the electricity supply industry in this country for raising the return from 5 per cent to 6 per cent, I feel, the views of the two authorities in these other countries need to be brought to the notice of the authorities in this country who have to decide this issue.

According to the Californian Public Utilities' Commission, the basic rates of return (permitted to the utilities) range from 5.55 per cent to 6.1 per cent for major companies. Added to these have been allowances of 0.2 per cent to 0.6 per cent for declining trends of earnings. Thus, in a recent case, a return of 0.7 per cent was allowed on a past test year rate base to yield 6.1 per cent for the future.

In the opinion of Mr. Quig, utilities should have rates high enough to produce adequate revenue if they have to serve the public properly. "Without adequate earnings, reliable and expanding service cannot be given to the customer, the owner's property cannot be maintained, new capital needed for service will not be forthcoming, the investor or the general tax payer will be penalised and everyone in the final analysis will be the loser", said Mr. Quig. It is interesting to compare this with what the statement of objects and reasons in the Indian Electricity (Supply) Bill itself said. In commenting on the 6th schedule to the Act, the statement had this to say: "The Schedule is designed to secure that a Licensee shall not be permitted to earn more than is necessary to provide him with a reasonable return and enable him to raise funds in the market necessary for the proper continuity of his public duties (emphasis mine). There is a striking similarity between this and the U.S. Supreme Court ruling on regulation policy which stated that "a public utility is entitled to such rates that will enable it to raise the money necessary for the proper discharge of its public duties".

Now the question is: what does this proper discharge or proper continuity of public duties mean? In connection with public utilities, such would at least involve a consideration of the five points that Mr. Quig made, as follows: (i) peak load requirements will more than double within few years; (ii) management materials and money will be needed in ever increasing amounts; (iii) maximum responsibility will be placed upon management to provide the utility service; (iv) employees will have to be better educated and organised for the job to be done, and (v) customers will have to be better informed as to the value of the service.

All these factors serve to emphasise the importance of the current and future rate policy. An adequate rate of return, as Mr. Quig said, must recognise more than the mere cost of capital. While talking of capital, an interesting point was made by the spokesman of the Canadian Electricity Undertakings when he drew pointed attention to certain editorial comments in the "Electrical World" which distinguished between the past investor and the prospective investor. I entirely agree with the comment of the "Electrical World" that "the attraction of capital theory... ignores the requirement for fairness to the past investor. The very concept of a fair return can in fact apply only to the past investor, because new investors are in a position to dictate the terms on which they are willing to put their money into a utility enterprise. As a result of inflation, capital latterly attracted supplies only a fraction of the buying power of capital invested at earlier price levels". I suppose the gist of the editorial in question is that those who have rendered a yeoman service by investing in electricity undertakings in the earlier years must not be let down, the more so because they are today relatively helpless compared to the new investor.

Another aspect of Mr. Quig's address to which reference must needs be drawn here is his observations regarding precise implications of the term "Regulation". He emphasised the point that, while a public utility should be reasonably regulated, he did not mean that the regulating authority or the State could take over the general power of management incidental to ownership. He was categorical and said that the "State is not the owner of the property of public utility companies, and is not clothed with the general power of management incident to ownership". Needless to say, the prevailing concept of regulation seems to be rather detrimental to a broader concept of adequate public service. It is, therefore, high time that the powers-that-be gave a new reorientation to their regulatory standards and interpretation so as to be in conformity with the spirit of the changing times.

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BUSINESS NOTES

RECESSION IN MICA

When the Central Labour Advisory Board meets next time, one pressing problem which will demand its attention is the labour dispute in the mica mines of Bihar. The issue which has provoked considerable controversy is the continuance in employment of surplus workers whose number has been variously estimated, but 50,000 appears to be the figure stressed often in the course of the dispute. The labour force whose jobs are affected is drawn mostly from one-third of the 600 mines in the premier mica-producing State of Bihar.

The basic cause of the recession in the mica industry is the steep decline in the overseas demand since the fate of the industry hangs on the volume of exports. The magnitude of the decline in exports is indicated in the table below:

EXPORTS OF MICA

	Volume (000 cwts.)	Value (Rs. in crores)
1951-52	407.7	13.21
1952-53	284.1	9.01
1953-54	250.2	7.95

The drop in exports started actually in 1952-53, but mine-owners' decision not to curtail production on a proportionate scale seems to have postponed the crisis coming to a head until recently. The figures of overall shipments hardly disclose the trouble spot. The U.K. and the U.S. have continued to be the traditional heavy importers of this near-monopoly commodity of India. The serious fall in U.K.'s intake of mica blocks from 12,308 cwts. in 1951-52 to 6,534 cwts. in 1953-54 has been cancelled out by the higher imports into the U.S. which rose from 11,235 cwts. to 18,612 cwts. during the two corresponding years. In fact, total shipments of blocks have gone up by over 1,000 cwts. in these two years. Exports of scrap and waste have registered a decline from 144,385 cwts. in 1951-52 to 110,913 cwts. in 1953-54 which is to be attributed largely to the greater utilization of micanite produced abroad from mica waste.

The really weak spot is the steep fall in the exports of mica splittings from 230,503 cwts. in 1951-52 to 105,505 cwts. in 1953-54. The shares of the two major importers have suffered serious contraction—the U.K. from 70,000 cwts. to 14,800 cwts. and the U.S. from 121,900 cwts. to 61,700 cwts.

The fall in the overseas demand for the Indian product is to be traced to the release of part of the mica stockpile in the U.S. (dating back to the period of World War II) to commercial firms and the exploitation of mica mines in Brazil where U.S. capital appears to have sought investment. Internal consumption of mica in this country on a large scale must await the expansion of the electrical equipment industry, but the present as well as long-term solution of the mica industry consists in domestic processing and improvement of the quality of the product. The Brazilian competition vindicates that reduction in production costs must be sought in modernisation of mining operations.

INDUSTRY IN THE SECOND PLAN

With the remarkable expansion in agricultural production in the three years of the first Five-Year Plan, the lower priority assigned to industry has lost its logic and there is no dissenting voice on the imperative

necessity of changing that order of priorities and giving industry a higher place henceforth. If Mr. G. D. Binani's presidential address at the recent quarterly meeting of the Indian Chamber of Commerce, Calcutta, reiterates this very approach to priorities in the next Plan, it places in unequivocal and vigorous terms a due emphasis on the nature of industrial planning. The first requisites of that planning are an unmistakable stress on heavy industry and bold as well as imaginative targets for achievement. Mr. T. T. Krishnamachari gave a glimpse of the Government's mind on this issue, when he came forward with the acceptance of a target of 6 million tons of steel per year and 10 million tons of cement per year at the end of the next Plan. It is essential that the targets for other industries should be pitched in the same spirit of planning on a vigorous scale. This fact cannot be overemphasized. The danger to be guarded against is any possibility of relaxation in this zeal in the name of so-called realism. Realism in planning does not imply thinking with a narrow mind and taking a small view of the capacity of a resurgent nation to raise itself.

The expansion of industry with a deliberately accelerated pace confronts the country with the challenge of modernisation. This challenge cannot be shirked and procrastination will only assist the process of putting a brake on the progress of industrial development. The Textile Enquiry Committee's recommendation on introduction of automatic looms throws proper light on this much-misunderstood subject, but as Mr. Binani has taken care to stress, the inordinate time-limit prescribed for the change detracts from the intrinsic value of this proposal. The place of small industries vis-a-vis large-scale industries has often been misconceived. There can be no question at all of their elimination. They have an undoubted place in the economy and they need every assistance in the form of new production techniques, finance and credit facilities, purchase of raw materials, marketing of the finished product, and the like. But to create a market for them by deliberate reservation of production is a mistaken remedy, which cannot fail to retard the overall progress of industry by fostering uneconomic production. It is from this angle that the limit of 5,000 million yards per annum, suggested by the Textile Enquiry Committee for mill production, cannot be accepted as it would result in maintaining a static condition in the industry. It represents an important and typical illustration of the danger of a lapse into the error of planning for restriction.

GRINDING WHEELS

Reviewing the progress of the grinding wheels industry during the last seven years, which justifies in an ample measure the grant of protection originally made in 1947, Mr. B. N. Adarkar, who opened the Tariff Commission's public enquiry into the industry's claim for continuance of protection beyond December 1954, observed that despite the expansion of domestic production there is some gap left in meeting the home requirements. This observation has a strict application to the existing situation and to the situation in the very near future only. Grindwells Ltd. have increased their capacity now to 600 tons per year and their actual production in the first three quarters of 1954 was at the annual rate of 500 tons, which is also the reasonably expected actual output in the current year. As against this, the present demand is of the order of 600 tons. But this aspect is bound to be changed radically in the near future and the shortfall will be converted into an appreciable surplus. Grindwells have a project of ex-

panding their capacity to 1,100 tons per year by 1956 and the two other incoming units will make sizeable additions—Carborundum Universal Ltd., of Madras (with 49 per cent American participation) 600 tons per year and Universal Wheel Grinding Company (of U.K.) in Bombay 120 tons per year. Given good expansion of the engineering industries, the Planning Commission expects the home demand to rise to 750 tons by 1956. It is in the light of this anticipated demand that the total projected capacity of 1,820 tons per annum is to be judged. It is clear that production will far outpace requirements at home and unless an export market is established, it will be difficult to avoid the prospect of keeping a good part of installed capacity idle. In the latter event, achievement of a competitive price level will prove difficult.

The rate of the protective duty has now been reduced from 100 per cent to 50 per cent ad valorem, exclusive of the surcharge of 5 per cent levied in 1952. The industry wants extension of protection to types which are now excluded but which it is manufacturing. They account for 20 per cent at least of the aggregate output. This leaves only diamond impregnated wheels free from protective duty. In addition, the industry claims duty-free imports of raw materials and benefit of official policy of purchase for government requirements from indigenous production. In view of the progress of the industry and its projected large expansion, protection needs to be extended. But some complaints on the score of quality (shorter life of large-sized wheels and lack of consistency in hardness), although few in number, seem to call for improvement in the indigenous product.

JUTE SUPPLIES

The further fall of 2,700 tons in the stocks of jute goods with the mills in September last, brought the total stock to 68,000 tons at the end of that month and at this level the lowest point in the course of the last three years has been touched. The position of stock at the close of September has been estimated to amount to a lower quantity than a month's production. When early in the current jute season working hours of mills were raised by 2½ hours to 45 hours a week on July 12, there were not a few apprehensions entertained about production outstripping consumption and similar doubts could not but be expressed by the same quarters about the raising of the working hours to 48 from October 18. The stock position revealed in September has been interpreted as an indication that the increase in the working hours has been appropriately timed and no great difficulties are involved in the output being absorbed. The rise in the consumption of burlap in the U.S. by 7 million yards to 77 million yards in September as compared to the previous month is a reassuring trend, and making allowance for normal fluctuations, the prospect for the overseas demand appears optimistic.

An important factor affecting the progress in production, however, is the supply of raw jute. In the first two months of the present season—July and August—arrivals of raw jute in Calcutta and mill stations have been of the order of 26,70,000 mds. (made up of 20,10,000 mds. Indian and 6,60,000 Pakistani jute) as against 44,32,000 mds. (25,50,000 mds. Indian and 18,82,000 Pakistani jute) in the corresponding months of the previous season. As it is, Pakistani jute prices, which rule much higher than Indian prices, have had their impact abroad and the U.K. Board of Trade has taken the decision to raise the prices of raw jute by £5 per ton. Estimates of actual loss of raw jute stocks and damage to the jute crop this year are guess work at this stage and it would appear that the shortfall in

the crop this time by 300,000 bales relatively to last year due to this calamity is an overestimate. Nevertheless, some increase in raw jute prices seems inevitable, but its magnitude need not be exaggerated. Currently, mills display no impatience in buying raw jute supplies.

OUTLOOK FOR DIAMONDS

The diamond processing industry relies for its activity almost entirely on imported raw stones—a factor which explains why the fluctuations in its output are sensitive to the changes in the import policy. During the six years commencing with the imposition of a ban on imports in 1947, the processing works in Bombay State, where the industry has developed a heavy concentration, were in a state of considerable suspension, but resumption in large-scale production of precious stones had to wait for permission to import raw stones which was granted in 1953, the quota being restricted to a value of Rs. 25 lakhs. The Bombay Diamond Merchants' Association estimates actual utilization of this quota to the extent of Rs. 8 lakhs only. The statistical position is not clear, but the depressed levels of output have not been raised on any appreciable scale and export of diamonds last year is estimated by the trade at 20 per cent of the pre-war value. Smuggling of polished stones from Palestine and some European continental countries has made serious inroads on the Indian industry and effective relief can come substantially from the suppression of this clandestine trade. Meanwhile, the major grievance of the trade relates to the import duty of 20 per cent levied on raw stone. The trade's confidence to build a continuous market in the countries of the Middle East appears to be based on the last two years' experience and one of its major requirements is reduction in the costs of production. It has pleaded for a reduction in the import duty to 5 per cent as in the case of precious stone. Alternatively, it will be worth while to investigate how a workable procedure could be evolved for drawback of import duty in respect of raw stones used for the polished and processed final product shipped abroad.

Industrial use of diamonds for precision tools offers an opening for this industry and in view of this, attention has been diverted also to the expansion of the domestic output of raw stones, which on a pre-war price basis was of the small size of 3 per cent of the duty-free imports. Recent exploratory operations in search of additional diamond areas do not seem to have yielded any encouraging positive results and this is the inference reasonably suggested by the absence of any official pronouncement in this behalf. For the present, the industry's field is limited to non-industrial consumption.

U.K. BALANCE OF PAYMENTS

A White Paper published in London by the British Treasury discloses that Britain's balance-of-payments surplus, excluding aid, in the first half of this year amounted to more than the surplus for the whole of 1953. Excluding defence aid, the current surplus for the January-to-June period was £154 million against £103 million in the second half of the last year and £2 million in the first half. Accounting for the rise between the last half of 1953 and the first six months of this year, the White Paper says this was due partly to a further small decline in the visible deficit by £14 million and partly to the improvement of £33 million in total net invisible transactions. Imports rose by £59 million over the previous six months to slightly more than the figure for the first half of 1953. At the same time, exports rose by £73 million, a substantial

proportion of this being due to increased sales to distant countries, notably Australia and New Zealand. On invisible account, the improved figure was due, among others, to a rise in net shipping earnings; the seasonal decline in overseas travel by United Kingdom residents; and greater net income from interest, profits, and dividends, chiefly due to the fact that interest payments on North American debts fall due at the end of the year. The absence of end-of-year interest payments contributed towards an improvement in the balance with the dollar area which showed a surplus of £49 million compared with a deficit of £40 million in the previous half-year. Current surplus with OEEC countries has remained steady since the beginning of last year, and the balance with other non-sterling countries was slightly up. In the EPU, the U.K.'s net position changed from a deficit of £21 million during the latter half of 1953, to a surplus of £53 million in the first six months of this year.

A feature of the period covered by the White Paper was a further rise in sterling liabilities to the rest of the sterling area; another was the rise in the reserves of £179 million. The subsequent fall in the reserves during the third quarter by £42 million does not mean a reversal of this upward trend, for there were big reductions in certain U.K. liabilities to the non-sterling world. For example, some £40 million worth of sterling sold to the IMF in 1947 and 1948, to obtain dollars was repurchased for dollars in August, while the U.K.'s debit balance with EPU was reduced by £47 million from the end of June to the end of September. The U.K.'s investment overseas is on the increase. Exact figures are not available, but an annual net average of the order of £120 million for the eight years 1946 to 1953, compares with £180 million for the three years 1951-53. It comprises mostly long-term private investment.

The secret of this surplus is to be traced to a welcome change in the pattern of trade. Its direction is changing and the U.K. as well as the countries of continental Europe are becoming less dependent on the U.S. The apprehensions of a permanent dollar gap have been dispelled.

TEA EXPORT QUOTA

The Commerce and Industry Ministry's decision of October 20 last, announcing a further quota of 9 per cent for the current year's exports of tea relative to the standard export quota is apparently in response to the sustained higher demand in the London tea market. At the present limit the permissible quota reaches the point of 129 per cent of the standard quota and exceeds last year's peak by 3.5 per cent. The total quantity that can be shipped now is raised to 449.23 million lbs.,—an increase of 31.33 million lbs. above the enhanced quota of 120 per cent fixed in August last and working to a total volume of 417.90 million lbs. The International Tea Agreement, effective for five years from 1950, had fixed a standard export quota in the case of India at 348.25 million lbs., but the limit of permissible conditions has been pitched at 135 per cent of this basic level. The room for further manipulation, assuming the overall supply position and the capacity of the overseas trade to absorb extra quantities remain favourable, is still 6 per cent. The keen demand for Indian middlings for blends and also on a smaller scale for superior grades in Mincing Lane has succeeded hitherto in disregarding price increases, but the pertinent issue is whether the state of domestic supplies in this country and actual availability at periodical intervals admits of any further liberalisation of the export quota.

It will be too hasty at this stage to take at its face value the claim of the Commerce and Industry Ministry about a comfortable internal supply position. This popular beverage, which easily suits the consumer's purse, may perhaps lose the latter virtue of attractive prices and the process would appear to have started already. A reassuring statistical position may not necessarily give an assurance of adequate distribution at all the centres and the actual trend seems to be different. The Railway Board's recent statistics of goods movements in the first five months of 1954-55 reveal a shortfall of 14 per cent in wagon loadings of tea relative to the same period of 1953-54 on the metre-gauge railways which are vital for the transport of tea. The quota released last week is unlikely to take long to be committed for shipments and Government will have to keep an alert eye on the behaviour of domestic prices for appropriate action, should necessity arise for it.

PROBLEMS IN FERTILIZERS

The success which attended the educative propaganda for the use of fertilizers has made the Indian farmer fertilizer-minded to an extent that has pushed up the demand unexpectedly. The popularity of fertilizers has come to stay and the pressure of the rising demand which has necessitated larger imports gives an assurance that present trends in consumption can be taken as indicative of long-term requirements. This basic aspect of consumption of fertilizers has led to two investigations in the subject.

The first investigation relates to the fixation of a fair selling price for the product of Fertilisers and Chemicals, Travancore. The small size of this plant (whose present capacity of production has been placed at only 20 per cent of that of Sindri) inevitably raises its production costs which the enquiry committee has estimated to be Rs. 324 per ton without taking into account other important ingredients like reasonable return on investment and interest on loan capital. The present scope of economy will bring a marginal reduction of something around Rs. 15 per ton. This compares with Sindri's current selling price of Rs. 275 per ton and the landed cost of imported fertilizers of Rs. 295 per ton. The transport freight advantage which the Travancore factory's output will enjoy by reason of the fact of distribution in the adjacent areas need not be overrated. Once the sound decision has been taken to bring Travancore fertilizers' output in the pool, arrangement for a fair selling price must be struck at a reasonable point. The small size of its output is calculated to minimise the strain on the resources of the pool.

The second investigation under the auspices of a committee appointed at the end of October aims at assessing the proper magnitude of the expansion of the current total production capacity, location of the new units, the varieties of chemical fertilizers to be produced and the techniques to be adopted. The sense of urgency displayed in the committee's assignment is obvious from the decision to take measures to create fresh capacity of 1.7 lakh tons per year immediately. The target of new capacity at the end of the next Five-Year Plan will be pitched at 2.5 lakh tons per annum. The committee's job of selecting the location of new units, allocation of capacity to them and formulating estimates of capital outlay can hardly escape the impact of regional rivalries, but it hardly needs emphasis that part of the additional capacity should be installed on the principle of diversification in the up-country and the South as a precaution against inflated costs even in normal times.

HAS 052

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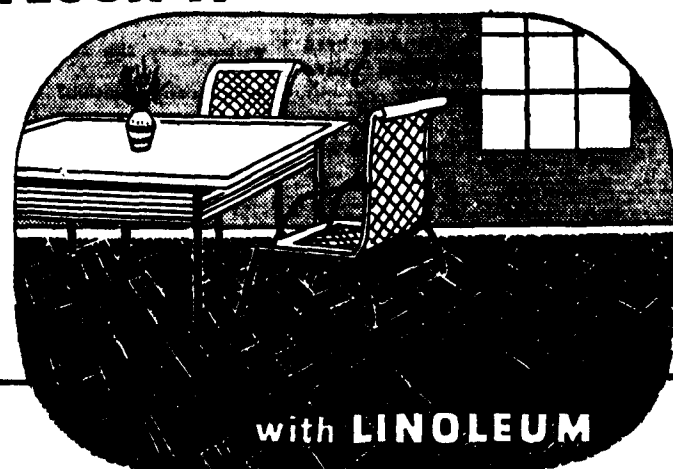
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APR/55

COMMODITY NEWS AND NOTES

FOOD GRAIN PRODUCTION IN INDIA

India produced 66 million tons of food grains (56.1 million tons of cereals and 9.9 million tons of pulses) in the agricultural year 1953-54, which ended in June 1954, exceeding the Five-Year Plan target for 1955-56 by 4.4 million tons. The acreage at 261 millions was the highest ever recorded. The total area under cereals in 1949-50 was 195.5 million acres and under all food grains was 245.3 million acres. The Five-Year Plan target of 197 million acres in the case of cereals and 246 million acres under all the food grains had been crossed in 1952-53, when the total acreage under food grains stood at 252 million acres. In 1953-54, another nine million acres were added to food grains, so that the total acreage in that year exceeded 261 million acres, the highest the Indian Union has ever had so far. The production of food grains in 1949-50 was 54.0 million tons and the Plan envisaged a target of 61.6 million tons of food grains to be reached by 1955-56. Production in 1952-53 stood at 58.1 million tons and in 1953-54 another 7.9 million tons were added to the production of 1952-53, placing the figure at 66.0 million tons. The increase in production has been due to an increase in acreage and also due to an increase in the average yield per acre. The factors that helped the latter were kind weather and intensive cultivation.

The grain-wise details of production are given below:

Food Grains	Five-Year Plan's Base		Actual Production	Planned Production (Million tons)
	Year	Year		
	1949-50	1952-53	1953-54	1955-56
Rice	23.2	22.5	27.1	27.2
Wheat	6.3	7.4	7.8	8.3
Other Cereals	16.5	19.2	21.2	17.0
Total Cereals	46.0	49.1	56.1	52.5
Gram	3.7	4.2	4.6	..
Other Pulses	4.3	4.8	5.3	..
Total Pulses	8.0	9.0	9.9	9.1
Total Food Grains	54.0	58.1	66.0	61.6

Rice production in 1953-54 has exceeded the 1952-53 crop by 4.6 million tons and established an all-time record of 27.1 million tons as against the calculated target of 25.6 million tons for 1953-54. The target of 27.2 million tons at the end of 1955-56 is also almost achieved. The Japanese method of paddy cultivation, which was practised during 1953-54 over 4 lakh acres, also partly contributed to this increase apart from favourable weather. The production of wheat in 1953-54, i.e. 7.8 million tons, is another record for India. The production of millets and other minor cereals has been about 4 million tons higher than the target of 17.0 million tons at the end of 1955-56.

Given below are the Index Numbers of food grain production as prepared by the Planning Commission (Five-Year Plan Progress Report for 1953-54). The index has moved up by 15 points from 1952-53 to 1953-54.

Index Numbers of Food Grain Production

	(Base: 1949-50 = 100)			
	1950-51	1951-52	1952-53	1953-54
Rice	87.9	90.1	96.7	116.4
Wheat	100.1	93.9	104.3	111.0
Total Cereals	90.3	91.2	101.4	117.2
Pulses	91.7	90.3	99.0	108.9
Total Food Grains	90.5	91.1	101.1	116.1

The large production has resulted in a drastic reduction in foreign imports. In 1951, India imported 4.7 million tons of food grains at a cost of Rs. 215 crores, but in 1952, they came down to 3.9 million tons valued at Rs. 210 crores. In 1953, there was a further reduction to 2.0 million tons valued at just Rs. 86 crores. During 1954 the total imports made so far are roughly one-fifth of the total quantity imported in the whole of the year 1953.

The per capita consumption of food grains in India at the end of the Plan period, i.e. 1955-56, was envisaged at 15.81 ounces per adult per day. The balanced diet laid down by the Nutrition Advisory Committee is 17 ounces per adult per day. The population of India on March 31, 1954, was estimated at 374 millions, and the per capita availability of food grains works out to 17.65 ounces which is 0.65 ounces higher than the balanced diet.

FIRST ESTIMATE OF KHARIF PULSES

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India first estimate of kharif pulses other than tur, for 1954-55 puts the current year's area at 10,146,000 acres, as against 10,539,000 acres of the adjusted estimate of last year. This shows a decrease of 393,000 acres or 3.7 per cent in area as compared to last year. The decrease in acreage has been shared mostly by Rajasthan, Bombay, Kutch and Madhya Bharat and has been attributed to unfavourable weather conditions at the time sowing. This decrease in area has been offset to some extent by increases recorded in U.P., Hyderabad, Madhya Pradesh and the Punjab. This estimate generally covers the period up to the end of August 1954. Till then, the condition of the crop was reported to be generally fair.

CONSUMPTION OF COAL IN INDIA

Consumption of coal by several major industries in India has shown a substantial improvement in the last five years. The railways increased their consumption of coal from 9 million tons in 1948 to 11 million tons in 1953, cement industry from about 7 million tons to 1.4 million tons; paper industry from nearly 4 million tons to 5 million; chemicals from 1.4 million tons to over 2 million tons; brick burning from .6 million tons to 1.6 million tons; electric supply companies from 1.9 million tons to 2.7 million tons; iron and steel from 2.8 million tons to 3.4 million tons and engineering from 2 million tons to nearly 3.5 million tons. The textile industries, both cotton and jute, however, consumed less coal in 1953 as compared with 1948. The cotton mills consumed 1.80 million tons of coal in 1948 but only 1.7 million tons in 1953, while the corresponding figures for the jute mills are .64 million tons and .52 million tons respectively.

FINAL ESTIMATE OF 1953-54 TOBACCO CROP IN PAKISTAN

The final estimate of the area under tobacco crop for the year 1953-54 was 193 thousand acres as against 174 thousand acres reported in the final estimate of the previous year, and shows an increase of 10.9 per cent. There was a general increase in the acreage of this crop in Pakistan which was attributed mainly to high market prices of tobacco. The estimate yield of this crop for the year 1953-54 was 201,988 thousand lbs. as against 164,771 thousand lbs. reported in the final estimate of the previous year, and shows an increase of 22.6 per cent. There was a general increase in the yield of this crop throughout Pakistan. Major increase in N.W.F. Provinces and the Punjab which were due to substantial increases in the area under the crop and favourable weather conditions.

COMPANY AFFAIRS

BURN AND COMPANY LIMITED.

The working results of Burn and Company Ltd. (Managing Agents: Martin Burn Limited) for the year ended April 30, 1954 are satisfactory. Sales at Rs. 576.60 lakhs during the year under reference show a rise of nearly Rs. 39 lakhs over the previous year's figure. Though the manufacturing expenses and salaries and wages have gone up by Rs. 6.16 lakhs and Rs. 4.59 lakhs respectively, the net profit (after providing for depreciation and taxation) has also increased by Rs. 2.42 lakhs from Rs. 8.03 lakhs during the preceding year to Rs. 10.45 lakhs in the year under review. The increase in the net profit is mainly due to the rise in sales. The directors have increased the provision for depreciation from Rs. 10.30 lakhs to Rs. 11.32 lakhs but they have scaled down the provision for taxation from Rs. 13.00 lakhs to Rs. 11.50 lakhs. An additional provision amounting to Rs. 4.50 lakhs has been made for taxation contingencies.

The ordinary dividend rate has been lowered from 15 per cent per annum to 10 per cent per annum but this does not amount to any loss to the shareholders. On the contrary, the ordinary shareholders gain by 5 per cent as compared with the year 1953 because the ordinary capital of the company has been doubled from Rs. 42 lakhs to Rs. 84 lakhs by capitalising reserves, and every ordinary shareholder has received a bonus share of Rs. 100 for each share held.

According to the directors' report, all capital projects, except the electrification scheme at Howrah Works and the new kilns at Jabalpur taken in hand last year, were completed. The encouraging results of the year under review convinced the directors that the further schemes of modernisation of the works should be continued.

The directors also report that with the exception of Stoneware Pipe Works at Raniganj all other works were booked with orders. Raniganj works have been closed since April 28, 1954 and the directors have declared a lock-out.

The progress of the Company during the last three years is outlined in the table below:

Year ended	(In lakhs of rupees)		
	30-4-52	30-4-53	30-4-54
Sales	425.38	537.88	576.60
Manufacturing expenses	30.45	37.67	43.83
Salaries and wages	137.25	147.05	151.64
Provision for depreciation	9.90	10.30	11.32
Provision for taxation	12.00	13.00	11.50
Provision for taxation contingencies	..	..	4.50
†Net profit	8.12	8.03	10.45
Ordinary Dividend rate per cent per annum	15	15	10

†After providing for depreciation and taxation.

THE GENERAL ASSURANCE SOCIETY LTD.

During the year ended December 31, 1953, the total new business completed by the Life Department of the Society amounts to Rs. 221.11 lakhs (8,442 policies) as compared to Rs. 203.20 lakhs (7,086 policies) in the last year. The total premium earned during the year 1953 stands at Rs. 71.86 lakhs which is slightly lower than the previous year's premium of Rs. 72.32 lakhs. The Society has added Rs. 39.99 lakhs to the Life Fund during the year as against Rs. 24.86 lakhs in the preceding year. The total life fund at the close of the year stands at Rs. 399.64 lakhs as against Rs. 359.65 lakhs in the year earlier.

The net premium in the Fire Department improved from Rs. 11.59 lakhs to Rs. 12.82 lakhs. The loss of Rs. 1.32 lakhs compares unfavourably with a profit of Rs. 2.24

lakhs in the last year. The reserves at Rs. 5,77,025 are 45 per cent of the premium.

The net premium in the Marine Department showed an increase of Rs. 5.29 lakhs over the previous year's figure of Rs. 7.53 lakhs. The profit in the same department has also shown an upward trend and the profit for the year stands at Rs. 3,85,663. The reserves have declined from 100 per cent to 50 per cent of the premium.

The loss incurred in Accident and Miscellaneous Department is in line with that of most of the other companies. The loss at Rs. 1.84 lakhs compares unfavourable with a loss of Rs. 53,182 in 1952. The reserves are kept at 42½ per cent of the premium income.

The total fund of the Society stands at Rs. 4,71,51,723 as detailed below:

	Rs.
Capital Paid-up	10,00,000
General Reserve	8,02,012
Reserve for Taxation	1,40,000
Investment Reserve	26,88,410
Exchange Reserve	5,08,058
Contingency Reserve	1,84,846
Life Fund	3,99,64,411
Fire Fund	5,77,025
Marine Fund	5,20,141
Accident and Miscellaneous Fund	6,61,531
Balance of Profit and Loss	..
Appropriation Account	1,05,292
TOTAL	4,71,51,723

AGRA ELECTRIC SUPPLY CO., LTD.

The working of the above company (Managing Agents: Messrs. Martin Burn Ltd.) for the half-year ended March 31, 1954, has resulted in a profit of Rs. 1,48,633, after including a sum of Rs. 49,490 brought forward from the previous year's account and after providing Rs. 1,00,000 for development and extensions. The company maintained satisfactory progress during the half-year under review. The directors have recommended a dividend of 10 per cent per annum, free of income-tax, absorbing Rs. 99,920. The carry forward is Rs. 48,716 compared with Rs. 49,490 brought in.

The following table reflects the progress of the company during the last six half years:

	Units Sold	Revenue
		Rs.
30th September, 1951	10,513,757	12,53,521
31st March, 1952	9,703,497	14,04,904
30th September, 1952	11,463,384	14,97,507
31st March, 1953	10,713,328	14,32,952
30th September, 1953	12,152,915	14,79,536
31st March, 1954	10,703,548	15,27,036

THE PARASEA COLLIERS LIMITED

The profit and loss account of the above company (Managing Agents: Messrs. Deepchand and Kishen-lall) for the half-year ended June 30, 1953, discloses a net profit of Rs. 45,609 (after providing for depreciation and taxation). The directors have proposed a token dividend of two annas per ordinary share and have allocated Rs. 20,000 to "General Reserve".

The directors report that output during the half-year under reference showed considerable improvement over the previous half-year but despatches could not be improved because of the demand of the Railways and Industries having considerably decreased.

THE JUPITER GENERAL INSURANCE CO., LTD.

In the review of the above company published in our issue dated October 29, it was erroneously stated that the Administrator had decided to pay the arrears of preference dividends for the years 1950, 1951 and 1952. The Administrator had only stated that arrears of preference dividends will be a first charge on the total available profits of Rs. 5,65,738.

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
December 1953	387.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
April	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May	386.2	464.6*	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0
June	343.2	441.0	355.6	378.7	647.3	381.6	90.3	100.9	88.5	106.9
July	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6
August	362.4	420.9	351.9	375.7	608.9	382.5	90.8	100.6	89.4	117.4
September	363.6	426.0	353.3	377.6	607.8	384.3	90.7	100.5	88.6	121.0
Week Ending 18-9-1954	361.1	426.1	354.7	377.0	604.0	383.5	90.7	100.4	88.5	121.4
25-9-1954	362.3	428.2	352.2	378.6*	607.4	385.3*	90.6	100.5	88.5	121.3
2-10-1954	354.7	422.2	352.1	377.9	607.3	380.6	90.5	100.5	88.4	120.5
9-10-1954	356.3	430.4	352.2	377.9	606.0	382.4	90.5	100.5	88.3	119.4
16-10-1954	361.9	430.3	352.2	375.5	604.7	383.6	90.4	100.5	88.2	117.5

†Economic Adviser's Series.

c Average of weeks.

*Revised.

††Reserve Bank Series.

WORKING CLASS COST OF LIVING
(August 1939=100)

Period	Bombay			Delhi	Bengal	U. P.	Central Provinces		Madras	E.P.	Bihar	All India†
	Bombay	Bombay June 1934=100	Ahmedabad July 1927=100	Delhi†	Calcutta	Kanpur	Nagpur	Jubbulpore†	Madras June 1936=100	Ludhiana†	Jamshedpur†	
1939 (Aug.-Dec.)	103	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	349	484	372	153	325	165	145	138
1951	314	330	261	142	370	451	391	168	334	167	160	144
1952	321	337	250	143	351	441	380	150	330	151	154	141
1953	346	363	275	140	349	453	387	151	351	147	156	145
1953 September	353	371	283	145	366	464	391	154	351	150	163	150
October	350	368	282	144	349	457	389	153	352	150	162	147
November	344	361	280	144	339	453	385	148	353	149	155	144
December	342	359	268	140	329	438	380	146	350	149	145	141
1954 January	346	363	269	139	325	442	377	144	353	151	142	142
February	331	348	257	139	316	432	375	144	352	151	141	139
March	332	349	257	138	319	416	374	143	345	150	136	137
April	338	355	255	141	323	426	377	144	341	151	138	136
May	338	355	251	142	339	415	374	142	341	150	142	136
June	350	367	240	135	332	396	375	141	342	149	143	136
July	349	366	241	134	331	400	373	141	339	145	140	136
August	345	362	237	135	330	408	372	—	336	145	—	—
September	—	—	—	137	—	—	—	—	—	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED											
	30-10-1954			23-10-1954			16-10-1954			9-10-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola)	88-5	87-7	88-2	88-14	87-1	88-0	88-3	87-8	88-2	87-10	86-14	87-
Silver (per 100 fine tolas)	159-13	159-5	159-9	161-0	158-13	160-2	160-0	157-5	158-12	157-8	156-10	157-

SCHEDULED BANKS

(Rs. in Lakhs)

Period	LIABILITIES			Cash (Notes + Coins)	Balances with Reserve Bank	(5+6) as percent- age of (4)	Advan- ces	Bills Discount- ed	(8+9) as percent- age of (4)	Invest- ments in Govt. Securities in India
	Demand	Time	Total (1+2)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1938-39*	123.81	103.30	227.11	6.38	15.88	9.80	111.34	460	51.05	..
1947-48*	706.65	343.89	1,050.54	39.92	100.81	13.40	427.54	16.82	42.30	..
1948-49	674.56	303.88	978.44	37.51	79.46	11.95	424.85	18.44	45.10	..
1949-50	597.79	272.59	870.38	34.47	65.85	11.53	426.74	15.35	50.79	..
1950-51	599.13	278.45	877.58	34.68	60.78	10.88	447.03	11.87	52.29	..
1951-52	593.73	290.82	884.55	37.33	57.29	10.70	523.59	22.81	61.77	308.49
1952-53	546.23	309.26	855.49	33.33	51.82	9.95	461.64	35.47	58.46	306.34
1953-54	526.75	328.26	855.00	31.97	44.48	8.98	442.79	51.40	57.80	321.29
Average of Fridays										
July 1952	559.78	309.90	869.69	33.71	55.10	10.21	466.25	45.15	58.80	299.95
August	556.29	313.64	869.92	32.81	61.28	10.82	448.58	38.18	55.95	302.30
September	549.13	317.19	866.32	33.04	65.75	11.40	442.73	27.49	54.28	305.43
October	546.05	316.42	862.48	33.95	61.88	11.11	439.48	25.82	53.95	312.63
November	542.19	318.51	860.70	32.81	55.14	10.22	426.22	26.65	52.63	321.54
December	535.07	317.85	852.92	33.42	44.65	9.15	432.43	28.08	53.99	327.66
January 1953	526.17	315.26	841.44	34.14	45.08	9.41	450.25	32.29	57.35	313.69
February	526.03	315.32	841.35	32.64	43.06	9.00	459.73	40.96	59.51	303.13
March	530.19	313.43	843.61	33.58	41.66	8.80	465.93	52.18	61.42	302.29
April	541.81	317.11	858.91	32.94	44.49	9.01	469.89	58.62	61.53	301.43
May	529.18	322.18	851.36	31.91	39.92	8.44	473.54	60.87	62.77	300.44
June	527.17	324.95	852.11	33.22	39.94	8.59	464.10	58.38	61.32	309.77
July	532.42	328.21	860.64	31.86	43.99	8.70	443.69	52.83	57.69	314.39
August	527.25	329.39	856.64	30.56	44.55	8.77	430.70	49.09	56.01	323.14
September	526.51	330.22	856.73	31.12	48.48	9.30	422.67	43.68	54.50	331.04
October	527.00	332.60	859.60	31.11	53.01	9.78	417.26	39.55	53.15	336.85
November	525.93	334.01	859.94	32.18	55.21	10.15	414.71	39.76	52.96	338.57
December	523.72	332.41	856.13	31.83	51.10	9.68	412.87	42.06	53.15	337.21
January 1954	518.56	329.04	847.60	33.11	41.00	8.74	436.63	50.08	57.42	325.85
February	514.30	330.61	844.91	31.99	38.41	8.34	460.45	56.11	60.85	320.55
March	524.03	328.75	852.78	31.72	39.25	8.32	466.96	66.33	62.54	318.19
April	541.21	327.70	868.91	32.30	43.11	8.68	480.05	75.08	63.89	316.86
May	537.42	329.08	866.50	32.03	41.43	8.58	484.46	95.91	66.98	323.65
June	542.87	332.10	874.97	33.01	41.75	8.54	472.41	87.61	64.01	326.97
July	548.54	340.72	889.26	30.91	44.18	8.55	460.27	82.45	61.04	329.51
August	553.09	349.08	902.17	30.43	54.43	9.41	444.12	82.07	58.33	338.22
September	558.13	351.45	909.58	32.16	60.57	10.19	447.84	77.66	57.77	345.65
Week Ending										
2-4-1954	541.51	325.41	866.93	31.38	50.45	9.44	472.23	73.27	62.92	318.83
9-4-1954	539.86	327.84	867.70	31.26	41.56	8.39	477.93	74.23	63.64	316.33
16-4-1954	542.20	328.06	870.26	33.00	41.07	8.51	481.61	75.13	63.97	312.38
23-4-1954	545.57	328.71	874.28	33.45	41.96	8.63	481.30	76.83	63.84	313.93
30-4-1954	536.92	328.47	865.39	32.43	40.52	8.43	487.20	75.93	65.07	322.85
7-5-1954	528.34	329.15	857.49	32.32	39.65	8.39	491.29	75.96	66.15	323.25
14-5-1954	536.75	328.60	865.35	33.84	42.01	8.74	485.31	95.92	67.17	323.93
21-5-1954	541.35	328.95	870.30	33.04	42.93	8.78	482.86	96.72	66.60	324.28
28-5-1954	543.23	329.64	872.87	32.73	41.12	8.46	478.37	94.21	65.60	324.05
4-6-1954	539.45	329.62	869.07	33.42	41.60	8.63	480.44	91.96	65.86	326.31
11-6-1954	543.30	330.94	874.24	33.19	42.23	8.63	473.09	88.03	64.18	327.31
18-6-1954	541.94	333.43	875.37	32.40	41.34	8.42	470.47	86.51	63.63	327.44
25-6-1954	546.80	334.40	881.19	33.02	41.83	8.49	466.64	83.95	62.37	326.83
2-7-1954	546.35	335.62	881.97	32.18	43.57	8.59	469.82	83.26	62.71	327.31
9-7-1954	544.05	336.96	881.01	31.60	42.95	8.46	467.30	79.87	62.11	328.04
16-7-1954	550.19	340.47	890.66	30.75	44.54	8.45	459.67	82.01	60.82	328.97
23-7-1954	552.87	344.51	897.38	30.39	48.07	8.73	454.20	83.23	59.89	329.85
30-7-1954	549.73	346.04	895.77	29.62	46.79	8.53	450.38	87.87	59.67	333.86
6-8-1954	546.59	347.58	894.17	29.95	48.43	8.77	450.14	82.50	59.57	336.12
13-8-1954	547.85	347.64	895.49	30.71	48.71	8.87	446.46	82.31	59.05	337.73
20-8-1954	555.77	350.47	906.24	29.96	58.80	9.80	441.03	82.18	57.73	339.20
27-8-1954	562.13	350.62	912.75	31.08	61.77	10.17	438.83	81.30	56.98	339.83
3-9-1954	557.92	351.87	909.79	30.37	65.08	10.49	446.13	79.34	57.76	342.63
10-9-1954	558.60	351.12	909.72	33.04	58.33	10.04	446.76	77.82	57.66	345.78
17-9-1954	558.35	350.66	909.01	31.81	59.69	10.07	449.57	77.52	57.99	347.96
24-9-1954	557.63	352.15	909.78	33.41	59.15	10.17	448.91	75.94	57.69	346.24
1-10-1954	554.28	353.07	907.35	30.97	59.20	9.94	450.37	76.94	58.12	346.20
8-10-1954	554.74	350.15	904.89	37.11	60.59	10.80	455.59	77.43	58.90	346.52
15-10-1954	559.15	355.45	914.60	33.85	64.52	10.76	455.68	74.41	58.87	348.16
22-10-1954	562.69	357.55	919.65	32.84	68.41	11.01	445.06	77.77	58.86	349.47

*Undivided India

†Average of weeks from November 1951

† Including Foreign Bills

The Declared Values Per Unit of Principal Articles of Imports

During the Month of June: 1950 to 1954

IMPORTS

Principal Articles	Unit or quantity	June 1950	June 1951	June 1952	June 1953	June 1954
		R. A. P.	R. A. P.	R. A. P.	R. A. P.	R. A. P.
1. FOOD, DRINK AND TOBACCO						
Liquors—						
Ale, beer and porter	gal.	5 0 2	4 14 2	3 13 0	5 1 1	5 6 4
Spirit—brandy	..	41 2 7	33 4 6	44 10 6	40 1 4	39 4 10
.. whisky	..	22 3 8	27 13 4	30 5 9	29 13 10	31 5 8
Spices—betelnuts	lb.	0 4 9	0 6 11	0 6 3	0 6 0	0 5 7
Tobacco—unmanufactured	..	2 14 8	4 3 4	3 9 7	3 2 7	5 2 1
Tobacco—cigarettes	..	8 6 9	12 7 6	13 8 8	10 15 9	11 0 3
2. RAW MATERIALS						
Kerosene oil	gal.	0 12 7	0 12 5	0 11 4	0 14 10	0 15 2
Fuel oils	..	..	..	0 7 2	0 8 5	0 8 0
Lubricating oils	..	..	..	2 4 3	1 2 0	1 9 7
Motor Spirit	..	0 14 8	0 14 5	0 14 9	1 2 4	1 2 2
Coconut oil	..	4 15 3	10 1 5	5 6 0	6 1 7	6 10 9
Cotton raw	cwt.	208 11 0	402 14 9	298 11 8	218 3 7	229 12 7
Silk raw	lb.	18 9 9	25 2 10	22 1 8	25 3 6	20 13 6
Wool raw	..	3 4 8	9 0 5	3 6 11	4 5 0	3 8 2
3. ARTICLES WHOLLY OR MAINLY MANUFACTURED						
Coal tar dyes	lb.	9 4 2	9 0 2	9 7 6	9 15 2	10 8 2
Aluminium	cwt.	157 1 10	175 1 0	242 1 6	147 1 10	180 7 5
Steel bars	ton	450 7 11	674 11 3	733 5 3	794 11 5	949 1 8
Iron or steel tin plates	..	520 7 11	1213 14 7	1404 4 1	602 4 0	762 7 5
Iron or Steel Tubes, pipes and fitting wrought	..	..	..	1400 0 2	1334 5 1	1137 11 10
Motor cars	number	3478 0 3	3882 0 3	5806 13 3	4455 15 5	5306 13 3
Chassis	..	5749 12.11	5032 0 5	7397 4 1	28084 10 0	6235 13 9
Cotton twist and yarn—grey	lb.	2 1 6	12 5 2	9 5 11	5 9 4	6 9 9
Cotton piece goods—grey	yard	0 7 1	1 3 4	4 6 1	4 0 0	..
.. white	..	2 8 8	3 10 6	3 0 3	5 9 11	1 11 10
.. coloured	..	2 2 11	3 2 6	3 8 8	2 4 11	2 1 2
.. thread sewing or darning	lb.	..	..	10 6 7	9 5 2	4 11 10
Silk piece goods	yard	3 10 5	4 2 3	1 1 6	2 14 0	2 4 10
Artificial silk yarn	lb.	3 0 9	5 4 3	3 8 10	3 6 3	2 15 7
Woollen piece goods	yard	6 14 4	9 0 2	10 5 9	5 5 11	5 12 3

The Declared Values Per Unit of Principal Articles of Exports
During the Month of June: 1950 to 1954

EXPORTS

Principal Articles	Unit or quantity	June 1950	June 1951	June 1952	June 1953	June 1954
	Per	R. A. P.	R. A. P.	R. A. P.	R. A. P.	R. A. P.
1. FOOD DRINK AND TOBACCO						
Fish, dry, unsalted ..	cwt.	77 2 10	99 5 5	100 7 10	83 10 0	108 11 10
Fruits, dried ..	"	151 14 2	205 9 7	235 4 5	222 13 3	179 9 1
Cashew kernel spices-pepper ..	"	645 0 1	778 3 5	653 5 8	680 4 7	266 2 5
Tea, black ..	lb.	1 11 2	2 3 4	1 11 8	1 15 6	2 12 4
Tobacco, unmanufactured ..	"	2 2 9	0 15 0	1 14 11	1 13 8	2 0 11
2. RAW MATERIALS						
Coal ..	ton	43 0 9	30 3 4	35 7 5	35 0 3	30 14 7
Mica ..	cwt.	235 8 0	267 11 0	158 14 0	290 6 1	178 14 0
Shellac ..	"	149 13 4	223 9 11	123 0 2	117 9 0	187 10 0
Skins, raw ..	"	351 11 5	468 11 11	215 11 2	288 13 10	270 12 0
Iron ore ..	ton	..	..	47 7 3	45 3 7	43 6 4
Iron or steel—old for re-manufacture ..	"	..	172 14 6	201 12 9	166 2 10	152 10 10
Manganese ore ..	"	96 11 5	125 7 5	157 9 8	161 5 0	147 10 5
Oils—castor ..	gal.	6 9 11	12 8 6	8 8 10	7 3 3	5 6 9
Oils groundnut ..	"	7 15 11	5 7 0	6 5 5	9 5 1	14 0 0
Oils Linseed ..	"	7 11 5	9 14 3	6 0 5	5 2 10	5 11 3
Otton, raw ..	cwt.	134 12 10	321 0 11	165 7 9	129 0 8	170 7 11
Cotton, waste ..	"	64 0 6	117 3 11	79 14 3	88 3 6	80 7 0
Wool, raw ..	lb.	1 9 1	4 4 3	2 1 7	2 13 8	3 1 8
3. ARTICLES WHOLLY OR MAINLY MANUFACTURED						
Hides—tanned ..	cwt.	275 11 9	416 14 2	265 13 0	285 15 11	303 12 1
Skins—tanned ..	"	939 9 2	979 5 4	589 9 9	849 2 9	846 13 4
Rubber manufactures —						
Motor tyres ..	number	..	..	136 12 6	73 9 3	141 3 0
Cotton—twist and yarn ..	lb.	2 3 6	3 12 0	2 10 9	2 1 9	..
Cotton piecegoods—						
Handloom ..	yard	1 6 8	2 13 1	1 10 4	1 10 10	1 5 10
" " Mill made-grey ..	"	0 11 8	0 15 2	0 13 8	0 11 3	0 9 10
" " " white ..	"	0 13 1	1 1 3	0 15 0	0 12 6	0 11 4
" " " coloured ..	"	0 14 9	1 3 2	1 1 8	0 15 3	0 13 10
Jute—gunny bags ..	number	1 9 4	3 3 11	1 11 9	1 2 8	1 0 7
" " Cloth ..	yard	0 8 2	1 5 3	0 8 6	0 7 11	0 7 4
Woollen Carpets and rugs ..	lb.	3 14 8	5 6 1	3 11 4	3 15 1	4 8 2
Coir, manufactured ..	cwt.	50 14 7	79 11 0	54 7 7	51 10 5	54 4 11
Paraffin wax ..	"	58 15 2	47 8 7	38 11 9	26 7 8	37 9 3

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The State of the Congress

The meeting of the Congress Working Committee held in New Delhi on Monday had at least one striking result. This was the unanimous choice of U. N. Dhebar as the President of the Congress for the next A.I.C.C. Session. At 48, Mr. U. N. Dhebar is the youngest Chief Minister in the country,

if one excludes the petty State of Delhi which has no claim to be considered alongside Part A or Part B States. The choice of Mr. Dhebar is more than it appears to be—a neutral alternative to the Prime Minister who is no longer willing to hold office as President of the Congress. It was obvious from the

warmth with which this proposal was received by the Working Committee that this is a positive choice, and not merely a name amongst others. There are some few people who think, looking far ahead, that Mr. Dhebar is a future Prime Minister of India. For the most part, however, the vote of confidence is only in respect of the capacity of Mr. Dhebar to improve the failing health of the Congress Party.

The situation is certainly curious. After three years in which the Congress Party has enjoyed the outstanding leadership of the Prime Minister, it is in greater need than ever before of a shot in the arm. In the State of Delhi the municipal elections were notable not so much for the fact that the Congress lost many seats as for the fact that official Congress candidates were often defeated with the assistance of disloyal members of the party. In the State of Rajasthan this week, Mr. Jai Narain Vyas has been driven from office by a group of party members who just two years ago were instrumental in making him the Chief Minister. In Andhra this week, the Government has been defeated by the action of two Congress members, Mr. N. Sankara Reddy, Vice-President of the Andhra Pradesh Congress Committee, and Mr. A. Venkatasubramania, who voted for the no-confidence motion and made possible the defeat of Mr. Prakasam's Ministry by one vote. There is no doubt, therefore, that the rot which has set in in the capacity of the Congress Party to command unfailing loyalty of its members has been widespread, even if it has not gone very deep.

It is natural to assume that, if all these things can happen while Pandit Jawaharlal Nehru is President of the Congress Party, things can only get worse in his absence. This does not, however, appear to be a necessary conclusion. It is clear that party disloyalty has in many cases arisen because the President of the Congress has failed to make a determined choice of the man who should rule. He has ordinarily contented himself by sending down one of his lieutenants in the form of a General Secretary. Unhappily, the General Secretaries have been unable to obtain obedience by persuasion. Failures in Delhi State and in Rajasthan are as much failures of the central secretariat of the Congress as they are failures of local leadership. It is clear that some radical changes in this secretariat are necessary if the High Command is not to fall further from grace.

At first sight the election of Mr. U. N. Dhebar does not look like providing a solution, and it is not unlikely that he will be tempted to keep on most members of the Working Committee that has been appointed by the Prime Minister. On the other hand, there is no doubt that he is capable of springing a surprise on all political observers by some sudden departure from what has tended to be the inflexible rotation of the last three years. He is not like other Chief Ministers; he has already been the unwilling philosopher in the Platonic sense. All other Chief Ministers have sought and kept office. Mr. Dhebar alone has expressed his desire to relinquish office to devote himself to organisational and constructive work. It is likely that when he assumes office as President he will seek out men of like mind. If so, there may be some notable Chief Ministers omitted in his list; there may be some political unknowns added.

A change in personalities in the Working Committee will not, however, be radical enough unless the new Congress President can find workers who can

carry his message of sacrifice deep down in the Congress organisation. There is no doubt that the loaves and fishes of office have greatly restricted the number of men and women in the Congress organisation who are prepared to work voluntarily for its good without any thought of personal gain. But one need not assume that the number is so small that a man who sets a large example by surrendering office will not awaken some considerable response. It seems likely that the force of Mr. Dhebar's example will itself add some new strength to the Congress Party. Just, however, as a change in personalities will be insufficient, no mere changed attitude to constructive work will solve the problem. The Congress Party needs, as never before, a new formulation of its aims in the changed conditions in which the Indian Union stands today. Practically all the crusading zeal has been eclipsed in what was once India's most effective crusading party. Enthusiasm, even when the Prime Minister is speaking, is considerably less than it was some years ago. Pandit Jawaharlal Nehru retains the overwhelming affection of the Indian people, but it is doubtful if his speeches today answer the needs of a people's party, of which he has been the unquestionable leader for so many years. The legend of Nehru is inevitably declining as the legend of Gandhi has declined after the successful Revolution.

In effect the Congress Party needs today not merely a new personality and a new example of self-renunciation, but also a more impersonal philosophy which is suited to the conditions of the next General Elections. The revolutionary fervour which carried the Congress Party to power in 1947, is at an end. The main task of consolidation has been completed, and the large task of economic development is at the point of beginning. The need of the country is a definition of clear economic and social goals, which will rally the masses of the people without impeding the task of production. It is one of the weaknesses of the Congress Party that it has so many confused counsels that it has failed to define these goals with precision on which any crusading cry can be raised.

Thus the Congress Party stands "for private enterprise for which, too, there is greater scope" and yet, in terms of the Prime Minister's address to the National Development Council on Tuesday, the goal is definitely "a socialist picture of society". Then, the Government of India is developing large-scale industries, but there is a constant cry that the emphasis should be on small-scale industries. Over large areas of the country the theoretical demand is for prohibition. In practice in Congress Party, except in the areas where prohibition has become a dogma, the move towards prohibition is lukewarm. Congress policy might be all things to all men; surely it is time either to define the end as pragmatism in search of economic progress or to find a single consistent philosophy.

For many years the Congress Party can continue to enjoy its primary advantage. It is the least objectionable of Indian political parties. At some stage, however, the inevitable swing of the political pendulum—one of the most sober facts of party democracies—will mean a choice against the Congress unless it can awaken new life and prove to the discerning people of India that it is not a mere repository of ancient slogans but a live vehicle expressive of the earnest desires of the Indian people. Mr. U. N. Dhebar has the task of giving new form and shape to old and dying values. This is no easy task; his heart is sound, but his mind is still unknown. He must find a new faith; for if the salt shall lose its savour wherefrom shall it be salted? India should wish him well.

American Mid-term Elections

THE American mid-term Congressional elections have provided all the excitement which they had promised. Election forecasts in the United States had indicated the certainty of a Democratic victory in the Lower House with a very close finish in the race for the Senate. That is how it has actually turned out to be, demonstrating, incidentally, the remarkable improvement in precision that has been achieved in sampling public opinion in the U.S.A. Such a victory at mid-term elections for a party which is out of power in the White House is not unusual; indeed, only once in U.S. history—in 1934—did the party in power increase its strength in both houses. The record of the 83rd Republican Congress in the last two years has certainly not been so spectacular as to repeat that precedent. It was, however, expected that the Republicans would still manage to secure control at least of the Senate. In this they have failed and their failure makes the recent elections the fourth occasion in this century on which the party in opposition has been able to capture both Houses of Congress.

These are significant matters in American political and constitutional history. The latest verdict of the electorate would undoubtedly influence many domestic questions which were the outstanding issues in the last few months. For the world outside, the present verdict would be of less significance than a change in the Presidency. The explanation lies in the oft-repeated theory that American foreign policy—even amidst the acrimonious controversies that take place in Congress—has tended more and more to become bipartisan in practice. This tradition is not due to the intrinsic virtues of the parties and their principles. Successive Presidents have in practice, if not by profession, maintained a policy which either group could continue to follow with only changes of emphases. It would certainly be foolish to expect that the Democratic gain would cause a great change on any of the major issues of foreign policy facing the U.S.A. and her allies today, like, for example, the policy towards China or American foreign aid. Still less are changes likely in those internal economic policies for full employment on which the prosperity of the rest of the world greatly depends.

There are, therefore, no strong reactions outside the U.S.A. to Democratic electoral gains. Formerly the President had to reckon with an obstinate core of opposition from a section of his own party in carrying out his policies. President Eisenhower will now have to make a similar approach to the Democrats and it is probable that he will have less difficulty with them than he had with his own Right-wing Republicans. Speaker Sam Rayburn has already given the assurance that the Democrats will not vote against the President merely because he is a Republican. Senator Johnson, the Senate floor-leader has, less equivocally, promised that the desirable features of the President's programme would be more readily enacted by the Democratic Congress than was the case in the 83rd Congress. Striking proof has thus been given by the Democrats of their desire to meet President Eisenhower "more than half-way." The course of co-operation may not run smooth on many issues of domestic concern which have a bearing on the political fortunes of the two parties in the Presidential election two years from now. In particular, recent Congressional investigations and Republican charges which were intended to prove "twenty years of treason" must make co-operation with the Republicans more difficult than usual for the Demo-

crats. Since it is evident that the charges have miscarried, and the electorate has not been greatly impressed by these party tactics, some reduction of the political strife on this score may be in store for the future.

The most significant political result of the Democratic control of the Senate would be the change in the Chairmanship of the Committees. There has been an almost unanimous approval of the exit of Senator McCarthy from the Chairmanship of the Sub-Committee on Investigation and his succession by Senator McClellan, a sworn enemy of McCarthyism. Similarly, a change in the House Un-American Activities Committee has been hailed with equal warmth. These changes of personalities have undoubtedly great importance for the internal politics of the U.S.A. but they are also full of indirect consequences to the friends of America abroad. Perhaps, the most important change from this viewpoint would be the succession of a low-tariff Democrat as Chairman of the Ways and Means Committee, in place of Mr. Reed, the high-tariff spokesman.

The future of tariffs and trade policies is a question in which the free world is, at the moment, greatly interested in relation to American policies. At Geneva the Contracting Parties to GATT received the news of the American election results with greater enthusiasm than the statesmen of the world's capitals. There have been grave setbacks to a progressive trade policy under the Republican Congress and the Administration—like the prohibitions on Swiss watches. The 83rd Republican Congress had agreed to an extension of the Reciprocal Trade Agreements Act only for one year in spite of the President's recommendation for three years; it was also averse to other steps for trade liberalisation. It is now believed that the Democrats would not only approve of all the President's proposals but also refrain from pressing the Republican proposal that the reciprocal agreements such as those negotiated under GATT should secure approval of Congress each time—a procedure which was a sure way to destroy the free world's confidence in the value of the trade negotiations.

The next two years of a Republican President and a Democratic Congress are unlikely to be as dramatic as President Truman's relations with the 80th Congress. It is highly doubtful whether the Democrats would enact any measure which the President would have to veto. Cross-voting in Congress would always secure to the Republicans the votes of the Right-Wing Democrats on radical "fair deal" measures, like the revision of the Taft-Hartley Law. Even if there are some measures on which Democrats could invite the veto only to discredit the Republicans, they will be part of political warfare on the eve of the Presidential elections than meaningful measures of reform. The Democrats cannot initiate any important changes in U.S. foreign policy even though the ideas expounded by Mr. Adlai Stevenson, their spokesman, may appear to be quite desirable. The Democrats cannot afford to take chances now and their efforts will be directed towards seeing that the Republicans get no issues on which to make capital two years hence. It is only when the Democrats improve on their present position in 1956 by capturing the Presidency also that they can have the courage to present alternative courses of action, even on the avowedly bipartisan issues of foreign policy. In a constitutional structure which had balanced the three branches of State power, the American electorate has found a fourth balancing factor which may well come to stay since it may please all sections.

Expenditure in the Plan

THE significance of the expenditure targets under the Five-Year Plan and of the meaning of the present rate of fulfilment continues to engage attention. The economic climate of the country is healthy enough at the moment to prevent too much importance being attached to the shortfall in the actual outlay in relation to production targets. But the question must be asked whether the factors which have been responsible for the lower outlay show a serious deficiency in the capacity for implementation. The total figure of expenditure in three years is now shown in the Progress Report as Rs. 885 crores. This is much lower than the estimates given by the Finance Minister during the Budget Session of about Rs. 930 crores. The actual figures when final accounts are taken are expected to be still lower—perhaps about Rs. 850 crores—which would show an outlay of Rs. 280 crores, Rs. 270 crores and Rs. 320 crores respectively in the first three years of the Plan. These figures have to be compared with the level of development expenditure attained in 1950-51, the year before the Plan commenced, of about Rs. 230 crores, to show the rate at which the tempo of investment has been stepped up in the first three years of the Plan.

There is no evenness about this rising tempo, showing the difficulties inherent in spending on development even after the decision had been made that finance would not be an obstacle. The problem has long been one of having a sufficient number of alternative projects on hand on which to spend, when unexpected delays occur in projects directly included in the Plan. The capacity to break technical bottlenecks in the execution of projects has been a matter of slow growth. These are not grounds for undue pessimism, because the capacity to overcome them could only be acquired with more and more experience. But what is quite clear is that the volume of expenditure in the last two years cannot be suddenly increased to the very large dimensions required, of about Rs. 1,400 crores, if the revised outlay on the Plan of Rs. 2,249 crores should be reached. The probabilities are that about another Rs. 750 crores would be added to the present outlay of Rs. 850 crores, which, in effect, would be a fulfilment of just over two-thirds of the total expenditure contemplated. Some allowance has also to be made for the outstandings at the end of each financial year. Financial procedures, it is well known, involve delays in payments for work actually done by contractors and others. The actual proportion of such payments might vary but it should be a steadily rising one, with the planning of larger outlays from year to year. The cumulative figure of such outstandings at the end of the first Five-Year Plan in March 1954, which will be in excess of the corresponding figure at the beginning of the Plan in April 1951, would give the additional outlay in terms of real work done under the Plan. Precise estimates of the figure are not possible but a net sum of Rs. 150 crores may be a reasonable assumption and this has to be reckoned as part of achievement.

The shortfall in expenditure which is not explained by these considerations would still be large enough. The Plan had evolved slowly at the end of its second year. There have been a number of items for which lump sum provisions had been made showing that the details of the projects had not been worked out in sufficient detail. Such instances include Rs. 50 crores for transport equipment and other small industries as part of Rs. 178 crores set apart for industry, the lump sum provision of Rs. 90 crores for community projects and various schemes for minor irrigation, scarcity affected areas and so on. Similarly the addition of Rs. 180 crores to the total outlay at the end of last year, as a

sequel to the prolonged debate in Parliament on the unemployment situation, was more a token of the earnestness to provide for relief measures than an inability to find the necessary finance and projects within the scope of the original Five-Year Plan. It will thus be seen that the material gap in implementation is narrowed down considerably as a result of these factors.

The major items on which expenditure is behind schedule are shown in the following statement:

	Plan	Outlay 1951-54
Agriculture	283.7	98.4
Community Projects ..	90.0	9.3
Railways	250.0	110.3
Industries	178.1	34.1
Education	165.0	68.7
Housing	49.0	10.3
Rehabilitation	129.7	62.1

The failures are thus distributed almost evenly over all the sectors of development. The good seasons in agriculture have largely taken out the emphasis on minor irrigation and scarcity relief projects in agriculture. There is no reason for particular dissatisfaction at the pace of expansion of Community Development in which high-pressure methods are inappropriate to achieve the end in view. In other words, only the irrigation-cum-power projects have shown steady progress, though they are responsible perhaps only for about a third of the additional agricultural production. In the other fields, there is no similar consolation that the failure to spend has not been material. In railway development, for example, where the technique was not new and the sum earmarked under the Plan was itself low, much greater achievement could have been shown. Decisions on the rate of replacements of rolling stock have been belated. Only 26,270 wagons had been received against orders placed for 60,428 wagons for the Plan period and sufficient resilience has not been shown in the readiness to import our requirements whenever local capacity falls short. Here the failure has been serious.

Similar avoidable deficiencies could be shown in other fields such as posts and telegraphs, ports and harbours. The Planning Commission has only lately taken special measures for road transport. The failure on housing development has been glaring—the Centre having been more deficient than the States in fulfilment. But here again, there have recently been modifications of policy with a view to stimulating development. And perhaps the worst of all is the public sector in large-scale industry in which only Rs. 28 crores had been invested in the first three years against a total of Rs. 140 crores (which would include of course the lump sum provision of Rs. 50 crores). Only one-sixth of the provision for cottage and small industries has been utilised in the first three years and only in the fourth year have steps been taken for more active steps for the development of this sector.

It is thus essentially a problem of late start and delayed momentum in most of the sectors, even though several of them, like the railways, did not present new problems. The policies which could have quickened development in these sectors have been put into motion late but the new policies now evolving have been well considered as a result and are likely to rest on firm foundations. In housing or postal development, it has been a question of large-scale organisation. The failures—there is no need to hesitate in describing them as such—should put the real problems of the second Five-Year Plan in better perspective.



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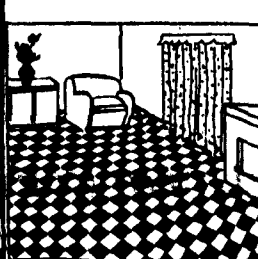
residue left after distillation into the cat-cracker, and get an additional and necessary component of petrol. So first, distil your crude oil and you get "straight run" petrol. Then feed some of what's left into the cat-cracker—and you get some more petrol of a different quality. Blend the two together—and you get petrol for the pumps.

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THE WEEK'S NOTES

PRECEPTS AND PRACTICE UNDER GATT

In Geneva this week the Contracting Parties to GATT commenced a review of the progress made in the last six years with a view to determining the future of GATT. The immediate goal on which all would be agreed is the extension of the period for which tariffs of the parties are bound beyond June 1955, since it is necessary to avoid any automatic expiry of the concessions under which tariffs have been held in check, however imperfectly. But anything beyond this would introduce differences of opinion, which may not lead to conflict but would still involve difficulties. Both the U.S. and the British delegates have reaffirmed the determination of their countries to strengthen GATT. It is inconceivable that a retrograde step would now be taken by any of the trading partners, whatever their other points of dissatisfaction with the working of the tariff agreements. While GATT has been in operation, world trade has grown by forty per cent and the sellers' markets have given place to buyers' markets. World problems of balance of payments have distinctly eased.

There have been minor frictions and a procedure for their settlement has been evolved. In enlarging on these achievements, however, the uneven levels of economic development and their dissimilar problems will induce hesitation among the trading partners in subscribing to a set of new rules. Mr. Peter Thorneycroft, President of British Board of Trade, put forward a seven-point plan this week which called for a great deal of self-denial on the part of certain countries in the use of import quota restrictions. His other proposal for a ban on "distortions of trade at the exporting end by artificial methods" like subsidies and quotas would encounter difficulties if it seeks to cover the American programme for the disposal of agricultural surpluses. There are quotas on wool imports into the U.S.A. while Australia which is affected by them, cannot retaliate. Mr. Thorneycroft's suggestion for including a supplementary agreement on commodity policy would go against the Randall Commission's disapproval of international commodity agreements. Wider payments implied in convertibility can be attained only through wider trade but the reluctance to oblige by providing the conditions for freer trade exists all round. Anglo-Japanese relations within GATT will be one more test of the readiness of the parties to make their practices agree with their precepts.

THE LULL IN PAKISTAN

In Pakistan, the lull which succeeded the dramatic political changes has been broken again by the dismissal of the Sind Ministry and the return of Mr. Khuro to the political scene, soon after the removal of the disqualifications on him by the Governor-General last month. This step has been interpreted as a sign of the Governor-General's earnestness in consolidating West Pakistan into one unit. Mr. Ghulam Mohammad has been resolutely following the course upon which he has decided. He could not have been unaware of the strong provincial feelings in Sind, Punjab and in the N.-W. Frontier Province. Consolidation is not an easy task but since cohesion through allegiance to a national party has not been forthcoming in Pakistan, the unity imposed under threat of domination by the numerical majority in East Bengal (which expressed itself in the limitation of the Governor-General's powers) may not prove itself a bad substitute. The new Constitution of Pakistan is thus in the melting

pot. The arrangements for general elections to the Constituent Assembly would probably depend on the decision on the question now raised by the President of the Constituent Assembly before the courts about the legality of the Governor-General's order of dissolution of the Assembly.

There have been many straws in Pakistan's political wind but they have made predictions about the course of the present administration less and less easy. Dr. Khan Sahib's inclusion in the Cabinet, whether intended or not, has been interpreted in India as a friendly gesture. There is a strong faith that this respected leader would not have participated in a Government if it had intended to perpetuate a dictatorship. The question of the inclusion of Mr. H. S. Suhrawardy is still undecided and it is not unlikely that if elections should come quickly, it would be better for the Awami League to stay out. Maj.-Gen. Iskandar Mirza's hint that religion should be divorced from politics is highly significant. It might have been dropped merely to test public reactions or as a preliminary indication of an open disavowal of the principle of the Islamic State which was written into the Constitution framed by the defunct Assembly.

Meanwhile, there is an immediate economic problem to be tackled. The balance in Pakistan's payments has been achieved by a severe cut in imports, which has cut down the supply of consumer goods and led to inflation. This is sought to be tackled by price control measures, but experience in India should provide sufficient warning of the inadequacy of legislation, without steps to augment supplies through larger imports. It is doubtful whether Pakistan can expand exports by devaluation of the rupee sufficiently to offset the higher cost of import prices, which will add to the inflationary forces in her economy.

THE KABAKA'S FUTURE

The interest in the constitutional problem of Buganda created by the Hancock mission was temporarily diverted by the test case pending before the Uganda Chief Justice. The Court delivered judgment last week which has been interpreted by both sides as a victory. The judgment states the opinion that there was no failure on the part of the Kabaka, chiefs and people to co-operate loyally in the day-to-day administration so as to justify the Government's withdrawal of recognition under Article 6 of the Agreement of 1900. But the Court also found that the Kabaka had failed to abide by policy decisions and that the withdrawal of recognition could have been validly made under Article 20 of the Agreement. These legal niceties have no special claim for finality in a question which is purely political in character. Though the Chief Justice has found sufficient legal authority for the withdrawal of recognition, the question whether the actual differences of opinion on the constitutional question warranted the removal of Mutesa is still left unanswered.

It is believed that Sir Keith Hancock has recommended the reinstatement of the deposed Kabaka who is still held in great esteem and affection by his people and whose only crime was that he held steadfastly to an opinion which he honestly held was in the best interests of his people. It certainly was not subversive. Even if it is conceded that the demand for autonomy for Buganda would have disrupted the political structure, a more conciliatory attitude in removing the fears

and distrust of the Kabaka and his chief followers would have been more fruitful than the summary and high-handed treatment accorded to him by Mr. Lyttelton. The suspicion that Uganda would be merged in an East African Federation was not so wholly unfounded as to justify the exasperation of the former Colonial Secretary. Opinion within Buganda has grown strongly in favour of insisting that the return of the Kabaka should be the only condition for the discussion of any constitutional proposals. If the new Colonial Secretary, Mr. Lennox-Boyd, can approach the question with an open mind, without the desire to maintain false prestige, an amicable solution need not be long delayed.

MARKING TIME IN BRITISH GUIANA

The Robertson Commission on the constitutional future of British Guiana has now recommended a period of "marking time" in this Colony. This has long been regarded as inevitable in the circumstances now prevailing. Any administration based on the consent of the people will have to be established only with the willing co-operation of the P.P.P. and the bona fides of this party are not acceptable either to the British Government or their American allies whose hemispherical interests are not less important than those of the Colonial Government in British Guiana. The Governor's administration with the aid of nominated ministers will have to be carried on indefinitely, which means that the advance towards self-government will be formally suspended but virtually reversed, as far as one can judge at present.

The Commission has reached the conclusion taking the evidence as a whole that there is no doubt about a powerful Communist influence within the P.P.P. and that the prominent leaders were restrained by expediency rather than by principle from forming and leading an openly Communist party. But the Commission has not tarred the entire party leadership with the same brush. Besides "the ambiguous Mr. Burnham," says the Report "at least two of the prominent leaders of the party.....were as bitterly opposed as their Communist colleagues to British Colonial rule, but they were not Communists." The task of separation is not easy but the Commission's finding seems to be well-founded. Of the seven principal officers of the party, four were Communists; the executive committee was divided between the Communists and the Socialists while in the General Council, the Communists though in a minority dominated the rest. The non-Communist sections of the party faced the dilemma which is usual in such circumstances of not being strong enough to check the extremists so long as they had no alternative solutions of their own to offer for the grievances of the people.

The only source of hope in the present situation must be the possibility of these non-Communist groups gaining in influence and prestige in due course, now that the futility of extremist politics has been fully exposed. A small colony of less than half a million people should not prove too difficult to be governed without popular support. But the task should be decidedly easier if the economy is so arranged to distribute its benefits over a wider sector of the population, than was hitherto possible.

RURAL CREDIT—A TIMELY REPORT

The report of Mr. Chester Davis, who made a study of the agricultural credit position in this country under the auspices of the Ford Foundation, adds one more to

the volumes on the subject. This time at least, one must hope, the report can be made the starting point of concrete measures for the expansion of rural credit facilities in the country. Only then will the new dynamic elements recently introduced into the agricultural economy through the community projects, the Japanese methods and the use of chemical fertilisers bear fruit in full measure. Co-operation is half a century old and at least since the Agricultural Commission reported, there has been a search for the type of institutions and principles which would meet the needs of the agriculturist. Past experience should warn us against optimism, but it is easy to exaggerate the failures of co-operative institutions in an earlier and different context. Mr. Davis was, therefore, right in prescribing that the motto should be "try, try again", with new forms of organisations tried out on an experimental basis in the national extension blocks.

The rural climate has changed and the modus operandi can also change because of the altered approach to the problems of development. Greater risks can be taken during an initial period in building up a network of credit institutions. The momentum for expansion—whether these are co-operative institutions or private community money-lending agencies—can come only through the banking system. The All-India Farm Credit Council, recommended by Mr. Chester Davis as "a strong permanent central agency to determine policy and co-ordinate direct action", may help to enlarge on the present activities of the Reserve Bank Rural Credit Department which have shown poor results in spite of considerable paper work. The provision in the Five-Year Plan for credit to the extent of Rs. 100 crores—inadequate in itself when judged in the context of the value of the agricultural product to be financed—has been only nominal.

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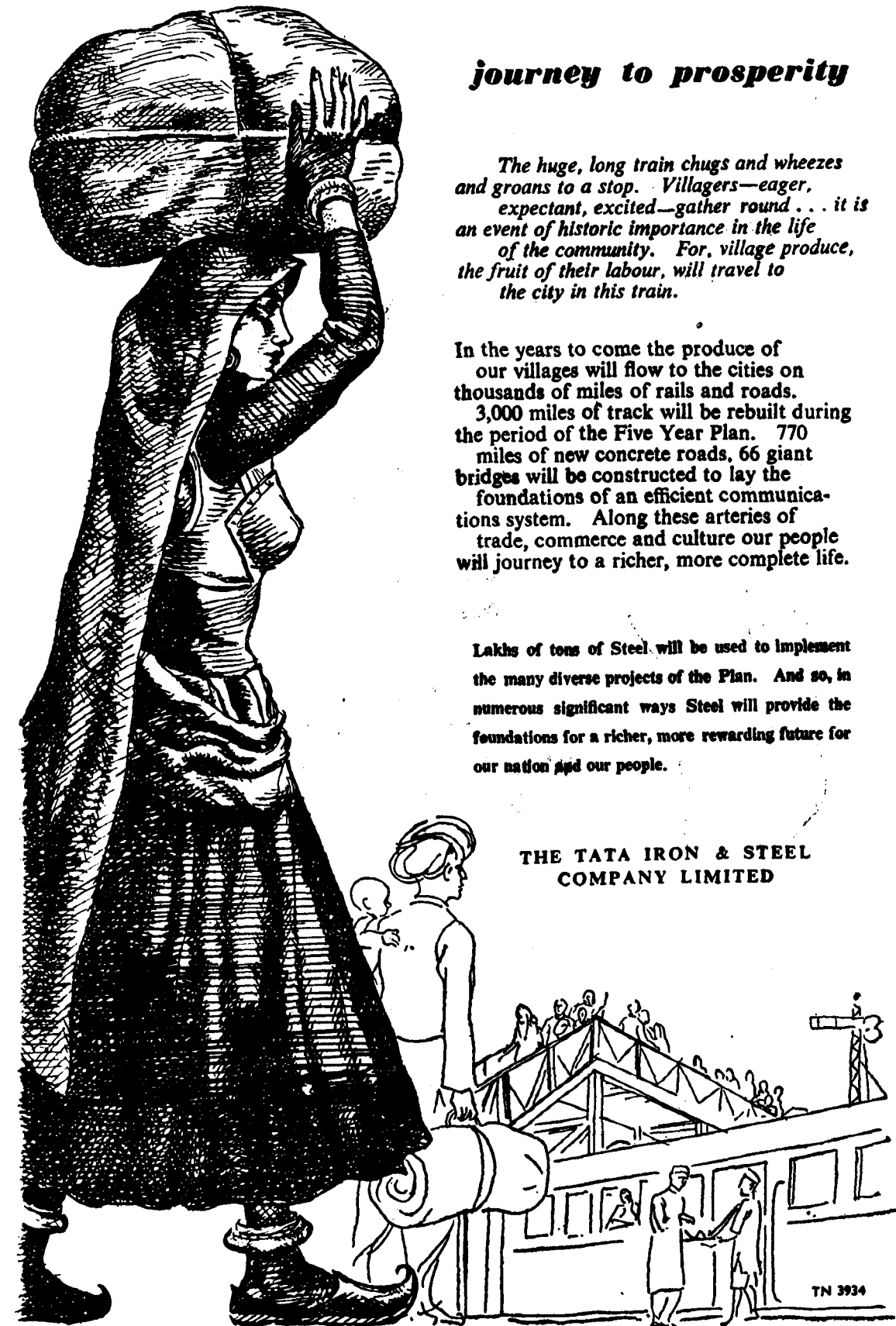
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WORLDGRAM

AGRICULTURE

International Institute for Land Reclamation: The Netherlands Government has submitted to the Second Chamber of the States-General a Bill recommending the acceptance of the funds offered by the Kellogg Foundation (U.S.A.) for the building and equipment of an International Institute for the promotion of the knowledge of agricultural technique, land reclamation and impoldering. In addition to the building and equipment, which will involve fls. 200,000, the Kellogg Foundation has expressed its willingness to undertake the payment of the running expenses, (estimated at about fls. 150,000 per annum) completely for the first five years and then according to a descending scale (80 per cent in 1960, 60 per cent in 1961, etc. The Institute will be fully financed from Netherlands sources by 1964. The Institute will be a documentary centre and an international information centre to begin with. Dissemination of information and knowledge concerning the reclamation, impoldering and drainage of land and the improvement of arable land by the reallocation of farmland will be made available abroad via the new Institute.

Progress of Census of Indian Land Holdings and Cultivation: Among the Indian States in which annual village records are not available for considerable areas are Assam, Bihar, West Bengal, Orissa and Rajasthan. In other States these records are available and enumeration is possible over most areas. Census operations are expected to be complete by September 1955. Some of the proposals made by the Central Government were: (1) the data should relate to the year 1952-53 or to a subsequent year for which records are available, (2) an owner's holding in the villages included in the circle of a village accountant, (3) in the case of a joint holding the share of each person should be shown separately, and (4) to permit comparison between different classes of land it will be necessary for each State Government to work out a suitable scale based on such criteria, as productivity, land revenue and rental or other considerations. The Central Government is anxious that the States should complete the Census as speedily as possible for the formulation of land policies such as fixation of ceilings.

New Arecanut Research Schemes: A scheme for the establishment of a research sub-station in West Bengal, extension of the research scheme for the better utilisation of the by-products of arecanut conducted at the Gauhati University, a combined scheme for the collection of yield data of coconut and arecanut in Mysore and a scheme for the establishment of an arecanut nursery in Andhra State were approved at the recent sixth annual meeting of the Indian Central Arecanut Committee.

INDUSTRY

U.S. President's Plan to Raise Output: The U.S. President has appealed for a U.S. foreign economic programme to expand trade, encourage investment and currency convertibility and to reduce the need for direct aid to other countries. It is proposed that U.S. national production be raised from \$356,000 million to \$500,000 million in less than a decade.

West German Jute Production: West German jute goods production averaged 7,500 tons of yarn and 5,800 tons of cloth per month during the first half of the current year. These figures were slightly lower than the first-quarter average. Insufficient export business has involved some units of the industry in loss resulting

from an intensified price cutting competition on the home market.

Thirty Key U.S. Corporations Plan Higher Capital Investments: According to a survey made by the Advertising Council an outlay of \$4,100 million in capital expenditures—5.5 per cent more than last year—is planned for this year by 30 key corporations in the United States. In addition, 14 of the 30 companies have projected their capital investment plans five years ahead and have already earmarked a total of \$3,200 million for these years. According to the survey, the government's fiscal and credit policies which eased credit and lowered taxes have helped to dispel pessimism.

FINANCE

Foreign Capital in Pakistan: The Pakistan Government's recent decision providing for further incentives to investment of foreign capital in the country include: (1) Capital invested in industries after September 1, 1954, in projects approved by the Government of Pakistan might be repatriated at any time thereafter to the extent of the original investment to the country from which the investment originated. (2) Any part of profits derived from the investment and ploughed back into approved industrial projects with the approval of the Pakistan Government might be treated as investment for the purpose of repatriation. (3) Repatriation facilities would be subject to exchange control regulations in force from time to time and would not apply to (a) purchase of shares on stock exchanges unless it was an integral part of approved investment project and (b) capital invested in Pakistan before September 1, 1954. (4) If any undertaking is nationalised, a just and equitable compensation would be paid to dispossessed owners and would be freely remittable to the country of residence of foreign owners concerned. (5) Foreign participation would be permitted up to 60 per cent of the total investment in approved industries. (6) The case of public-utility concerns would be considered on merits and the percentage of foreign capital would be decided separately in each case.

Anglo-American Loans to Iran: Iran is expected to receive £10 million from U.K. and \$110 million from U.S. when Iran ratifies the oil agreement. The Lower House approved the agreement earlier. The Abadan refinery is to be reopened, restoring the flow of Iranian oil to world markets. Despite the proposed aid, Iran will have to struggle hard to regain economic stability. Financial commitments total about £53.5 million due to be repaid shortly, and an annual budget deficit of £26.75 million. Reserves of sterling, marks and francs are exhausted and about £7 million worth of European imports have piled up at the ports.

European Scheme to Finance Rolling Stock: A special international company to finance purchases of railway rolling stock is proposed to be formed by a special restricted international group (France, Germany, Italy, Spain, Benelux countries, Austria and Switzerland). The company, to be mainly owned by railway administrations, would initially finance purchases of standard wagons. The capital is expected to amount to some £4 million and will be set up for a period of 50 years, meanwhile enjoying tax exemptions and other facilities in the participating countries.

Conversion Plans in South Africa: The South African Union Treasury is shortly expected to announce plans for dealing with some £33 million of war and post-war loans which fall due for payment soon. Government loans amounting to £9.5 million and £15

million are to be redeemed on December 1 and February 1 respectively, a £6.5 million Savings Bond issue repayable on November 1 and £1.75 million which is part of a revolving credit obtained from a group of private U.S. bankers some time ago.

TRADE

Capital Goods for the Netherlands: Importers of capital goods in the Netherlands find prices of U.S. goods higher than those of German and British goods. Imports from the U.S. have decreased substantially on account of this reason. British goods are being offered at prices below American quotations though even these are higher than German prices.

Railway Board's Clarification on Import Policy: The Railway Board has informed the various Railway Administrations that the import of articles manufactured in India or for which suitable indigenously produced alternatives are available are to be discouraged. The Railway Board's policy is designed to develop indigenous production of all railway needs. In assessing the suitability of an article, however, no compromise on the safety aspects involved is to be made.

Pakistan-Afghanistan Items of Trade: Afghanistan's imports from and through Pakistan consist of: (1) instruments of all kinds, (2) machinery of all kinds, (3) metals and manufactures thereof, (4) mineral oils, (5) textiles, (6) rubber manufactures, (7) tea, (8) paper and stationery, (9) vehicles of all kinds, and (10) all other articles. Afghanistan exports the following to Pakistan: (1) fruits and vegetables, (2) raw hides and skins, (3) raw cotton, (4) raw wool, (5) woollen manufactures, and (6) other articles.

Tobacco Sales Yield S. Rhodesia £19 Million: Sales of Southern Rhodesian flue-cured tobacco for 1954 totalled 120.25 million lb., realising £19.21 million at an average price of 38.35 d. per lb. The U.K. bought 69.65 million lb. and Australia 10.06 million lb. The Rhodesia Tobacco Association has a membership of 2,632 registered growers. It is reported that some £250,000 were spent on research work and an additional £250,000 on fertilisers during the last season.

Japanese Exports to China: In the first nine months of 1954, Japanese exports to China totalled about \$19 million—almost thrice the 1953 total at \$6.42 million. Non-barter exports were valued at \$2 million making an aggregate of more than \$21 million during the period. The increase is attributed to relaxation of embargo on Japanese exports. Japan exports rayon yarns and fabrics, cotton cloth and yarn, dyes, dyestuffs, ammonium sulphate, superphosphate, lime and caustic soda in return for Chinese rice, soybeans, red beans, cashmere wool, magnesia slinker and salt.

Threat to Burlap Removed: According to the Indian Central Jute Committee the threat to discard the use of burlap containers in the Long Island potato trade has been removed at the intervention of the U.S. National Burlap Bag Dealers' Association. Prejudice against burlap packaging is derived from the fear of spreading some unnamed pest. A resolution passed by the National Burlap Bag Dealers' Association pleading to have all the used bags fumigated before processing for resale, has been accepted as a satisfactory method of preventing the pest from spreading.

Tea Export Quota Raised: The Government of India have released for export 417.9 million lb. of tea out of this year's crop representing 120 per cent of the standard export figure. The crop position has been reviewed and the Government of India have decided to make a further release of 9 per cent of the standard

export quota bringing the total to 129 per cent against the permissible maximum of 135 per cent. The total quantity released for export will be 449.23 million lb.

U.K. Carpet Trade Wants Protection: Increased flow of the cheaper priced Indian jute carpets into the U.K. is reported to have affected the competitive position of Dundee products. British carpet manufacturers have urged their government to devise some form of protection for the home industry. The amount of Indian carpets arriving into the U.K. during 1953 was a little over 83,000 sq. yds., but this year up till the end of April, consignments are reported to have totalled about four times more.

Growing Import Surplus in Sweden's Foreign Trade: Sweden's foreign trade during the first three quarters of the current year resulted in an import surplus of Kr. 719 million as compared with Kr. 445 million for the corresponding period last year. Exports totalled Kr. 5,890 million and imports Kr. 6,608 million, the corresponding figures for 1953 being Kr. 5,467 million and Kr. 5,912 million. Of the total increase in exports, Kr. 423 million for the January-September period, Kr. 133 million related to chemical pulp, Kr. 129 million to vessels, Kr. 59 million to wheat and rye and Kr. 21 million to paper and board. Shipments of iron ore showed a drop by 950,000 tons to 11,300,000 tons, sawn and planed timber from 33,400,000 cu. ft. to 30,100,000 cu. ft. and iron and steel from 105,400 tons to 98,300 tons. The stepped-up imports of motor vehicles and accessories is reflected in a Kr. 168 million share of the total Kr. 696 million rise in overall imports, while the corresponding rise for base metals and manufactures thereof was Kr. 162 million, for chemical products Kr. 93 million, for foodstuffs Kr. 71 million and for mineral oils Kr. 65 million.

MISCELLANEOUS

Commonwealth Telephone Traffic Rise: According to the report of the Commonwealth Telecommunications Board, telephone traffic between the Commonwealth countries increased by about 33 per cent during 1953. A large number of new radio-telegraph, radio-telephone, radio-photo and cable services were opened in 1953. The Board commends the setting up of a new station at Calcutta, the expansion of the Delhi and Madras stations; the direct radio-telegraph service between Calcutta and London and the direct radio-telephone services between Bombay and Nairobi and Hong Kong. During 1953 the first £12.5 million Trans-Atlantic telephone cable was laid by the U.K. The telecommunication services operated by the various Commonwealth Governments are treated as an integrated system and the expenses of the working of the entire system are shared by the Commonwealth Governments in proportion to their net revenue. India's share comes to about 6.7 per cent of the total.

U.N. Technical Assistance Programmes: By the beginning of 1954, under U.N. Technical Assistance Schemes, some 3,500 experts from 68 nations had served, or were serving in 71 countries, and some 4,200 fellows and scholars had received or were receiving training in 98 countries. In India alone there were 73 experts from 18 countries at work, while 84 Indian experts had gone to assist other countries. The U.N. Children's Fund has helped millions of children and expectant mothers in 78 countries and territories—13 million had been protected against malaria, 28 million vaccinated against tuberculosis, 2.5 million treated for yaws. Some 12 million children and mothers had received milk and other foods. Equally significant work was done by the WHO, the FAO, ILO, the International Bank for Reconstruction and Development and the UNESCO.

NEWS IN BRIEF

FOREIGN

According to OEEC statistics, France is the leading producer of iron ore in Europe, followed by Sweden. During the second quarter of 1954 French production was 3.5 million tons per month and the Swedish 1.26 million tons. The average metal content of Swedish ore, however, was 60 per cent, against only 33 for the French.

The New Zealand Government is borrowing a further £10 million in the London market in 3½ per cent stock 1981-84 at a price of 98 per cent. The last loan to New Zealand was a £10-million 4 per cent issue 1976-78 at 98½ in December, 1953.

The recent ECAFE Electric Power Meeting at Tokyo was attended by representatives and observers from 18 nations. Offers of assistance to the less-developed countries were made by France, Japan, U.K., U.S.A., and the U.S.S.R. The problems of Rural Electrification were prominent in the discussions.

Under the auspices of the Government of Afghanistan and the WHO, some 36 Afghan nationals, occupying posts related to statistical work received six weeks training in statistical methodology, analytical techniques and practices of vital and health statistics.

China and the U.S.S.R. have been excluded from the World Census of Agriculture being prepared by FAO. The Census, compiled in 3 volumes, and expected to be completed by 1956, will deal with the utilisation of land, agricultural works, different crops and their breeding on about 70 per cent of the earth's surface.

The first Commonwealth Law Conference is to be held in London from July 20 to 27, 1955. The agenda includes systems of land tenure and transfer; legal aid schemes and reciprocal facilities; practice of lawyers in countries other than their own; the jury system and causes of congestion in courts.

Iran is to get \$127.3 million through loans and grants to 'bridge the gap' for the next few years, until the earnings of the oil industry are enough to finance large-scale development projects in the country.

Under the Technical Co-operation Scheme of the Colombo Plan Mr. Richard Piance an experienced British architect is leaving London shortly to advise the Burmese Government on problems of housing and rehabilitation of war-ravaged Rangoon and other districts of Burma.

A geological map of Asia and the Far East having definite bearing on Asian economic and industrial development is being drawn up in Bangkok under the joint auspices of ECAFE, the International Geological Congress and the U.N. Cartographic Office.

Representatives of India, Pakistan, Burma and the Philippines will be participating in the U.N.-sponsored First Regional Conference on Community Projects to be held shortly at Manila. The Conference has been organised in accordance with a resolution of the Economic and Social Council.

INDIAN

Dr. S. Radhakrishnan, Vice-President of India, will lead the Indian delegation to the eighth session of UNESCO's General Conference to be held at Montevideo (South America) from November 12 to December 11 this year.

The Government of India have decided to extend the validity of un-utilized balances of castor oil quotas which expired on October 31, 1954, till the end of November, 1954. Exporters are to contact the Export Trade Control officer concerned.

A road bridge across the river Palar on National Highway No. 46 in Madras State will connect the towns of Arcot and Ranipet. The Central Government have sanctioned Rs. 19,75,000 for the construction of the bridge, which will take 3 years to complete.

It is expected that the Union Minister for Production will be present as 'guest of honour' at the formal opening ceremony of the Standard Vacuum Refining Company at Bombay on November 19, 1954. A large number of other guests are also expected to participate.

Subscriptions totalling nearly Rs. 22.22 lakhs to the National Plan Loan have been received from officers and staff of various Railway Administrations in India. Subscribers include the employees of the six Zonal Railways, the Chittaranjan Loco Works and the Integral Coach Factory.

To provide financial facilities for the expansion of small-scale and medium-scale industries, State Finance Corporations have been set up in the Punjab, Bombay and Hyderabad. In all cases the Reserve Bank of India has contributed between 10 and 20 per cent of the issue capital.

It is officially estimated that in the period of the first three years of the Plan, the additional power capacity added in India has been to the extent of 450,000 k.w.

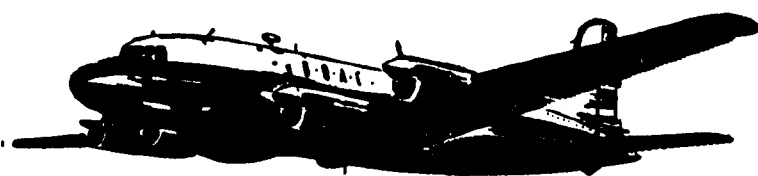
It is estimated by the Government of India that the investment on the industrial projects in the public sector during 1953-54 was at the rate of more than Rs. 24,000 a day.

The President has been pleased to appoint Sri Kanda Bhimsankaram, Advocate, and Sri Penmetsa Satyanarayanaraju, Advocate, as Judges of the High Court of Andhra with effect from the date they assume charge of their respective offices.

According to official statistics the total value of voluntary contributions by villagers made so far to the Community Project and National Extension Block schemes in the Punjab exceed Rs. 1.5 crores. Some 325 schools, 37.9 lakh sq. ft. of streets and 1,200 miles of 'Kacha' roads have been constructed and 56,000 acres of wasteland reclaimed.

Broad outlines of the Government's low-income group housing scheme are reported to have been finalised. It is expected that persons earning Rs. 400-600 p.m. will benefit from the long-term loans (Rs. 7000-9000) advanced, and repayable over 20 years.

The Government of India have decided to reduce the export duty on groundnut oil from Rs. 225 per ton to Rs. 100 per ton with immediate effect. This follows the accumulation of large stocks and prospects of an unusually good groundnut crop.



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A Window On The World

THE STRANGE CASE OF OWEN LATTIMORE

BY
ODYSSEUS

IN THE COURSE of the months to come, the strange case of Mr. Owen Lattimore will reach its climax. If the U.S. Department of Justice has its way, Mr. Lattimore will come before a court of law in the first week of January next. Until then, the news dispatches from Washington, D.C., will be taken up more with preliminary legal fights.

Who is Mr. Owen Lattimore? What is he alleged to have done? Why all the fuss about him?

Nobody who has read this column at all regularly is likely to accuse me of being either pro-Communist or anti-American. On the one hand, I have only recently concluded a series of articles endeavouring to expose the dangers of a world political creed that is controlled from the Kremlin, and, on the other, in an article ("How's Neutralism Today?") published on August 20, I argued that if the Americans were to adopt a neutral policy towards Asia and to allow the U.S.S.R. and China a free hand amongst us, the rights enshrined in the Indian Constitution would not be worth an anna, and I concluded with the words: "Thank God for the Americans!"

I preface this article with this reminder of my past record because I think Mr. Lattimore's case is of world-wide importance, not because I am anti-American or pro-Communist, but because I am pro-democracy, because I seek to uphold the liberties of the individual, and because when these rights are threatened in any democracy they are threatened throughout the free world. A setback for democracy in America has instant repercussions on democracy in India, just as failure to uphold the principles of the Indian Constitution must dishearten democrats in all other countries. If democrats throughout the world are linked by their stake in the success of democracy everywhere, they are equally concerned by a threatened failure.

Curiously enough, I came across Mr. Lattimore's tracks some fourteen years ago and I cannot say that I was attracted by him, but if we could persecute anyone whom we disliked, every one of the 2,000 million people in the world would be in one concentration camp or another, and not only this column, but this newspaper would have to close down.

THE FACTS OF THE CASE

What, then, are the facts of the Lattimore case? Mr. Lattimore is a specialist in Asian affairs. Between 1934 and 1941, he was editor of "Pacific Affairs", the journal of the Institute of Pacific Relations. After that, he travelled widely in Asia as an adviser to the U.S. State Department. His attitude towards public affairs has always been what may be broadly defined as liberal, progressive, and anti-imperialist. He was, for example, critical of Britain's record in India and of her policies towards Asia, and British officials found him a thorn in their side.

Mr. Lattimore's troubles began when in March, 1950, Senator McCarthy described him as "one of the top Communist agents in this country". Since this charge was made in the Senate it was "privileged" and Mr. Lattimore could not vindicate himself by a libel action against the Senator. A Senatorial committee which investigated McCarthy's charge, after an exhaustive enquiry, went so far as to describe it as "a fraud and a hoax perpetrated on the Senate, the United

States, and the American people"—language that one would have thought categoric enough to close the case.

But in 1950, McCarthy seemed (at any rate in the astonished eyes of disinterested foreign observers, among whom I include myself) to be above the law and even the constitution of the United States, which, unless I am mistaken, lays down that a man may not be tried twice for the same offence. McCarthy's friend, Senator McCarren, chairman of the Senate Internal Security Sub-Committee, launched an investigation of the Institute of Pacific Relations, going back over its archives for thirty years. From July 25, 1951, to February 21, 1952, the Committee examined witnesses, some of whom were hostile to Mr. Lattimore. But throughout these seven months, while the Committee allowed allegations to pile up against him, and to be broadcast in the press, they gave him no opportunity to defend himself until February, 1952, when they questioned him for twelve days—an interrogation said to be the longest to which the U.S. Congress has ever subjected an American citizen. Following his testimony, a charge was prepared against Mr. Lattimore. He was not accused of being a spy, or of betraying his country's secrets to the Soviets, but of perjuring himself by saying that he had not Communist sympathies when, in the opinion of the Senate Committee, he had. This amounts to putting a man in the dock because you don't like his opinions. The facts force one to conclude that what upset the Senate Committee was not so much Mr. Lattimore's alleged perjury (which was cognisable offence) as the fact that they thought him a Communist sympathiser (which was not).

A TRAGIC RECORD

So far Mr. Lattimore has not been tried for anything, not even for his opinion. All that has been debated by the courts has been whether the indictment against him is valid. In 1953, Judge Youngdahl dismissed four of the seven charges of perjury and showed his further doubts by ordering a Bill of Particulars for the remaining three. The Appeal Court upheld his ruling. A further appeal lay to the Supreme Court but rather than face this august body the Department of Justice prepared a new charge. Judge Youngdahl and the Appeal Court had agreed that the old charge that Mr. Lattimore had lied when he denied that he had ever been a Communist sympathiser or a "promoter" of the Communist cause was too vague. A Jury's job, said these legal authorities, is to determine facts, not to speculate on matters of conjecture. The Department of Justice's new indictment is but a variation of that which was thrown out: it charges Mr. Lattimore with perjury when he said that he was not a "follower of the Communist line", or a "promoter of the Communist interest". The difference between the old and the new charges is subtle enough to escape an ordinary non-specialist citizen, such as myself, and it compels one to wonder why the Department of Justice will not let Mr. Lattimore's case drop.

Granting (what has not been proved) that Mr. Lattimore did commit perjury, has he not been punished enough? For over four and a half years, he has been harassed and hunted. He has lost his employment and no one dares to take him on. He has been continuously vilified. His home life has been disrupted. His savings have been used up in his defence. He

is a ruined man who cannot even seek to start his life over again by honest work.

The only consolation that a democrat who surveys this tragic record can offer himself is that Mr. Lattimore is alive, unimprisoned, and still fighting for his rights, whereas in a totalitarian State, he would have been liquidated long ago. As an abstract idea, this thought has its importance, but, in its concrete application to Mr. Lattimore, it cannot arouse much enthusiasm among sincere democrats. If the only difference between totalitarianism and democracy is one of speed, there may be many who would plump for speedy totalitarian, rather than long drawn-out democratic, liquidation.

MR. LATTIMORE'S REAL OFFENCE

Why does the Department of Justice use the full panoply of the State's powers to pursue, as it seems to the disinterested foreign observer, a personal vendetta against an unfortunate private citizen?

A study of the evidence leads one to conclude that Mr. Lattimore's real offence was to have been critical of his country's policy in the years when the U.S. government was pouring dollars into Chiang Kai-shek's coffers. Mr. Lattimore had the foresight to argue, as far back as March, 1947, that the Americans were wasting their money backing the wrong Chinese horse, that the Communists had wide support in China and good prospects of eventual success, and he pointed to evidence which suggested that the Communists were not merely Soviet "yes-men" but had an independent line of their own.

Such views were anathema to the China lobby in Congress, and to the extreme Republicans, who held that China was not lost to democracy by the superior attractions of the Chinese Communists' internal programme and administrative abilities over those of Chiang Kai-shek, but by the weakness and incompetence of President Truman and his Secretary of State, Mr. Dean Acheson. The China lobbyists attacked Mr. Lattimore's publicly proclaimed views and Mr. Lattimore had the temerity to reply to these attacks with awkward arguments—for which he has been paying with all that he holds dear, his honour and his means of livelihood, for the past four and a half years.

That the protracted four-and-a-half-year Lattimore case is not really a problem of justice but an episode in party politics is suggested by the way in which it has been injected into the Congressional elections. The able Washington correspondent of the "Manchester Guardian" recently reported that the Democrats were alleging that the Department of Justice wanted the new indictment against Mr. Lattimore in order that the Republican Party might have a fresh talking point in its campaign against Communism, and the correspondent ironically observed that according to this reasoning Mr. Lattimore's guilt or innocence was a small detail yielding to the higher claims of party warfare.

In Wyoming, the Republicans openly made the Lattimore indictment an election issue. The Democratic candidate, Mr. Joseph O'Mahoney, a former Senator, happens to be one of Mr. Lattimore's lawyers. The bill of indictment against Mr. Lattimore was flown to Wyoming and distributed throughout the State. The Republican candidate Mr. William Henry Harrison, has demanded that Mr. O'Mahoney should retire from the contest, simply and solely because he is defending Mr. Lattimore (a man who, according to the common law that obtains in Britain, America, India, and the Commonwealth, is innocent until a jury of his peers finds him guilty). Presumably if Mr. O'Mahoney retired from defending Mr. Lattimore, Mr. Harrison would not object to his political candidature—thus introducing a new legal principle, namely, that an accused person may only choose a lawyer acceptable to his political opponents.

The cause of the liberty of the individual, of justice, of constitutional government, and of democracy, has received a setback by the punishment that was meted out to Mr. Lattimore apparently because events have proved his warnings correct and have confounded the wishes and hopes of a powerful group of lobbyists and Republicans.

The principle at stake is of such importance to the free world as a whole that in a final article next week I propose to produce exactly what Mr. Lattimore did say in one of the articles which the Department of Justice cites as evidence that he was a Communist sympathiser and a follower of the Communist line. You will then be in a position to disregard my expressions of opinion and decide on the facts for yourselves.

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THE WORLD ABROAD

PROBLEMS OF EAST-WEST TRADE

By Raymond Aron

The East-West trade problem is, once more, the topic of the day. A conference at Geneva has discussed it, and representatives of the principal countries endeavouring to prevent the export of important strategic commodities to the Soviet world met at London early in 1954.

Soviet purchases of butter, meat and textiles as well as sale of Soviet gold have been widely commented upon. It has been hopefully pointed out that these phenomena are signs of a new epoch, the proof of the Soviet Union's peaceful intentions. Of course, the "Battle Act" (the famous list of products whose export to Iron Curtain countries is prohibited) has been attacked. It has been said also that free trade between all nations, apart from any political consideration, would lead the way to peace.

Immediately after World War II, reduced trade between the two blocs was effected by the East, not by the West. The autarkical organisation of the Soviet bloc unavoidably has resulted in a two-thirds decrease in Eastern exports to Western Europe and a one-third decrease in Western exports to Eastern Europe. Typical of this reorientation is the case of Czechoslovakian foreign trade. Prior to the war, Czechoslovakia's exports to the West amounted to approximately 85 per cent of its total foreign trade. By 1949-1950, they amounted to only three-fourths of that figure.

Since the post-war high of 1949, trade between the two Europes again has decreased. Using 1950 as the base (100), Western imports dropped from 111 in 1949 to 85 in 1952. Western exports dropped from 103 to 91. This decline is partly attributable to the controls exercised over strategic exports. Exports of machine tools, machinery and equipment dropped from \$255,000,000 in 1950 to \$190,000,000 in 1951 and to \$157,000,000 in 1952. However, this is not the sole cause for decreased East-West trade.

For approximately two years Soviet leaders have shown a growing interest in East-West trade. The Moscow Economic Conference of April 1952 in particular was aimed at aligning Western business men against the control of certain Western exports. In 1952, 1953 and 1954, representatives of the Soviet bloc at Geneva advanced relatively considerable trade figures. For example, Soviet Union delegates have stated that by 1955 total Soviet trade (exports and imports) with the non-Soviet world would amount to \$2,500,000,000 or \$3,000,000,000 or about four times the present amount. Until the present, no appreciable increase in trade has been noted.

The purchases of food products and industrial equipment for Soviet Union consumption are not a legend. The amount of these purchases, however, is ridiculously low compared with the Soviet or international markets. Soviet purchases of textile products amount to about \$30,000,000 and purchases of food products amount to \$50,000,000 or \$60,000,000, which means from 200,000,000 to 250,000,000 roubles at the present rate of exchange, or less than 1/1000 of total Soviet consumption. At the very most, such purchases might supply one large town in a period of shortages.

Sales of Soviet gold during the second half of 1953 are likely proof of the lack of currency with which to purchase everyday commodities (wool, rubber and the like) plus certain uncommon items. If this interpretation is correct, the fundamental difficulty remains the same. In effect, East-West trade confronts economic difficulties to a greater extent than political difficulties;

the Soviet bloc has been unable to export sufficient quantities of those products needed by the West.

Indeed, the Soviet bloc might be able to increase its traditional sales of cereals, wood and coal, and the Soviet Union can sell petroleum products, certain raw materials (manganese, chrome) and even machinery (although this would interest underdeveloped countries more than Western Europe). However, it is better not to have too many illusions in this respect. For certain countries, such as France, a substantial percentage increase is not to be excluded. The July 1953 Franco-Soviet trade agreement provides for trade amounting to approximately 12,000,000,000 francs either way instead of 4,000,000,000 to 5,000,000,000. Even if this agreement is carried out, trade between the two countries would scarcely amount to 2 per cent of total French trade.

There are those who believe that the Chinese market has limitless resources. Actually, however, three-fourths of China's trade is directed towards the Soviet bloc. Total Chinese imports from the free world in 1953 amounted to \$275,000,000 as against \$268,000,000 in 1952. How will China suddenly obtain currency to finance additional purchases? An increase in Chinese imports from the free world is possible if a portion of Chinese products normally sold to the Soviet Union is diverted to the West. However, this eventually is not likely to occur.

A certain increase in trade, if the Soviet Union so desires, appears possible. However, it is doubtful that exports desired by Western Europe and available on the other side of the Iron Curtain suddenly can increase in large amounts. The Soviet Union probably possesses large quantities of gold, but it would not appear compatible with the policy formerly held by its leaders to employ this gold to finance a substantial trade deficit.

In order to throw some light on the political aspect of the problem, it is necessary to answer three questions:

1. Is it advisable to eliminate all restrictions on East-West trade and, in particular, to ignore the concept of strategic products?
2. Has the time come to put an end to the semi-embargo which has been in force since Chinese intervention in Korea?
3. What effect would an intensification of trade have on international relations?

It is ironical to hear Soviet representatives defend freedom of international trade when monopoly of imports and exports was one of the first measures taken by the Bolsheviks after they assumed power. Better than anyone else, they explained why policy and economy are inseparable, why foreign purchases and sales should not be subject to the market and should depend on state control. When Moscow representatives extol the merits of international trade, they evidently do not follow doctrinal considerations; rather they have certain interests in mind. Their immediate objective is to obtain elimination of the strategic embargo lists. This insistence would appear to indicate that the embargo is not as inefficient as is believed in certain circles. Undoubtedly, the Soviets find ways to buy some embargoed commodities in small quantities and of inferior quality. These purchases are most likely at high prices.

Soviet economy requires certain raw materials, machinery or machine tools which can be obtained only

from the United States or Western Europe. Would advantages to the West of increased trade with the Soviet bloc compensate for the Soviet bloc's profit, should controls over strategic products be raised?

Obviously it is difficult to judge exactly what both sides would gain from such a relaxation in Western export controls. Each Western country would not derive equal benefit; Great Britain would gain more and the United States less. In this case, a compromise might be the best solution, although this would not be very satisfactory psychologically. Some controls cannot be justified. Certain raw materials offered by the Soviet Union are included on the embargo list (for example, manganese). Divergencies will appear when relaxation involves such items as sizable tonnage vessels, ball bearings and electrical equipment.

I am inclined to believe that the Soviet Union is the winner, when it buys such commodities. I believe that the West would be wrong to hasten to Moscow upon M. Mikoyan's first smile and gratuitously accord the liberalisation desired by the Kremlin. I also believe that business men, by profession, and certain governments, by weakness, will hasten to meet Soviet orders.

Therefore, as the minimum, let us hope for maintenance of the strategic lists after a reasonable revision. It will be the task of governments to come to terms concerning the control of prohibited merchandise.

The Chinese trade problem cannot be separated from that raised by relations with the Soviet bloc as a whole

because the entire bloc is subject to the same direction. Chinese representatives are installed in East Germany and merchandise sold to Czechoslovakia or Rumania; actually may be for Peking.

Of all Soviet satellites, China is probably that one most desirous of increasing trade with the West. It is also the country where representatives of Western firms have been the most badly treated and which has extorted the most money from them. Finally, it is the country which supplies the Communist armies in South-East Asia.

Some circles apparently assume that trade, as such, is a factor for peace. I am not at all convinced. The aid given by Germany and the United States for the improvement of Soviet industry during the first five-year plan has, in no way whatsoever, eased the Soviet Union's hostility towards the West. Communist China, which apparently has not received all the aid which it expected from the Soviet Union, would purchase raw materials and machinery from the West. It might even accept credits if Western countries or banks agreed to grant these. There is no reason to believe that Communist China would cease to consider the West as an enemy or would cease to work for the Sovietisation of South-East Asia. The fact remains that the United States does not envisage recognising the Peking Government or giving it access to international organisations. Therefore, it would be absurd to grant the liberalisation of trade too soon.

—From 'Le Figaro,' Paris.

U.K. BALANCE OF PAYMENTS

(A Story of Progress: By John Kingsley)

It is indicative of the steady progress of the consolidation of Britain's external position that there has been no anxiety about the balance of payments result this year among informed observers of the situation. All signs pointed to a continuation of the steady improvement which had uninterruptedly been going on since the first half of 1952, and the only question was how big the improvement might turn out to be.

Figures now published in the usual half-yearly White Paper show, in fact, a further increase in the current surplus from £154,000,000 (including £47,000,000 defence aid) in the second half of 1953 to £178,000,000 (including £24,000,000 defence aid) in the first half of this year. This result is received in Britain with much gratification since, even excluding defence aid, it corresponds to an annual rate of over £300,000,000, a target which, it is considered, should be reached if the country is to continue to strengthen its reserves, meet its liabilities, and also expand its overseas investments, particularly in the Commonwealth.

It was never expected, however, that this figure would always be reached; if it can be maintained as an average over several years, the country can take normal fluctuations in its stride without any undue anxiety. Thus, it would not be surprising if the result for the second half of this year should not turn out to be quite as good. As a rule, visible trade shows a tendency to turn against the United Kingdom in the second half of the year and at the end, when the large payments on the American and Canadian loans become due.

The increase in the surplus from the last half of 1953 to the first half of this year was partly due to a further small fall in the trade deficit of £14,000,000, but to a larger extent to an improvement of £33,000,000 in total net "invisible" transactions (that is, services such as shipping, travel, banking, and insurance, income from investments abroad, etc.).

These changes more than make up for the sharp decline in defence aid. It is true the U.K. now enjoys

other special receipts—the expenditure of U.S. and Canadian forces stationed in the U.K. (£35,000,000 against £25,000,000 in the previous half year), and payments for "offshore" sales to the United States, that is sales of goods to the U.S. Government for supply to the armed forces of Britain and other countries (£14,000,000 against £10,000,000). These two kinds of receipt, however, are not aid; they constitute earnings from goods and services supplied.

The current surplus of £178,000,000 was accompanied by an estimated net overseas investment of £88,000,000, leaving an increase in U.K. monetary assets of £90,000,000. The increase in gold reserves of £179,000,000—in the third quarter they declined slightly by £42,000,000 as a consequence of the repayment of the old debt of £75,000,000 to the International Monetary Fund and the countries of the European Payments Union (EPU)—was accompanied by an increase of sterling liabilities to other sterling countries of £118,000,000; but, on the other hand, there was also a reduction of the U.K.'s debt to EPU by £23,000,000.

The total sterling liabilities of the U.K. to all countries stood at £3,823 million at the end of last June, compared with £3,708 million at the end of last year, and £3,729 million at the end of 1946. Whereas in the first post-war years these balances caused much anxiety, they do not now constitute a danger for Britain's external stability. As the recent report of the International Monetary Fund points out, at the end of 1946 the sterling balances had been equivalent to more than four times the value of U.K. exports in that year, but by the end of 1953, they were only one-and-a-half times the value of 1953 exports.

Ownership of the balances has also altered considerably. The share of non-sterling holders has fallen from 35 per cent in 1946 to 20 per cent at the end of June; the share of independent members of the Sterling Area also declined slightly, from 52 per cent to 49 per cent, but the share of the colonies has risen from 13 per cent to 31 per cent.

A DELHI DIARY

TWO CHILLS!

THE week has been full to overflowing. The Prime Minister returned to New Delhi last Friday, and threw himself hastily into a ceaseless run of engagements. There was a meeting of the Working Committee of the Congress on Monday which was notable for the (surprise!) election of Mr. U. N. Dhebar as the future President of the Congress. On Tuesday the National Development Council met; a pronouncement by the Prime Minister at this important meeting is reported to have "chilled" the Bombay Stock Exchange. The Development Council met again on Wednesday. This time I expect the chill was in Delhi. To the question "Who finds the money, when a State cannot?" raised by a number of State Chief Ministers in the National Development Council, the Finance Minister replied: "Certainly not the Centre." While, therefore, private enterprise had its rebuke from the Prime Minister who saw the future in terms of a "definitely and absolutely socialistic picture", the public sector had its turn when the Finance Minister reminded them that if they did not raise the resources, they would have to cut the Plan. I should imagine that after the meeting the private and public sectors were sadder and perhaps a little wiser than before.

RED RAG TO THE BULL

I wonder, however, whether these mutual rebukes to the sectors—if I may so describe it—have really been very helpful. A feeling of optimism both in the private and public sectors is a condition of great deeds. I know that it is popular belief—to my mind strangely unreal!—that the distant prospect of 'a socialistic picture' is designed to give enthusiasm, and presumably incentive, to that great body of people whom we traditionally call the masses. I wonder, however, whether the masses understand what is meant by a socialistic picture. So much has recently been said on the subject that I expect the picture has been heavily overlaid with so much paint that it has confused even the intelligentsia. I wonder, for example, what exactly the Prime Minister meant when he talked about "the socialistic picture." Now that nationalisation is out of the way, perhaps what is intended is a reduction in the inequality of incomes and a broadening of the base of employment and opportunity. But surely this is possible in a non-socialistic society or, can one say, as Sir William Harcourt said in 1894, when introducing Death Duty in the United Kingdom: "We are all Socialists now". The British Welfare State seems to me precisely what the Prime Minister has in mind, but the use of the word "Socialism" without definition has tended to add confusion to what seems to be an easily understood state of society. The Welfare State at some time in India is a possibility, and should be in the interest of both sectors. Why then did the Bombay Stock Exchange suddenly take fright? Solely, I believe, because Socialism—only little less than Communism—is a red rag to the Bull. It is appropriate that the Bears like it!

I have been busy examining the political and economic "climate" to see if there are on the horizon genuine clouds of which I have some unhappy memories from the years 1948 and 1949. I cannot for the moment reconcile myself to the belief entertained in some private sectors that the Government is still of the 1948 Industrial-Policy-Statement-mind. For one thing, the urge for nationalisation has ended. Secondly, I cannot see, with the impact of the second Five-Year

Plan coming, how there can be stagnation of the kind we had in no small measure between 1947 and 1950. I, therefore, argue (irrespective of what the Pundits in public and private may say!) that the outlook in India for the private sector is fundamentally good. I, therefore, do a very daring thing and discount the Prime Minister's "definite and absolute socialistic picture", and I call in the Prime Minister himself to give evidence on my behalf. Referring to the role of private enterprise in developing the country's economy, Mr. Nehru said: "That does not mean that we are doing away with private enterprise. I think there is much scope for it, and where you allow private enterprise, you should give scope, freedom and encouragement to it to develop, but we must realise that the day of the acquisitive element in society has not passed but is passing. Other factors are coming in—social and other factors. In other countries which are highly capitalistic in their structure, even there the social element is increasing at a tremendous pace. In other countries it is deliberately increased. Here other forces increase it."

I imagine that all that the Prime Minister was saying could be contained in this single paragraph. And this is nothing new. It is obvious that social forces, particularly when we have an adult suffrage, must place limits on the capacity of individuals to acquire undue wealth in nineteenth century free enterprise style. But this style is dead in practically every country of the world. So, why worry?

I do not think there can be many people in India who have failed to see this simple application of the democratic principle that power now rests with the people. Which people? Obviously the answer cannot be "The rich," because there are too few rich people to matter in the head-counting sense. It must be the broad character of public opinion which, at the present time, is quite prepared to allow efficient managements to raise production provided the interests of the consumer and those in employment are well secured. I would argue that the "climate" of Indian public opinion is pro-private enterprise with an accent on consumer and labour welfare. There are people who confuse consumer and labour welfare with socialism. To them I present one picture and one picture only. This is Mr. Deakin, the boss of the Trade Unions in the United Kingdom!

I have just time to deal with the substance of the National Development Council meeting. There was an indication that India's second Five-Year Plan would be of the order of Rs. 5,500 crores in new investment. Out of this total sum, Rs. 3,000 crores will be for the public sector and Rs. 2,500 crores for the private sector.

Looking at these figures with the eye of a good arithmetician, I wonder what all the fuss is about. It now turns out that the great bias which the Prime Minister intends for the public sector is somewhat less than it was in the first Five-Year Plan! Will not the tired Bulls of Bombay and Calcutta see that if Rs. 2,500 crores out of Rs. 5,500 crores is to be allocated for the private sector, the picture will be not more socialistic but less socialistic than before? My feeling about all the actions of the Government of India is that their bark is worse than their bite. I am happy to find such rapid confirmation of my feminine intuitions. I offer these crumbs of consolation that have fallen quite by accident from the feast of Chief Ministers held in Delhi this week!

ARGUS.

SPECIAL ARTICLES:

INPUT-OUTPUT ANALYSIS IN INDIA

IT was fifteen years ago that Wassily Leontief, Professor in Economics at Harvard University in the United States, working almost alone, produced the first Table on the structure of a country's economy, which is now described as Input-Output Analysis. Since that time the force of his ideas has been such that thinkers and researchers throughout the world have attempted to do the same for their own country. Business men too have found in Leontief's creation, Input-Output Analysis, a substantial promise of the solution of many of their problems. They have in many countries realised it to be in their own interests to co-operate with the government in supplying information about their businesses so that they may all share the fruits of this new technique.

What is this new technique, then, that goes under such a forbidding name? Is it another of these models of the economic system that are either so simplified as to have no reality, or so abstrusely mathematical as to be beyond the grasp even of competent business directors? In contrast, an Input-Output Table is but a system of double entry reckonings of all the transactions between different branches of industry.

Wassily Leontief acquired his interest in the subject while Research Associate in the National Bureau of Economic Research and a lecturer in Harvard University. Preliminary investigations were concluded in 1931 and the actual statistical analysis was begun in the following year and was conducted without interruption until publication in 1940. In 1948, after the disturbances of the War, the Government financed the organisation of an Economic Research Project on the Structure of the American Economy of which Leontief became the Director, a post which he still holds. By this time, the size of the Input-Output Tables which originally comprised ten sectors only, seeing that a larger Table could not be operated upon by the existing machines, had grown to hundreds of sectors; and data which was either only grudgingly supplied by firms—if at all it was available—or gleaned from official documents whose purpose was quite different, is now collected by individual firms as a matter of course. In fact, so accurate and detailed has the construction of the Tables become that an English team of Research workers in the Applied Economics Department in Cambridge is having to take care that they conceal confidential information supplied to them by firms for entry into a new Table for England.

In 1951 interest in the Tables was so great that a conference on input-output analysis was held in Holland, at which nearly all the leading research workers in this field were present. This resulted in the publication of a number of Leontief Tables for European countries by the United Nations in November 1953. These tables mostly refer to one of the years immediately following the war. It is inevitable that a time lag should occur between the completion of a table and the year to which it refers. In the case of Leontief's first Table, this time lag was twenty years. Now a Table has recently been published in the United States for the year 1948. For India, a Table has now been constructed and published by the Indian Institute of Public Opinion, based on the financial year 1952-53, so that the time lag has been largely avoided. But it is found that data referring to that year is only now being published by various sources and it is to be hoped that in future years the relevant data may be more quickly collected and published.

The whole economy of the country is divided into a number of sectors. The most favourable situation

is created when each industry is listed separately, for the greater the number of sectors the more accurate are the results which can be obtained. Thus at present in England, the Research team is constructing an enormous table with no less than 450 sectors, by which it is hoped that forecasts will attain a high degree of accuracy. For this purpose, Imports and Exports are treated as one of the industries of the economy, as also are Government Revenue and Expenditure, Transport, and the buyings and sellings of individuals. This last has attracted attention in quite another field, for Consumer demand on the one hand, which is the 'buyings' of this sector, and Employment on the other, representing the 'sellings' of personal labour, are matters of vital concern to all business men so that the mere fact that the Personal sector enters into the new technique relates it with current problems.

The significance of sectors varies from country to country. Whereas for the original table which he made for the United States, Leontief allocated one sector only to Agriculture, for India it has been thought best to divide the sector into five. Having regard for the nature of our economy and for the data available, in this, the first Table for India, the economy has been divided into twenty-three sectors.

As Government Development Expenditure is calculated to have a profound effect on the economic life of the country, a separate sector has been allocated for this activity alone.

In each sector a record is made of the Supplies to, and Intakes from, each of the other sectors. Thus the jute industry supplies gunny bags to the wheat industry, and this transaction enters into the sales of the jute industry and the cost structure of the wheat industry. All these entries are then consolidated into a huge table so that each industry, or supplier, appears down one side of the Table and again in the same order as a consumer along the top. Each row therefore shows the outputs of a sector and each column the inputs from other sectors. It was because of this that Leontief coined the phrase 'Input-Output' Table.

Essentially the supplies of each sector are of two sorts—for final demand or for intermediate demand. The mining sector supplies ores of various sorts to smelting or refining industries, which in turn supply their products to, for example, engineering industries. The latter supply goods such as machinery back again to the former industries as well as producing Consumer goods. There are three Final consumer industries only viz. Exports, Government Expenditure and Consumers (Personal). All others are intermediate. Thus the results of an analysis of this kind differ significantly from National Income calculations which deal only with total products and consumption.

Each entry is made in crores of rupees and shows the actual value charged to the recipients of the goods. Now this is usually more than the value of the goods to the supplier. The increase is caused by transport, by government taxes and by handling and distribution charges—it is from this last increase that thousands of middlemen make their livelihood. The question arises: where and in what manner should this increase in value be recorded in the Table of transactions, seeing that each entry is in money value? As has already been stated, the entries are all made at the value charged to the recipient, and therefore a correction must be made in the cost structure of each industry giving this increase in value under the heading Trade. There is no column which corresponds to this row, for

clearly the sector is part of Consumers (Personal). Hence though this row has been maintained separately out of interest as a measure of the Trade on the goods of each sector, it has been combined with Wages and Salaries to form the Personal sector.

It is difficult to pick out any sector for detailed analysis. But it may be of general interest to know from what sources the data was gathered. One source that has been extensively used is the Final Report of the National Income Committee, which gives in detail the estimated production of a number of Agricultural goods. Another source used exclusively for some of the major industries—in the normally accepted sense—was the Census of Manufactures 1949. A third was the third publication of the National Sample Survey on Consumer Expenditure. Extensive use was also made of the Series of Marketing Reports, of the Accounts of Trade (Sea and Land), the Railway Report for 1952-53, the Demands for Grants in connection with the Budgets of the Central and States Governments, and the various Journals and Abstracts of Trade and Commerce. Thus it will be seen that statistical data has in the first instance been gathered from official sources, and where this was not available, reference was made to the own publications of certain industries such as that of Sugar. In other cases, where there seemed to be no published data, estimates were the only source. This is especially true in the cases of Transport—which is only partly covered by Railways—and Construction. In every case, whether of official publications or otherwise, except in respect of Sugar, corrections had to be made because the figures were not recorded as far as 1952-53 or were recorded in quantity terms only.

One item of interest is the Survey on Consumer Expenditure. The headings under which this Expenditure was collected differ slightly from the sectors in the Table, which made necessary a certain amount of adjustment. But more fundamentally than this, the average Consumer Expenditure came to Rs. 308, whereas the per capita income in the year 1952-53 was in the region of Rs. 266.8. All the expenditure totals of the Survey were therefore corrected by a multiplier but very possibly the figures adopted are still too high. There is a real need for a reliable set of Consumer Expenditure figures and it is to be hoped that the organizers of the National Sample Survey obtain them in the near future. Actually the figures which Leontief used in his first Table were the result of the research of one individual W. H. Lough, who published a book called 'High Level Consumption'. The primary way in which Consumer Expenditure figures enter the workings of the Table in the calculation of Trade, for the calculations are: Consumption + Government buying + Exports - Imports - Transport - Government taxes - Value at producers price = Trade. The Consumption figure is in many cases the most significant of these. There were however other calculations which could be compared, namely estimates of trade margins collected from the Marketing Reports or such books as Krishnaswamy's 'Rural Problems in Madras'. These sometimes agreed quite well, as in the case of Rice, but for Wheat

and other cereals the estimates were somewhat different. On the whole, the conclusion was that the figures of the Survey were generally reasonable estimates.

An Input-Output Table can help the economist to make the forecasts which governments and business need. Its value for this purpose lies in the fact that it is a two-way statement. It shows the inter-connection of transactions. It can be rearranged so as to express for a given commodity in intermediate or final demand the content of materials, services and labour which are required to produce it. This rearrangement involves a definite operation on the Table which goes under the mathematical name of 'inverting the matrix'. A second Table is produced, composed of coefficients, which shows the amount of every other product required to bring into existence a rupee's worth of any given product. It is this second Table from which forecasts can be made of the effect throughout all the industries of a change in demand for the products of one industry or an ad hoc increase in the production of one or more industries. The underlying assumption of the calculations is that a given change in output will call for proportionate changes in input, that is, the cost structure is preserved over the period for which forecasting is taking place. Though of course this assumption leads to an approximation, as it excludes the possibility of technological changes—which are in practice always occurring—Leontief showed by comparing the tables he had constructed for the United States for 1919, 1929 and 1939 that these changes are not significant even over a number of years, and recent studies in England have confirmed his view. The assumption is therefore well attested in the economy of highly developed countries, but in an economy such as ours which has such a capacity for change—being under-developed—it will be interesting to whether the assumption will still hold so accurately—for we are confident that there it notwithstanding, a high degree of accuracy.

There are of course limitations to the form and accuracy of the Table presented. A really clear picture of inter-industrial relations can be obtained only with a division of the economy into 230 sectors, not 23; the Institute is, therefore, forging ahead not only with a search for more detailed but more accurate data, for which it is necessary to approach a number of associations. Forecasting, moreover, is dependent on estimates of Final Demand which change in a hitherto undetermined manner as the years pass. A general idea, however, is obtained from considering the trend of consumer expenditure exports, and the like; and a forecast made on this basis for Italy by an American team of experts was within 5 per cent of actuality.

Finally, the basic assumption of the calculations of Input-Output Analysis is that the cost structure of sectors remains unchanged. This is only partly true for Indian economy in its present state of rapid development. There emerges an argument, therefore, for the frequent revision of the Table, say yearly, over a period of several years. In this way much useful data, quite extraneous to the workings of the Table itself, would be gathered in a convenient form.

THE RATIO IN ORGANIZED INDUSTRY

FOLLOWING on the Special Article last week on the "Ratio in India", a study has been now made by the Research Section of "The Eastern Economist" of the value of the ratio in the private sector in organised industries.

A valuable estimate of investment in the private sector in the last three years is contained in paragraph 49 on page 163 of the Five-Year Plan Progress Report for 1953-54. It deserves to be repeated in full.

"In the First Progress Report published in May 1953 the fixed capital investment on new industrial units and expansion scheme in the private sector during the two years 1951-53 was estimated at about Rs. 45 crores but subsequently this estimate was revised to Rs. 52 crores. It was further estimated that in the single year 1953-54, similar investments would be of the order of Rs. 53 crores, of which expenditure on the petroleum refineries would account for Rs. 21 crores and on the expansion of the Iron and Steel Industry

Rs. 75.68 crores. A reassessment of the actual investment in 1953-54 was recently undertaken. On the basis of data received direct from the industrial units concerned supplemented by data derived from balance sheets and by estimates in respect of industries for which no exact information was forthcoming, the actual investments in 1953-54 have now been placed at about Rs. 44 crores. The major sectors of industry in which investment was lower than previously estimated are petroleum refining and iron and steel. In the latter industry the actual funds availed of by the Indian Iron and Steel Company from the budgeted loan provision of Rs. 4.0 crores in 1953-54 came to only Rs. 82 lakhs. The lag between estimated and actual investment in 1953-54 on petroleum refineries is primarily due to a shifting of part of the expenditure into the following year. Even so, an investment of Rs. 44 crores during the year represents a significant stepping up of expenditure in the industrial sector when compared to the average figure of about Rs. 26 crores per annum in the first two years. The increased investment in the private industrial sector is also corroborated by the rise in imports amounting to about Rs. 4.35 crores of 'other sorts of machinery' in 1953-54."

Working on these figures, it would seem that capital investment in the three years 1951-54 is of the order of Rs. 96 crores. Associated with this figure in order to generate production must be some increment in working capital. This is assumed at about Rs. 40 crores making the total investment in Indian industry exclusive of replacement at Rs. 136 crores.

The increment from industrial production which materialised during this period has been worked out in two ways. The following figures give movements of the interim index of Indian industrial production in the last three years:

1950-51	.. .. .	107.3
1951-52	.. .. .	120.6
1952-53	.. .. .	130.3
1953-54	.. .. .	136.4

If we take "the value added by manufacture" from the difference between the Census of Manufactures' estimates in 1950 and 1951, it would appear that the increment in value added was Rs. 63.29 crores. If this is related to the difference in the index between 1950-51 and 1951-52, it corresponds to a figure of 13.3 points in the index. On the same basis, a difference of 29.1 points between the indices of industrial production for the years 1950-51 and 1953-54 would correspond to Rs. 138 crores.

If we treat this added income of Rs. 138 crores as being associated with an investment as previously described of Rs. 136 crores one might say that the ratio in Indian industrial production is almost exactly unity. It is to be remembered, however, that there was no direct relation between income and investment in these years. For example, the Oil Refineries which contributed so much to investment contributed nothing to income, and the cotton textile industry which contributed almost nothing to investment contributed much to income. Nevertheless, the broad figures seem to indicate that investment and income in Indian organised industries must be comparatively low. A figure of unity corresponds with much that has happened in organised industry over a long period and it will be remembered that in the Bombay Plan some figures were presented to support a similar figure for large-scale industry.

NOTICE

TENDERS are invited for the purchase of the under-mentioned properties belonging to Messrs. Sodepore Glass Works Ltd., either in one lot or in different lots. The said properties are mortgaged in favour of the Industrial Finance Corporation of India and are to be sold by the latter in exercise of the powers conferred on it.

In fit cases, the Corporation may also consider proposals for payment of the purchase price by instalments and if any such offer is accepted by the Corporation, the purchaser shall have to mortgage the property purchased with the Corporation on such terms and conditions as the Corporation may desire and they shall also have to furnish the personal guarantee of a substantial party acceptable to the Corporation. The purchaser shall, further, give an undertaking to the effect that he shall himself work the factory until the entire purchase money together with interest and other charges is paid off to the Corporation.

Lot No. 1:—Glass Factory of the Sodepore Glass Works Ltd., at Sodepore consisting of about 51 Bighas of land, the factory and other buildings and structures and the plant and machinery etc., of the said glass factory.

Lot No. 2:—Sheet Glass Factory of the Company at Bhurkunda (Eastern Railway) near Ramgarh in Bihar consisting inter alia of land measuring about 46 acres, factory and other buildings and structures and valuable plant, machinery and furnace for the manufacture of sheet glass together with all equipments and accessories and all easements, pipe lines and dam.

Lot No. 3:—The plant and machinery for the manufacture of bottle glass lying at the Bhurkunda factory of the said Company.

Lot No. 4:—The plant and machinery for the manufacture of figured glass lying at the Bhurkunda factory of the said Company.

Tenders may be given either for each lot separately or for all the lots together and all the envelopes containing the tenders should be superscribed 'Tender for the purchase of properties of the Sodepore Glass Works Ltd.' and sent by Registered Post addressed to the undersigned by name so as to reach him on or before the Tenth day of December 1954 and the receipt of the tender will be acknowledged by regular receipts. For particulars of properties, conditions of sale and inspection of properties, please apply to the undersigned or to the Manager of the Calcutta Office of this Corporation.

The Corporation is not bound to accept any or the highest tender.

Dated the 8th day of November, 1954.

V. R. SONALKER,

Managing Director,

Industrial Finance Corporation of India,

U.S. Hospital Building,

Keeling Road,

P. B. No. 363,

NEW DELHI.

THE BUSINESS WORLD

THE COAL INDUSTRY

The existing potential of the coal industry is capable of responding with ease to the demand for expansion and move in step with the rapid march of the industrial sector. It is, however, a painful paradox of this industry that its development has been restricted by a combination of factors which are not amenable to its internal control. In this paradox lies a real danger to the progress of industry in the economy, since the pace of that progress stands threatened by shortages of coal as a vital source of power.

Among the factors that are currently limiting the expansion of the coal industry and are therefore becoming a source of recurring concern, two causes, outside the range of its financial structure, are undoubtedly of great importance and in fact they have arrested special attention. They relate to transport and facilities for export. The development of the coal industry in the coming few years cannot fail to be influenced by the way in which these two problems are tackled.

The inflexibility which the pattern of production costs in the coal industry has assumed in the last few years is not easy to modify. The wage structure is undoubtedly a vital cause contributing to this inflexibility and how far it can be varied will depend entirely on the outcome of the adjudication of the All-India Industrial Tribunal which is now engaged in investigating it. The economies of larger production are at present denied to the industry and even a leading group of collieries comprising the Bengal Coal Company has been confronted with a situation of helplessness just because transport capacity is not available in adequate quantities. Mr. G. A. S. Sim has come out with a categorical statement, in his presidential address at the last general meeting of the Company, that notwithstanding the sufficiency of technical equipment, the company cannot step up its raisings in the absence of adequate wagon supply.

This crucial handicap needs some elaboration. The statistical position of coal production and dispatches has kept on deteriorating since 1952:

	Coal Raisings (tons)	Dispatches from Collieries (tons)
1952	36,222,000	31,093,000
1953	35,847,000	30,658,000

The year of peak production, 1952, was also the year of a severe setback in transport and since then any reasonable expectations of improvement in wagon supply have been deferred. The figures of wagon loadings of coal in August and September this year have been publicised recently in demonstration of the progress achieved in making larger transport capacity available to the collieries. But they overlook the normal seasonal sufficiency in the monsoons. The acute

shortage only three months prior to that in May, when accumulations at pitheads in the Bengal and Bihar collieries alone totalled 3.46 million tons, is not a remote experience. It is futile to compare the position obtaining in the current year with the position prevailing in 1953, a year of exceptionally low performance at a monthly average of 83,000 wagons. The monthly rate of 104,000 wagons for coal in the first-half of 1954, must be judged in the light of the rates achieved in 1951 and 1952, at the levels of 112,000 and 116,000 wagons. Between these two years and now, the release of wagon capacity from the pressure of other categories of traffic—food grains in particular—has made appreciable difference.

A bare comparison in terms of numbers of wagons is apt to give a wrong picture. The suitability of wagons for loading ought to be assessed in relation to the types of wagons supplied. Premier collieries, fitted with mechanical screening plants, are considerably handicapped if they are offered covered wagons. The ratio of unsuitable wagons runs as high as 48 to 50 per cent. This is not to suggest that elementary precautions are just disregarded. Nor is any verdict of calculated negligence on the part of the Railway Ministry implied in these comparisons and statements of fact. They bring home the reality of a probable threat of transport capacity lagging far behind the requirements of freight traffic and putting a clog on the wheel of industrial progress.

The post-war shift in the international coal trade once again restored to India the opportunity of rehabilitating her export trade. It was then smooth sailing and the buyer in a tight market was content to accept whatever supplies were offered. When we carried coal to Newcastle, the exchequer had some justification, in sharing the boom by a levy of a surcharge on coal exports. But as soon as the balance in the overseas trade in coal was changed India lost ground in the markets abroad. Her exports showed a marked diminution. The volume of exports dwindled from 2.43 million tons in 1951-52 to 1.19 million tons in 1953-54. Last year we completely lost the Australian and Egyptian markets, whereas Japan, which was our major importer, reduced her offtake by 60 per cent. The share in global exports must be retrieved and consolidated as a normal feature of our external trade. The existing rigid controls on distribution, which make part shipments of lower grade obligatory, must be rationalised and the procedure for negotiating export contracts simplified. Rebate on railway freight on exported coal now seems advisable and probably imperative. These are among the issues to which the Coal Export Committee has to give serious thought.

MORE STEEL PROJECTS IN INDIA

By

CROESUS

Apart from the Krupp-Demag steel unit proposed to be located at Rourekela in Orissa, it looks as though we are going to have at least three more units—not just two more as Mr. D. C. Driver stated in his thought-provoking article on "Problems of Steel Projects" in the last issue (November 5, 1954) of "The Eastern Economist"—of almost the same or slightly smaller size, provided we are prepared to accept every one of these

offers. It is yet too early to say how many will eventually materialise, where the additional units are going to be located—what with Sindri in Bihar, Bilhai in Madhya Pradesh and Durgapur in West Bengal making competing claims—and, finally, whether they or any of them will be in the Public Sector or the Private Sector. But all these issues, I am certain, are going to be resolved very soon. While I respect Mr. Driver's views, know-

ing, as I do, how intimate his connections with both the steel and the coal industries have been, I do not feel equally pessimistic about supplies of coking coal. But, even if we assume that the present known deposits of metallurgical coal are going to be exhausted in the next 55 years or, given the worst circumstances, even within half that period, we need not be despondent. For let us not forget that, while we go on exhausting the existing deposits of coal, Nature will not be sitting still but doing her own replenishing of the mineral elsewhere. Even if that does not happen, what about atomic energy which is sure to be available, if not to the generation to which Mr. Driver and I belong, at least to the next generation.

But, when I started writing on the subject, it was not Mr. Driver's article that provoked me so much as the Anshan (Manchuria) despatch of my friend Mr. G. K. Reddy (with due acknowledgment to the "Times of India" News Service) who was the first and the only one to give a very vivid account of the working of the new Soviet-built Anshan Iron and Steel Works, "a giant metallurgical complex of some 40 plants" to use Mr. Reddy's own words. In this despatch Mr. Reddy has given a few interesting details which do not seem to have attracted as much attention as they deserve. So I shall make no apologies for reproducing these details.

(i) The steel plant that has been offered to India is of the same type as the one installed at Anshan.

(ii) The Anshan steel plant is "a new type of integral unit which is largely operated by robot machines requiring the minimum of human labour".

(iii) The plant offered to India is one of five such plants manufactured by the Soviet Union after World War II. Three of these are installed in the Soviet Union and one in China—the same one as at Anshan. It is the last (probably lying somewhere in Russia) that is to be supplied to India.

(iv) The Anshan plant produces one million tons of steel per year and employs less than 20,000 men and women, as against a complement of double that number that would be normally required.

(v) The wages in the Anshan Plant are on a piece-work basis and whosoever does more work or is classed as a skilled worker receives his wage accordingly.

After reading these interesting details, I thought the best course for such of those Indian experts as may be associated with the Soviet team that is expected in India shortly and have some knowledge of steel plants would be first to proceed to Anshan and then to Russia where the plant proposed to be offered to India is lying to inspect both, the one which is actually in use and the other which has to be used by us if the forthcoming negotiations fructify. I know I will be told there is no time now for the purpose, but there will be time enough, I dare say, after the Russian team has finished the preliminary talks and has examined the suitability of the different sites suggested. Meanwhile, I suggest that no final deal be entered into. In any case, according to reports in the daily Press, the Russian team that will soon be visiting India is only expected to survey the various technical possibilities and prepare a blue-print for the one-million-ton steel plant. I am not a doubting Thomas by temperament, but, in this case, somehow or other, since India is being offered the last plant after the needs of Russia and China have been apparently satisfied, I am inclined to agree with a wag who suggests that it may be this plant is not just as good according to Russian or even Chinese standards. We have to make doubly sure that no country palms off a useless steel plant on us.

Then, again, the more I read the reported terms of the U.K. offer, not to speak of the still potential Japanese offer, and the rather leisurely way in which the German steel plant has been taking shape, I get the

feeling that what Russia is reported to be willing to do—setting up the steel plant in less than a year and so on—is more a miracle (or is it a mirage?) than a feasibility. I hope I am wrong.

Another aspect of the affair that has been puzzling me is the cost aspect. How will the Soviet steel plant compare in price with the Rs. 72-crore German plant and the Rs. 62 to Rs. 95-crore British plant? How much will Russia contribute by way of capital investment? Will it be more or less than the 60 per cent which the U.K. interests are believed to be willing to invest? And what is to be the interest thereon and over what period is it going to be repaid? These are all points on which the public must be furnished with complete details. As for the agreement itself, it is necessary to consult Indian steel interests, at least before the Government commits itself finally, so as to give no room for doubts (as seems to be the case with the agreement with Germany) that the agreement is heavily weighted against this country's interests.

Before I conclude, I feel I must share with readers my reactions to certain of the features of the Anshan Steel Plant I have detailed above. For one thing, I don't know what the Union Planning Minister, Mr. Gulzarilal Nanda, who has always been keen on promoting labour-intensive projects, will say to the installing of a plant similar in type to the Anshan plant which will employ only 50 per cent of the normal worker complement. The All-India Village and Cottage Industries Board also may not countenance the Soviet robots replacing Indian workers. Secondly,—if you will pardon me saying so—I am not able to make out to what extent the Anshan steel plant is Japanese and to what extent Soviet. For Mr. Reddy says, in one place in his despatch, that "the new regime has rebuilt and expanded" the Japanese steel works, which were built in 1916 and either damaged or dismantled and removed by the Soviet forces during their occupation of Manchuria. Thirdly, how will our labour leaders react to the Russian re-orientated pattern of wages linked more or less to production, which is not the same as "each man according to his needs"? Apparently this is yet another heresy from the orthodox creed which has been permitted by the Soviets to prepare the ground for co-existence.

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BUSINESS NOTES

PARTIAL RELIEF FOR ROAD TRANSPORT

Last week's meeting of the Transport Advisory Council did not prove barren of concrete results as some of the preceding meetings. It has brought a partial measure of relief to road transport. Its most outstanding contribution to removing the hurdles in the progress of motor transport was the decision on the abolition of double taxation of vehicles registered in one State and plying for trade also in the jurisdiction of another State. More than three years have already been wasted in procrastination since the Motor Vehicle Taxation Enquiry Committee suggested a number of rationally conceived tax reliefs, nevertheless this belated relief would be welcome. Abolition of octroi duties on goods in transit levied by local bodies must wait for some time for the formulation of a suitable procedure. For the rest, the Council as well as the governments have found convenient refuge behind the Taxation Inquiry Commission's labours.

The urgency to relax or remove the manifold restrictions on motor transport to move freight traffic, some of which the railways are unable to clear, has been openly acknowledged long since. And yet there is little inclination to act with a sense of expedition that the transport situation demands. The Council has agreed "in principle" to confer freedom on freight carriers, holding permits for one region, to ply in other regions or in the entire State. The Code of Principles and Practice relating to motor vehicles has been conceived on the assumption that rail-road co-ordination can be achieved by a policy of restriction of the latter. The fallacy of that assumption has now been established by chronic transport shortages. Even so, relaxation of zonal restrictions is still being debated. Inter-State movement is in no better position in respect of prompt relief. Between the recommendations of the Advisory Council and the executive decisions of the State Governments there is invariably an inordinate gap.

It is curious that the Bombay Government should flout the Planning Commission's directive not to nationalise freight road transport and that while the State Governments are being exhorted to investigate the actual working of State transport undertakings, the Union Transport Minister should come out with an unqualified pronouncement that they had come to stay.

CENTRAL WASHERIES FOR COAL

From the very sketchy press summary of the report of the special committee on coal washeries, submitted to the Coal Board, it is clear that a verdict has been given in favour of setting up central washeries. The issues involved in the structure of central washeries are complex, but the net national gain in terms of conservation of coal resources is of a great magnitude. It is because of these basic aspects of the question that the committee has commended the scheme for the earnest consideration of the Government as well as the Planning Commission.

One of the major conclusions of all the previous investigations into the problem of beneficiation of coal is that Indian coal has been proved to be amenable to treatment by washing and the installation of washing plants at West Bokaro and Jamadoba by Tatas has established their feasibility. The outlay on washeries, however, is beyond the resources of a vast majority of collieries and a minimum of 30,000 tons of coal per month is essential to make the operation of a washery economical, which leaves the only alternative of establishing central washeries. The reduction in the ash content of Indian coals will bring about very substantial saving in transport costs of coal to consuming destinations. But this is not the only gain. The supreme

benefit of popularising lower grades and conserving the limited resources of metallurgical coal is so overriding that the Working Party for the Coal Industry has strongly urged the case for central washeries and centralised purchases and marketing of coal from groups of collieries. The report of the Coal Washeries Committee has confirmed this view and gone into elaborate details of monopoly marketing organisation of coal processed at the central washeries near railway marshalling yards or base stations at convenient points. Monopoly control is implied in pooling sale proceeds to iron out losses that may be incurred inevitably by some washeries. Railways, other large consumers and the public have been urged to participate in the share capital of the central marketing organization along with the Government. As early establishment of new steel works has become imminent in view of the second Five-Year Plan target of 6 million tons a year to feed new industries, this issue of coal conservation with the aid of washeries has assumed great importance.

PROTECTION WITHOUT PROGRESS

The claim of the machine screw industry for extension of protection for another three years has come up for investigation before the Tariff Commission. It appears from the trends in the industry since protection was granted for the first time in 1951 that it has not been able to register progress. From the comparative ease with which certain manufacturing units—factories producing bicycles and electric fans, government ordnance factories, the Indian Telephone Industries, and so forth, which produce their own requirements of machine screws—it is obvious that no special impediments exist in this manufacture. The Tariff Commission has been unable to obtain adequate information on relevant points from the units which are exclusively or predominantly producing machine screws. The industry was asked, when protection was granted in 1951, to rationalise its organisation for marketing as well as for pooling its requirements in order to procure them on the basis of bulk orders. It does not seem to have moved in this matter. It has received patronage from government purchasing organisations and while the quality of its product is generally satisfactory, there is room for improvement for consistency in quality. The ISI is currently preparing standards for it which should eliminate present wide disparity in standards from unit to unit.

The industry's explanation for its inability to push up production is the difficulty of procuring mild steel wire in adequate quantity and at proper time. Official evidence shows that there is no such difficulty and allocations are made on the basis of 100 per cent of requirements for single shift working. The industry wants the basis to be changed to multiple shift working. As against the estimated needs of 6 lakh gross screws, the home production in January-April 1954 was at an approximate annual rate of 1.75 lakh gross. Imports at present range about 3.75 lakh gross and are restricted to 12.5 per cent of the best year's imports. Further tightening does not seem called for. The main weakness of the industry is under-utilisation of capacity by more than 60 per cent, lack of diversification of products and of organisation. Demand is bound to go up with the progress of industrial projects which assures ample room for this industry's expansion.

A PUSH FOR GROUNDNUT OIL

In view of the fact that the Union Commerce and Industry Minister had made it a firm point of policy not to reduce the export duty on groundnut oil unless its price descended to a level of Rs. 1,000 per ton at least, the decision to slash the duty from Rs. 225 per

ton to Rs. 100 per ton could not have come prematurely if it had been announced and made effective earlier than November 4. The bearish tone of the groundnut oil market for quite some time now had produced stagnation and the price had already come to Rs. 960 per ton. The reduction in the duty, therefore, has brought a welcome relief and injected a tone of moderate optimism in the market.

The export trade's natural preoccupation is with the stimulation which the cut in duty will give to shipments. The balance of the unutilised export quota out of the allotment made in October is modest by any estimate. Exports are now expected to be expedited. Exporters who have entered into contracts with the specific obligation of bearing the burden of the duty will benefit by the quantum of the reduction. But the principal beneficiaries will be the farmers. The new crop has just started moving and the acceleration which overseas orders are expected to receive will give him a good share of the price rise. Interest in this commodity has shifted to the export quota for the period subsequent to the end of November.

Still another incentive to the groundnut trade which is promised by the Chairman of the Forward Markets Commission is the extension of hedging facilities. The machinery for granting recognition to trade associations for forward trading in groundnut will be introduced, on present calculations, in a month's time.

TATA CHEMICALS LOOK UP

After a prolonged phase of transition and trial, Tata Chemicals have succeeded in winning firm confidence that the corner has been turned. The large-scale modification and rationalisation of plant through which the company has been passing is now largely achieved, except for the final stage during which the new carbonating tower remains to be put into operation. This process has been left over for the third instalment of modification. When it is completed production of the plant will not only be maintained at the rated capacity of 140 tons of soda ash per day but a sizable increase will have been realised for conversion into caustic soda. The grant of protection to the industry has been amply justified by an increase of 200 per cent in the output of soda ash in five years in which Tata Chemicals' contribution is of the order of 66 per cent. The pace of future progress of this industry is now assured since Government policy cannot fail to aim at fostering its expansion. The productive capacity of the home industry has reached 90,000 tons of soda ash per year as against the total demand of 115,000 tons and caustic soda has recorded a rise from 2,500 tons to 4,900 tons in 1953-54. The gap in the output of soda ash indicates the scope for further expansion and it should not be ignored that a growing demand for chemical products will raise it to higher levels. It should accommodate new entrants.

The company is turning the corner in another vital sense. The long period through which the shareholders' patience and confidence were being put to test now promises to come to an end. Mr. J. R. D. Tata wants to qualify his announcement about payment of dividend this year as not amounting to an absolute commitment, but the qualification hardly makes any practical difference. While dividend is most likely to be paid this year after an interlude, there is no apprehension of a repetition of absence of dividend after the expansion of share capital in view of the increase in output following the programme of plant modification.

EMOLUMENTS OF BANK EMPLOYEES

The Indian Banks' Association's statement on the nature of the emoluments of bank employees after effect is given to Government's order modifying the Labour Appellate Tribunal's decision in the bank dispute, seeks to clarify the correct position. The Gov-

ernment's order, which must be introduced at the latest in the current month, virtually maintains the status quo in respect of the emoluments at least for one year, because the modification itself provides that reductions, if any, in the total emoluments must be brought about in three annual instalments, commencing one year after the order becomes effective.

The statement points out that the implementation of the Government's order would, in fact, go to increase the total emoluments of a large section of bank employees, who are working in areas in which the slabs of the cost of living, determined in terms of the frozen Sen Award, were lower and who in consequence were receiving a smaller dearness allowance. They will gain by the upward revision in the allowances. In so far as the remaining employees are concerned, their position continues to remain unaffected in any event for a period of one year more. Taken as a whole, the implementation of the modifying order may imply a slight reduction in the basic pay or the dearness allowance, but a temporary adjustment to cancel out the difference will be necessary for a period of one year. The only small sector which is likely to be affected by the modifying order consists of employees retiring in the immediate future because their provident fund, bonus for 1954 (if declared) and gratuity may undergo slight diminution. Nevertheless, both the parties to the dispute have to abide by the decision of Mr. Justice Rajadhyaksha. The Association, therefore, expresses the faith that bank employees would co-operate with the enquiry pending before him in order to furnish for his decision the fullest versions of both the parties.

SOLVENT EXTRACTION PLANTS

The Licensing Committee's action of granting permission in pursuance of the Industries (Development and Regulation) Act, for establishing solvent extraction plants for the extraction of residual oils from oil-cakes has obviously been justified by the expansion of this medium-scale industry. The last two years' experience in encouraging the organized growth of this industry has demonstrated the need for further increase in its installed capacity and it is on the basis of this appraisal that the Government has come to a decision to allow additional licences. The conditions for expanding existing capacity or for setting up new units which are set out below are in no sense onerous and they ensure modest precautions against half-baked schemes. The conditions in brief are: (1) The daily per shift capacity of the projected plant in terms of solvent extraction should ensure economic operation. (2) There should be reasonable scope for adjusting the number of shifts per day in response to a higher demand. (3) The types of oil-cakes proposed to be used for extraction should be locally available in sufficient quantities. (4) Investors in the projected new installations or expansion of existing units should obtain the prior approval of the State Governments.

U.S. AID TO JAPAN

The significance attached in Japan to the negotiations between Premier Yoshida and President Eisenhower which started in Washington this week is easy to appreciate. Japan's extraordinary task in readjusting her economy in stable equilibrium, since the steep fall in dollar receipts consequent on the reduction in American expenditure on Korean operations, has made resort to temporary measures expedient until assurance of long-term stability is won. For the present, Japan is looking forward to a programme of aid from the U.S. surplus farm commodities. Japan's expectation of grant of assistance from this new source is pitched around a figure of \$130 million during the year ending 30th June, 1955. This amounts to about 18.5 per cent of the total authorisation of \$700 million fixed by Congress during the three years and more than double the aid of \$60 million granted to Pakistan and Yugoslavia.

Interest now centres on the extent to which Japan's demand will be varied as well as on the purpose to which the yen fund which will be built up in the procurement of farm surpluses is to be put.

Apart from this immediate aid programme, ways and means for long-term recovery of the economy will necessarily receive emphasis in the discussions. The main plank in the programme of recovery must continue to be rehabilitation of Japan's external trade. The unflinching support which the U.S. is lending to Japan's entry in the GATT fraternity is motivated by this objective. But greater importance is rightly attached to a phase of stern austerity in Japan's economic programme with the distinct purpose of doubling her exports above the current level and a systematic reduction of the prices of export goods (which are now on the average 25 per cent above those of her competitors) to competitive levels. Simultaneously, stress will be needed on modernisation of plant and stepping up productivity. The non-availability of U.S. orders for offshore purchases on the scale prevalent until recently has focused increasing attention on the austerity programme.

COMPENSATION FOR AIRLINES

The question of the settlement of compensation payable to the airlines which were nationalised and taken over by the Government in August 1953, involves complex points of evaluation of assets and although it will be settled finally by the statutory authority of the Tribunal which has been already set up, the option of settlement by direct negotiation between the nationalised air transport companies and the Indian Airlines Corporation is, of course, available. It would appear from Air India's report for the last incomplete year of its existence that direct negotiations may yield an amicable settlement.

Two points on which the Corporation and Air India are still at issue relate to the latter's bank balance at Karachi which the Corporation seeks to exclude as an unrealisable asset and salary due on account of the period of the accumulated leave of employees. On the latter, the Corporation seeks to reduce the amount of compensation by the amount of this salary. The trend of negotiations makes it clear that a real difference of opinion exists, but a compromise solution is not ruled out. An important aspect of the mode of payment of compensation which has transpired shows that the bonds covering the value of compensation, except for a margin of 5 per cent of the total, are to be issued in high denominations of Rs. 10,000 and Rs. 25,000. To save trouble and higher expenditure to individual shareholders desirous of obtaining cash value, Air India's Directors are undertaking to sell the bonds in whole, subject, of course, to rateable reduction for expenses incurred.

OILSEEDS BY MIRACLE

Dr. Panjabrao Deshmukh's new-found faith in the efficacy of miracles in agriculture has received eloquent expression in his inaugural address before the annual general meeting of the Indian Central Oilseeds Committee held the other day at Hyderabad. "I need hardly remind you", declared the Minister, "that a veritable miracle lies in the palms of our hands. What we did with paddy, can, I repeat, be done with every one of our crops without exception". Expounding his philosophy of agricultural expansion by miracle, he reminded the research experts that there was no time to be lost in letting things be discovered in that mass of literature they produced and pondered over. The revolution in paddy (with which he bracketed what he considered a revolution in sugarcane cultivation) was the result of serious application of the Japanese method

of cultivation. He did not think it necessary to pause and consider whether the Japanese method was itself the result of a miracle or of patient research and hard labour over a period of years. The application of improved seeds and improved methods evolved in the research farms was dismissed with a passing reference.

The discourse on miracles apart, the Committee did some real work on schemes of improved technique for the breeding of mustard and for evolving better varieties of linseed, til, groundnut, rape and niger submitted by the State Governments. The result of improved seeds and methods is reflected in the increase in the output of oilseeds from 50.7 lakh tons in 1950-51 to 56 lakh tons in 1953-54 which is not due exclusively to increase in acreage. The target of the first five-year plan is already exceeded by one lakh tons and there is no reason why a target of 67 lakh tons for 1960-61 at the end of the second plan should prove over-ambitious since research and additional acreage will both be available for this purpose.

The importance which the Committee attaches to the fundamental role of research in the expansion of oilseed production is evident from the sanction accorded to the scheme for organizing training centres for research workers at a cost of Rs. 80,000. In the tentative outline of the scheme for oilseeds expansion in the second Five-Year Plan suggested by the Committee, again out of a total outlay of Rs. 86 lakhs, Rs. 25 lakhs are recommended for organizing an oil technological research institution under the Committee's auspices and Rs. 25 lakhs are allocated for schemes of larger production. The balance is earmarked for marketing organization and village oil crushing industry.

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COMMODITY NEWS AND NOTES

FIRST ESTIMATE OF TUR

The all-India first estimate of Tur (Arhar) for 1954-55 issued by the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, puts the current year's area at 5,526,000 acres, as against 5,459,000 acres of the corresponding adjusted estimate of last year. This shows an increase of 67,000 acres or 1.2 per cent in area as compared to last year. The increase in acreage has been shared by almost all the States due to favourable weather conditions at the time of sowing. This increase has, however, been offset to a large extent by decreases registered by Bihar and Uttar Pradesh due to unfavourable weather conditions at the sowing time. Information for Mysore State has been included for the first time in this estimate. It accounts for an area of 1,40,000 acres in 1954-55 and 1,19,000 acres in 1953-54. The estimate covers the period up to the end of August 1954. Till then, the condition of the crop was reported to be generally satisfactory.

INDIAN IMPORTS OF RAW JUTE

Imports of raw jute to India from Pakistan are steadily being reduced as the country is aiming at self-sufficiency. In August this year imports of raw jute from Pakistan totalled 2.28 thousand maunds as compared with 9.46 thousand maunds in August last year. Supply of raw jute to Calcutta mills from Indian sources, meanwhile, increased by 20 thousand maunds in August 1954, to a total of 10.15 thousand maunds. Total arrivals of raw jute during the months of July and August, the first two months of the current jute season, aggregated to 28.70 thousand maunds consisting of 20.10 thousand maunds from Indian sources and 8.60 thousand maunds from Pakistan. In the corresponding season last year the aggregate supply was 44.32 thousand maunds—25.50 thousand maunds from Indian sources and 18.82 thousand maunds from Pakistan.

Indigenous production during 1954 recorded a sharp decline by 14.80 thousand bales from 46.10 thousand bales in 1952-53. The setback is attributed partially to the damage caused by floods and partially to destruction by pests. The Five-Year Plan has provided for several measures for improvement of the jute cultivation such as distribution of fertilisers, construction of retting tanks and establishment of seed multiplication farms. A sum of Rs. 34 lakhs has already been spent out of a total allocation of Rs. 50 lakhs for the purpose. An increase in production by 20,90 thousand bales is expected.

U.S.A. RUBBER CONSUMPTION

The United States used 106,587 long tons of rubber in September as against 78,602 tons during August, when labour disputes upset industry. In September, 1953, consumption was 104,111 tons. These figures include both natural and synthetic forms. September consumption of natural rubber was 52,692 tons, nearly 15,000 tons more than in August and over 7,000 tons more than in September last year. Synthetic rubber consumption reached 53,875 tons in September, just over 13,000 tons more than in August, but a decrease of almost exactly 5,000 tons on the figure for September, 1953. Sales of general purpose synthetic are expected to be 489,000 tons for the whole of 1954, with output reaching 470,000 tons. At the end of September, stocks of synthetic rubber were 166,874 tons, with the natural product standing at 118,292 tons.

WORLD COTTON SITUATION

The cotton supply of the free world during the 1954-55 season, according to the latest monthly review of the International Cotton Advisory Committee, Washington, is tentatively estimated at around 44 million bales, showing a decline of approximately one million bales over the 1953-54 figure. The addition of 4 million bales to carry-over stocks in the U.S.A. does not help the supply position as it is offset by an even greater decline in the current production. The supply position in the U.S.A. is estimated at 21.3 million bales which is 0.7 million bales less than the last season's supply. In other net exporting countries the stocks were down to the lowest post-war level, but the reduction in the aggregate supplies is expected to be only to a small extent as an increase of over one million bales is expected in production.

The total free world cotton consumption is being put approximately at 27 million bales, which is nearly one million bales more than in the 1952-53 season. In U.S.A. and Canada, however, the consumption declined by 880 thousand and 70 thousand bales respectively. For the consumption trend during 1954-55 season the International Cotton Advisory Committee observed that the indications of present level of consumption to continue were there, particularly if there is any recovery in the U.S. industry.

WORLD TIN PRODUCTION

World production of tin metal in August reached a total of 14.6 thousand tons, against 11.9 thousand tons in July according to preliminary statistics issued by the International Tin Study Group. The rise was mainly due to the coming into operation of the smelter in Texas City, which was closed down in July. Dutch production of tin metal in August rose to 2,205 tons, and Malayan output was also higher at 5,853 tons. World mine production of tin-in-concentrates in August amounted to 15,300 tons. Bolivian exports in August fell to 2,810 tons. Siam produced 846 tons and the Belgian Congo 817 tons. In September, production of tin-in-concentrates in Malaya was 5,225 tons against 5,259 tons in August, and in Indonesia 3,328 tons against 3,414 tons. At the end of August, tin stocks in Britain were 8,600 tons and in Malaya 6,500 tons. Consumption of tin metal in the United States in August was 4,700 tons against 4,500 tons in July, and in Britain 1,328 tons, compared with 1,159 tons.

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COMPANY AFFAIRS

'MCLEOD GROUP' OF JUTE COMPANIES

The audited accounts of the three jute mills, viz. Alexandra, Chitavalsah and Empire (Managing Agents: McLeod and Co., Ltd.) for the half-year ended June 30, 1954, reflect the difficult trading conditions through which the jute industry is passing. Sales as well as net profits (before providing for depreciation and taxation) have declined without exception. Provisions for depreciation and taxation have also been decreased in all the three cases. Dividend rates, however, have been maintained at the preceding half-year's level. A brief analytical note about each of the companies is detailed below:

The Alexandra Jute Mills, Ltd.

Labour conditions in the Alexandra Mills remained unsettled during the half-year under report. Due to the commencement of double-shift working in certain sections of the mills and the refusal of the workers to work double-shift, a lockout was declared on April 10, 1954, and the mills did not reopen till May 7, 1954. Work was resumed, in accordance with the instructions of the management, on double-shift.

Sales dropped by nearly 17 per cent from Rs. 56.40 lakhs to Rs. 45.89 lakhs while the net profit was reduced

nearly one-fourth. Dividend has been maintained at Rs. 2½ per ordinary share.

Chitavalsah Jute Mills Co., Ltd.

The Chitavalsah Mills experienced better labour relations and hence there was only a minor decline in sales from Rs. 68.51 lakhs to Rs. 66.13 lakhs. Net profit dropped by 34 per cent from Rs. 5.31 lakhs to Rs. 3.49 lakhs. Ordinary dividend was unchanged at 10 per cent per annum.

The Empire Jute Co., Ltd.

The plans for the modernisation of the Sacking West Section of the Empire Jute Mills have been finalised and orders amounting to Rs. 8 lakhs have been placed for modern machinery, the installation of which is scheduled to commence during October-November, 1954.

The sales dropped by 7 per cent while net profit decreased by 39 per cent from Rs. 4.00 lakhs to Rs. 2.44 lakhs. There was no change in the ordinary dividend rate.

The table below summarises the working results of the three companies during the last two half-years.

Half-year ended	(In lakhs of rupees)					
	Alexandra		Chitavalsah		Empire	
	31-12-1953	30-6-1954	31-12-1953	30-6-1954	31-12-1953	30-6-1954
Sales	56.40	45.89	68.51	66.13	54.60	51.12
Manufacturing Expenses	25.34	22.85	40.25	43.92	27.16	28.18
Salaries and Wages	10.71	9.32	17.00	15.37	10.74	10.74
Net Profit*	5.45	1.41	5.31	3.49	4.00	2.44
Provision for Depreciation	1.60	1.15	1.35	1.02	1.00	0.73
Provision for Taxation	nil	nil	1.45	0.87	1.35	0.67
Provision for General Reserve	nil	nil	0.10	nil	0.50	nil
Dividend rate per cent per annum	5	5	10	10	10	10

* Before providing for depreciation and taxation.

THE AGARPARA COMPANY, LIMITED

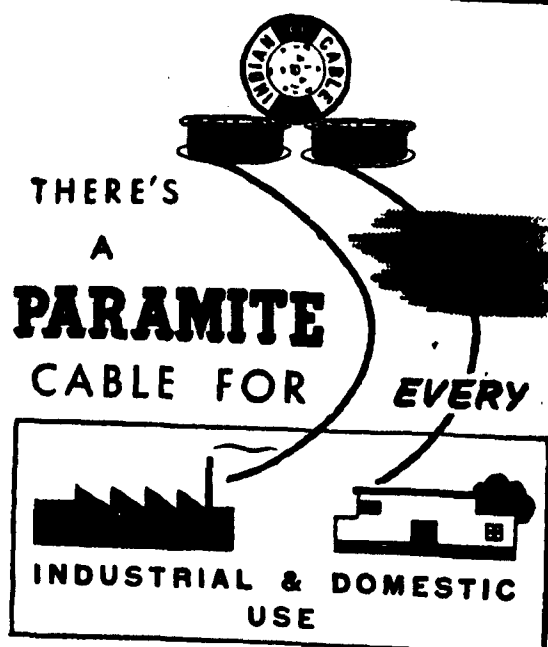
The working results of the Agarpara Jute Company, Limited (Managing Agents: B. N. Elias and Co., Ltd.) for the half-year ended March 31, 1954, show a slight decline of Rs. 61,308 in the sales figure over the previous half-year. Net profit has almost moved down by nearly 43 per cent from Rs. 4.05 lakhs to Rs. 2.30 lakhs. The decline in the net profit is mainly attributed to the disparity in prices between raw jute and finished goods. The prices for sacking goods, state the directors, remained unremunerative throughout the half-year under report. The directors have, therefore, scaled down the ordinary dividend to 5 per cent per annum as against 10 per cent per annum during the last half-year. The provision for depreciation is unchanged at Rs. 1.09 lakhs but the provision for taxation has been cut down from Rs. 2.76 lakhs to Rs. 1.17 lakhs. Rs. 1.50 lakhs have been transferred to the credit side of the Profit and Loss account out of the Reserve Account in order to provide for dividends, depreciation and taxation.

The progress during the last three half-years is tabulated below:

Half-year ended	(In lakhs of rupees)		
	31-3-1953	30-9-1953	31-3-1954
Sales	83.79	75.71	75.10
Net Profit*	1.72	4.05	2.30
Provision for Depreciation	1.13	1.09	1.09
		(1,09,080)	(1,09,476)
Provision for taxation	nil	2.76	1.17
Ordinary dividend rate per cent per annum	10	10	5

*Before providing for depreciation and taxation.

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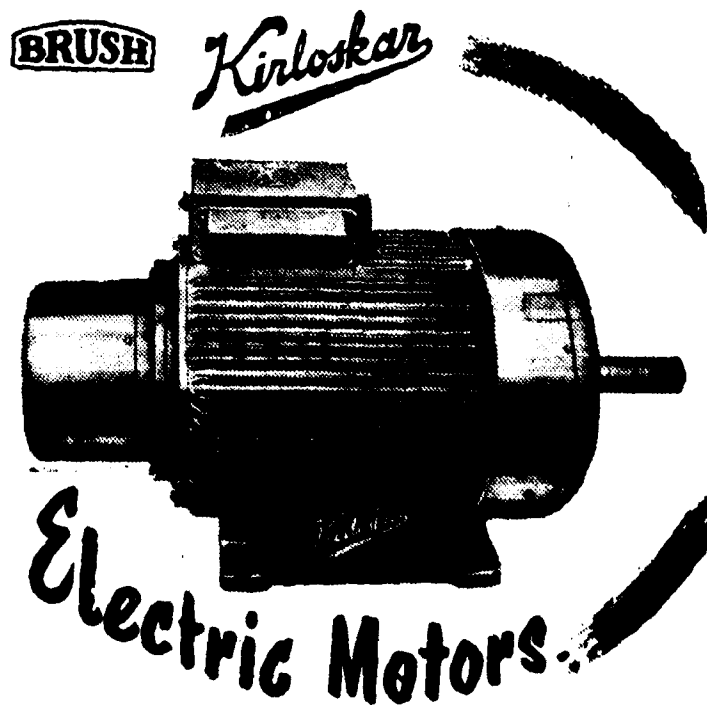
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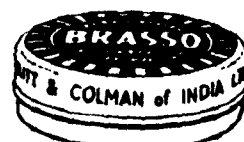
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CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

		Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
		Food Articles	Indus. Raw Matls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48	..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49	..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50	..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51	..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52	..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53	..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54	..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
December 1953	..	367.0	459.3	356.5	363.8	711.5	389.4	90.3	101.6	87.8	98.2
January 1954	..	381.5	481.1	361.5	364.3	709.8	399.5	90.3	101.7	87.7	98.2
February	..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March	..	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
April	..	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May	..	386.2	484.6*	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0
June	..	343.2	441.0	355.6	376.7	647.3	381.6	90.3	100.9	88.5	106.9
July	..	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6
August	..	362.4	420.9	351.9	375.7	608.9	382.5	90.8	100.6	89.4	117.4
September	..	363.6	426.0	353.3	377.6	607.8	384.3	90.7	100.5	88.6	121.0
Week Ending 25-9-1954	..	362.3	428.2	352.2	378.6*	607.4	385.3*	90.6	100.5	88.5	121.3
2-10-1954	..	354.7	422.2	352.1	377.9	607.3	380.6	90.5	100.5	88.4	120.5
9-10-1954	..	356.3	430.4	352.2	377.9	606.0	382.4	90.5	100.5	88.3	119.4
16-10-1954	..	361.9	430.3	352.2	375.5	604.7	383.6	90.4	100.5	88.2	117.5
23-10-1954	..	355.8	433.2	351.3	375.9	606.3	382.0	90.3	100.5	88.4	116.9

†Economic Adviser's Series.

‡Average of weeks.
††Reserve Bank Series.

*Revised.

WORKING CLASS COST OF LIVING (August 1939=100)

Period	Bombay		Delhi	Bengal	U. P.	Central Provinces		Madras	E.P.	Bihar	All India†
	Bombay	Bombay June 1934=100 Ahmedabad July 1927=100	Delhi†	Calcutta	Kanpur	Nagpur	Jubbulpore†	Madras June 1936=100	Ludhiana†	Jamshedpur†	
1939 (Aug.-Dec.)	103	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	389	372	146	309	168	136	134
1949	292	307	248	132	348	377	151	323	164	138	138
1950	298	313	257	132	349	372	153	325	165	145	138
1951	314	330	261	142	370	391	168	334	167	160	144
1952	321	337	260	143	361	380	150	330	151	154	141
1953	346	363	275	140	349	387	151	351	147	156	145
1953 September	353	371	283	145	366	391	154	351	150	163	150
October	350	368	282	144	349	389	153	352	150	162	147
November	344	361	280	144	339	385	149	353	149	155	144
December	342	359	268	140	329	380	146	350	149	145	141
1954 January	346	363	269	139	325	377	144	353	151	142	142
February	331	348	257	139	316	375	144	352	151	141	139
March	332	349	257	138	319	374	143	345	150	136	137
April	338	355	255	141	323	377	144	341	151	138	139
May	338	355	251	142	339	374	142	341	150	142	139
June	350	367	240	135	332	396	141	342	149	143	138
July	349	366	241	134	331	400	141	339	145	140	136
August	345	362	237	135	330	408	—	336	145	—	—
September	—	—	—	137	—	—	—	—	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED											
	6-11-1954			30-10-1954			23-10-1954			16-10-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola)	88-15	87-15	88-7	88-5	87-7	88-2	88-14	87-1	88-0	88-3	87-8	88-2
Silver (per 100 fine tola)	160-10	158-2	159-3	159-13	159-5	159-9	161-0	158-13	160-2	160-0	157-5	158-12

RESERVE BANK OF INDIA ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupee Coin	Rupee Securities	Total Assets
1938-39*	182.36	28.28	210.64	44.42	66.95	111.37	52.91	67.11	32.16	210.64
1947-48*	1,227.82	47.12	1,274.95	44.42	1,135.32	1,179.74	92.53	32.36	62.84	1,274.95
1948-49*	1,231.84	22.02	1,253.86	42.49	907.47	949.96	75.43	42.96	265.62	1,253.86
	(5.58)	(—)	(5.58)					(90)		(5.58)
1949-50*	1,128.94	24.00	1,152.94	40.02	647.04	687.06	59.59	50.53	415.36	1,152.94
1950-51*	1,163.21	17.19	1,180.40	40.02	624.70	690.36	58.51	57.21	458.47	1,180.40
1951-52*	1,189.84	27.78	1,217.62	40.02	625.27	665.29	54.64	63.98	488.36	1,217.62
1952-53*	1,114.84	27.87	1,142.72	40.02	584.40	604.02	52.89	80.22	458.08	1,142.72
1953-54*	1,133.95	28.03	1,161.97	40.02	594.02	634.04	54.80	92.83	430.11	1,161.97
Average of Fridays										
March 1954	1,190.15	12.48	1,202.63	40.02	648.15	688.17	57.22	93.12	421.34	1,202.63
April "	1,220.24	13.08	1,233.32	40.02	674.15	714.17	57.91	97.81	421.34	1,233.32
May "	1,220.26	25.62	1,245.88	40.02	688.15	728.17	58.45	96.49	421.22	1,245.88
June "	1,196.24	36.20	1,232.44	40.02	679.40	719.42	57.96	96.80	421.22	1,232.44
July "	1,163.71	35.99	1,199.50	40.02	638.15	678.17	56.52	100.31	421.22	1,199.50
August "	1,149.93	32.78	1,182.71	40.02	618.15	658.17	55.65	103.42	421.22	1,182.71
September "	1,152.24	26.51	1,178.74	40.02	613.15	653.17	55.41	105.22	420.35	1,178.74
October "	1,161.85	23.37	1,185.22	40.02	621.15	661.17	55.78	106.30	417.75	1,185.22
Week Ending										
24-9-1954	1,147.14	30.20	1,177.33	40.02	613.15	653.17	55.48	106.42	417.75	1,177.33
1-10-1954	1,155.04	22.49	1,177.54	40.02	613.15	653.17	55.47	106.62	417.75	1,177.54
8-10-1954	1,173.22	13.49	1,186.71	40.02	623.15	663.17	55.88	105.79	417.75	1,186.71
15-10-1954	1,162.05	24.94	1,186.99	40.02	623.15	663.17	55.87	106.07	417.75	1,186.99
22-10-1954	1,157.01	30.58	1,187.59	40.02	623.15	663.17	55.84	106.67	417.75	1,187.59
29-10-1954	1,161.84	25.33	1,187.27	40.02	623.15	663.17	55.86	106.35	417.75	1,187.27

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS*	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14.90	..	16.19	75	31.84	1.28	43.12	28.38	1.53	4.21	1.72	2	6.36	90
1947-48*	366.79	16.93	102.47	34.21	520.40	14.55	544.96	47.24	2.62	406.95	1.57	21	81.53	4.85
1948-49*	222.17 (14.33)	6.62 (3.04)	80.53	56.52	393.72	15.33	419.05	22.12	4.28	307.78	1.71	3.34	75.65	4.14
1949-50*	141.19	23.12	67.00	64.39	295.69	15.76	321.45	24.12	4.30	280.91	3.35	8.39	960.54	4.34
1950-51*	148.60	17.71	62.22	62.29	290.82	18.14	318.97	17.31	3.04	107.70	2.37	6.77	76.72	5.06
1951-52*	181.30	15.95	58.68	69.22	325.15	18.62	353.77	27.92	6.31	187.14	5.90	19.42	95.19	11.91
1952-53*	136.40	7.79	52.89	61.93	259.02	23.69	292.71	28.03	6.64	133.56	2.85	19.03	89.77	12.83
1953-54*	105.44	23.40	46.52	57.45	232.80	23.91	266.72	23.22	9.46	123.31	1.78	19.84	81.58	7.51
Average of Fridays														
March 1954	80.90	42.08	40.44	42.99	206.41	24.91	241.32	12.72	10.46	99.86	1.12	39.83	68.70	8.64
April "	64.51	30.52	42.16	45.21	182.41	27.95	220.36	13.35	12.98	78.55	1.21	40.01	65.17	9.09
May "	93.14	20.61	43.30	46.10	203.15	28.47	241.62	25.90	10.11	65.23	1.12	57.83	71.91	9.51
June "	110.59	18.52	43.21	43.79	216.04	28.28	254.47	36.44	9.07	171.44	1.29	39.09	85.31	9.84
July "	121.13	20.39	46.82	36.55	224.91	26.96	261.88	36.21	1.76	103.01	7	19.84	93.06	1.73
August "	126.46	14.64	56.51	35.01	232.60	23.98	266.60	33.02	3.02	112.99	1.41	16.86	93.11	6.20
September "	137.93	13.37	62.04	34.29	247.63	13.84	271.48	26.77	6.22	117.74	1.09	18.04	95.23	6.43
October "	102.43	28.36	65.38	34.25	230.41	16.90	257.31	23.63	4.21	107.08	67	17.94	96.81	6.97
Week Ending														
24-9-1954	141.20	14.49	62.59	34.01	252.30	15.16	277.46	30.50	8.05	117.39†	92	18.63	95.49	6.49
1-10-1954	108.92	35.57	61.40	34.59	240.47	16.56	267.03	22.65	3.64	118.54†	..	18.02	97.48	6.70
8-10-1954	102.53	27.50	59.93	34.05	224.01	16.33	250.34	13.71	5.23	106.10†	1.61	19.59	97.42	6.69
15-10-1954	98.27	30.18	68.74	34.00	231.18	16.74	257.91	25.22	4.76	105.50†	54	17.55	97.60	6.74
22-10-1954	98.98	28.02	70.54	34.31	229.85	17.59	257.44	30.90	3.94	103.04†	50	15.92	96.47	6.76
29-10-1954	103.46	22.51	66.30	34.29	226.55	17.26	253.81	25.67	3.50	102.24†	69	18.71	95.06	7.94

Note: Figures in brackets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid-up and Reserve Fund. *Average of Fridays. † Includes cash and short term securities.

FINANCING OF THE PLAN 1951-52 TO 1954-55

CENTRE AND STATES

(Rupees crores)

		1951-52 (Accounts)	1952-53 (Accounts)	1953-54 (Revised)	1951-54 (Total for 3 years)	1954-55 (Budget)	1951-56 (Plan)	
							Original	Revised
Outlay in the Plan	..	259.5	269.7	355.6	884.8	571.8	2068.7	2248.9
(a) Revenue Account	..	74.3	78.7	100.8	253.8	148.8	..	..
(b) Capital Account	..	185.2	191.0	254.8	631.3	423.0	..	..
Budgetary Resources	..	204.9	148.1	182.3	535.3	225.9	1257.5	1260.5
Savings of Public authorities:—	..							
(a) From Current revenues	..	184.3	97.7	39.2	321.2	68.9	569.7	572.7
(b) From Railways	..	37.7	23.5	14.0	75.2	17.0	170.0	170.0
Private Savings absorbed through:—								
(a) Loans from the Public	..	(—) 22.7	15.7	41.6	34.6	43.2†	115.0	115.0
(b) Small Savings and unfunded debt (excluding floating debt)	..	48.0	48.7	53.6	150.9	60.6	270.0	270.0
(c) Deposits, funds and other miscellaneous sources*	..	(—) 43.0	(—) 37.5	33.9	(—) 46.6	36.2	132.8	132.8
Gap in Resources	..	54.6	121.6	173.3	349.5	345.9	811.2	988.4
External Assistance	..	64.9	41.0	25.5	131.4	48.4	..	..
Grants	..	4.0	7.4	23.4	34.8	45.1	..	..
Loans	..	60.9	33.6	2.1	96.6	3.3	..	..
Deficit	..							
Covered by:—	..	(—) 10.3	80.6	147.8	218.1	297.6	..	..
(a) Increase in floating debt	..	(—) 32.5	4.8	77.3	49.6	268.2	..	..
(b) Sale of securities held in reserve	..	8.6	18.7	(—) 4.7	22.6	24.4	..	..
(c) Withdrawal from cash balances	..	13.4	57.3	75.0	145.7	5.2	..	..

* The figures shown against this item cover State trading transactions. The net investment in State trading at the Centre and the States in each year is as follows:

	Centre	State		Centre	State
1951-52 (Accounts)	11.2	29.9	1952-53 (Accounts)	(—) 19.3	(—) 19.0
1953-54 (Revised)	(—) 1.6	(—) 33.2	1954-55 (Budget)	(—) 5.5	(—) 11.0

† The National Plan Loan floated during the current year is expected to bring about Rs. 60 crores more than the receipts from public loans budgeted for in the current year by the Central and State Governments. Of this net increase, the State Governments are expected to receive about Rs. 7 crores more than the budgeted amount of Rs. 18 crores.

‡ Outlays on the Plan indicated above include expenditure on development schemes for Composite Madras during the first two and a half-years. These are higher by about Rs. 6 crores as compared to the total of the expenditure in Residuary Madras, Andhra and Bellary areas during this period.

Source: Five-Year Plan, Progress Report.

FINANCING OF THE PLAN 1951-52 TO 1954-55

CENTRE

(Rupees Crores)

	1951-52 Accounts	1952-53 Accounts	1953-54 Revised	1951-54 Total for 3 years	1954-55 Budget	1951-56 Plan	
						Original	Revised
Outlay on the Plan ..	130.5	126.1	188.3	444.9	357.2	1240.5	1330.7
(a) Revenue Account ..	5.3	7.4	19.9	32.6	53.2	..	..
(b) Capital Account ..	125.2	118.7	168.4	412.3	303.0	..	..
Budgetary Resources :— ..	120.9	54.2	26.7	201.8	69.9	497.2	410.2
Savings of Public authorities:— ..							
(a) From Current revenues ..	119.6	41.4	0.1	161.1	31.8	160.0	160.0
(b) From railways ..	37.7	23.5	14.0	75.2	17.0	170.0	170.0
Private Savings absorbed through:— ..							
(a) Loans from the public ..	(—) 34.2	(—) 0.9	1.7	(—) 33.4	25.2†	36.0	36.0
(b) Small savings and unfunded debt (excluding floating debt) ..	48.6	48.7	53.6	150.9	60.6	270.0	270.0
(c) Deposits, funds and other miscellaneous sources * ..	(—) 22.3	(—) 21.8	14.4	(—) 29.7	21.2	90.0	90.0
Transfer of funds from centre to the states for development purposes (Central assistance) ..	(—) 28.5	(—) 36.7	(—) 57.1	(—) 122.3	(—) 85.9	(—) 228.8	(—) 315.8
Gap in Resources ..	9.6	71.9	161.6	243.1	286.3	743.3	920.5
External Assistance ..	64.9	41.0	25.5	131.4	48.4	..	..
Grants ..	4.0	7.4	23.4	34.8	45.1	..	..
Loans ..	60.9	33.6	2.1	96.6	3.3	..	..
Deficit ..	..	..	..	..	..	..	..
Covered by:— ..	(—) 55.3	30.9	136.1	111.7	237.9	..	..
(a) Increase in floating debt ..	(—) 32.2	(—) 17.1	79.9	30.6	250.0	..	..
(b) Sale of securities held in reserve ..	(—) 22.2	(—) 15.6	8.0	(—) 29.8	—	..	..
(c) Withdrawal from Cash Balances ..	(—) 0.9	63.6	48.2	110.9	(—) 12.1	..	..

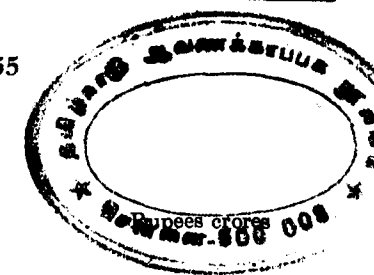
* The figures shown against this item cover State trading transactions. The net investment in State trading at the Centre in each year is as follows:

1951-52 (Accounts) ..	11.2	1952-53 (Accounts) ..	(—) 19.3
1953-54 (Revised) ..	(—) 1.6	1954-55 (Budget) ..	(—) 5.5

† The National Plan Loan floated during the current year is expected to bring in about Rs. 80 crores more than the receipts from public loans indicated in this statement for the current year. Of the proceeds of the National Plan Loan, Rs. 25 crores have so far been allocated to the State Governments.

FINANCING OF PLAN 1951-52 TO 1954-55

STATES (Including Jammu & Kashmir)



	1951-52 (Accounts)	1952-53 (Accounts)	1953-54 (Revised)	1951-54 (Total for 3 years)	1954-55 (Budget)	1951-56 (Plan)	
						Original	Revised
OUTLAY ON THE PLAN § ..	129.0	143.6	167.3	439.9	215.6	828.2	918.2
(a) Revenue Account ..	69.0	71.3	80.9	221.2	95.6	..	..
(b) Capital Account ..	60.0	72.3	86.4	218.7	120.0	..	..
BUDGETARY RESOURCES ..	84.0	93.9	155.6	333.5	156.0	760.3	850.3
Savings of Public authorities:— ..							
(a) from current revenues ..	64.7	56.3	39.1	160.1	37.1	409.7	412.7
(b) from railways ..	..	..	..	..	..	..	..
Private Savings absorbed through ..							
(a) loans from public ..	11.5	16.6	39.9	68.0	18.0†	79.0	79.0
(b) small savings & unfunded debt (excluding floating debt) ..	..	..	..	..	..	..	..
(c) Deposits, funds & other miscellaneous sources * ..	(—) 20.7	(—) 15.7	19.5	(—) 16.9	15.0	42.8	42.8
Transfer of funds from centre to the states for development purposes (Central assistance) ..	28.5	36.7	57.1	122.3	85.9	228.8	315.8
GAP IN RESOURCES ..	45.0	49.7	11.7	106.4	59.6	67.9	67.9
Covered by:— ..							
(a) Increase in floating debt ..	(—) 0.3	21.9	(—) 2.6	19.0	18.2	..	..
(b) Sale of securities held in reserve ..	30.8	34.3	(—) 12.7	52.4	24.4	67.9	67.9
(c) Withdrawal from cash balance ..	14.3	(—) 6.3	26.8	34.8	17.3		

* The figures shown against this item cover State trading transactions. The net investments in State trading in the States in each year is as follows:

1951-52 (Accounts) ..	29.9	1952-53 (Accounts) ..	(—) 19.0
1953-54 (Accounts) ..	(—) 33.2	1954-55 (Budget) ..	(—) 11.0

† In view of the floatation of the National Plan Loan, the State Governments have been advised not to approach the market for raising loans during the current year. The Central Government has tentatively allocated about Rs. 25 crores to the State Governments out of the proceeds of the National Plan Loan.

§ Outlays on the Plan indicated above include expenditure on development schemes for composite Madras during the first two and a half-years. These are higher by about Rs. 6 crores as compared to the total of the expenditure in Residuary Madras, Andhra and Bellary areas during this period.

INDIA'S TRADE WITH THE U. K.

I. PRINCIPAL EXPORTS

(Thousand £)

	Year 1952	Year 1953	September 1954	9 Months Jan.-Sept.	
				1953	1954
Total All Exports	114,717	113,443	15,136	76,338	100,185
Of which :-					
Tea ..	48,743	51,928	8,602	30,348	44,177
Leather, leather manufactures & dressed furs ..	9,284	14,009	1,121	10,744	10,587
Tobacco & tobacco manufactures ..	6,956	5,790	690	4,437	6,130
Hides, skins & fur skins, undressed ..	540	958	113	748	753
Wool & other animal hair ..	3,496	4,008	255	3,341	4,116
Cotton ..	2,297	2,993	173	2,405	2,034
Miscellaneous textile fibres & waste ..	1,395	629	99	483	926
Miscellaneous ores & metal scrap ..	3,960	4,388	302	3,325	2,367
Miscellaneous animal & vegetable crude materials, inedible ..	4,364	3,258	362	2,119	3,390
Animal & vegetable oils, fats, greases & derivatives ..	3,573	2,442	399	2,281	1,384
Miscellaneous textile manufactures ..	16,578	12,736	1,626	8,615	13,253

II. PRINCIPAL IMPORTS

(Thousand £)

	Year 1952	Year 1953	September 1954	9 Months Jan.-Sept.	
				1953	1954
Total All Imports	112,635	114,491	8,733	84,513	89,046
Of which :-					
Machinery other than electric ..	29,595	27,791	1,924	21,198	21,090
Electric machinery, apparatus & appliances ..	17,138	17,944	1,217	14,065	11,808
Wool & other animal hair ..	3,293	4,828	260	4,033	3,911
Petroleum & petroleum products ..	2,509	3,953	223	3,019	4,151
Chemicals ..	13,426	13,058	1,133	9,209	11,291
Paper, paperboard & manufactures thereof ..	1,923	1,229	103	1,013	975
Iron and steel ..	4,785	4,659	397	3,448	4,498
Non-ferrous base metals ..	1,631	2,137	149	1,698	1,227
Manufactures of metals ..	6,329	7,309	376	5,804	4,111
Railway vehicles ..	5,655	3,758	154	3,081	2,638
Road vehicles & aircraft ..	9,564	8,758	759	6,278	7,511
Scientific instruments; photographic & optical goods; watches & clocks ..	1,896	2,206	206	1,597	1,697

III. INDIA'S IMPORTS OF MACHINERY FROM THE U. K.

(Thousand £)

	Year 1952	Year 1953	September 1954	9 Months Jan.-Sept.	
				1953	1954
Total Machinery	46,733	45,735	3,141	35,263	32,698
Of which :-					
Boiler & boiler-house plant ..	1,458	1,653	89	1,296	1,122
Internal combustion engines ..	4,511	1,356	85	1,018	1,400
Agricultural machinery ..	495	151	14	119	137
Machine tools (excluding portable power tools) ..	1,336	1,934	175	1,541	1,453
Pumps ..	980	856	64	657	554
Industrial & works trucks & tractors & mechanical handling equipment ..	1,024	1,471	54	1,111	1,156
Excavating & earth-moving machinery & road rollers ..	867	528	39	354	423
Mining & well drilling machinery ..	546	519	25	414	372
Printing & bookbinding machinery & printing type ..	628	791	43	610	421
Textile machinery ..	8,668	6,990	594	5,412	5,384
Air-conditioning & refrigerating machinery ..	253	290	27	211	188
Generating sets, generators & motors ..	2,184	2,669	197	2,072	1,750
Converting machinery, transformers, switch gear & switchboards ..	3,321	4,606	296	3,231	3,219
Electronic valves, & radio, television, radar & sound reproducing apparatus ..	2,203	1,485	140	1,301	1,317
Electric cables, wires, strips & strands, insulated ..	5,026	5,034	243	4,321	2,113

Source:—Trade and Navigation Accounts of the U.K. (H.M.S.O.)

NATIONAL INCOME 1938-1953

Year	Australia Million pounds	Burma Million kyats	Canada Million dollars	Ceylon Million rupees (a)	France 1,000 million francs	Germany (W) 1,000 million reichsmarks deutschmarks
1938 ..	740	1,214	4,018	600	360	79.8
1939 ..	819	..	4,373	..	..	87.2
1940 ..	877	..	5,263	..	..	89.7
1941 ..	1,036	..	6,563	..	..	95.0
1942 ..	1,204	..	8,337	..	..	..
1943 ..	1,251	..	9,043	..	..	..
1944 ..	1,213	..	9,826	..	..	..
1945 ..	1,254	..	9,840	..	..	..
1946 ..	1,347	..	9,821	..	2,596	..
1947 ..	1,725	2,629	10,985	2,310	3,303	..
1948 ..	1,921	3,121	12,560	2,682	5,430	29.5
1949 ..	2,255	2,913	13,194	2,925	6,539	63.1
1950 ..	3,069	2,745	14,550	3,885	7,117	71.5
1951 ..	3,192	3,192	17,128	4,527	8,982	89.9
1952 ..	3,521	3,556	18,135	4,441	10,197	98.1
1953 ..	..	..	18,977	4,419	..	103.0

Year	Japan 1,000 million yen	New Zealand Million pounds	Philippines Million pesos	Thailand Million baht (c)	United Kingdom Million pounds (b)	United States 1,000 million dollars
1938 ..	20.0	193.7	..	855.5	5,132	67.4
1939 ..	25.4	210.1	..	..	5,482	72.5
1940 ..	31.0	280.3	..	..	6,442	81.3
1941 ..	35.8	252.5	..	..	7,329	103.8
1942 ..	42.1	291.5	..	..	8,045	137.1
1943 ..	48.4	324.6	..	..	8,510	169.7
1944 ..	56.9	328.1	..	..	8,739	183.8
1945 ..	..	346.2	..	..	8,837	182.7
1946 ..	360.8	365.9	4,377	9,284.2	8,682	180.3
1947 ..	968.0	410.2	5,579	14,407.0	9,250	198.7
1948 ..	1,961.6	419.4	5,713	16,677.5	10,218	223.5
1949 ..	2,737.3	481.0	5,668	20,064.0	10,915	216.3
1950 ..	3,361.0	607.4	6,169	23,377.1	11,516	240.6
1951 ..	4,535.3	617.4	6,816	..	12,668	278.4
1952 ..	5,282.4	646.4	6,952	..	13,648	291.6
1953 ..	..	..	7,375	..	14,719	307.7

(a) Gross national product at factor cost.

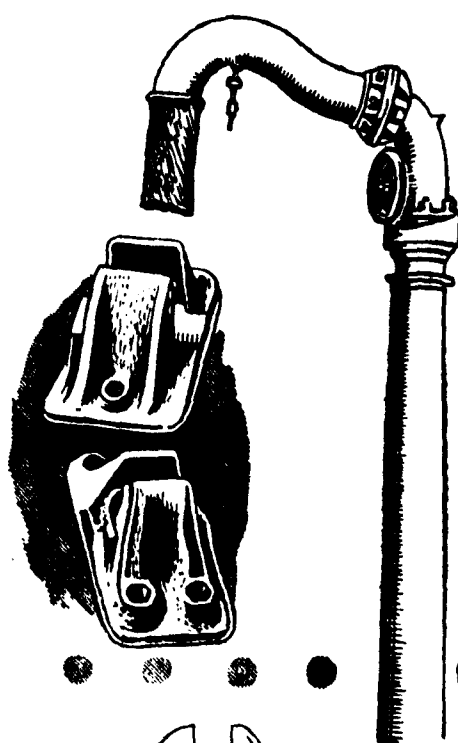
(c) Net domestic product at factor cost.

(b) Gross national product at factor cost.

—figures for the following period not comparable with earlier series.

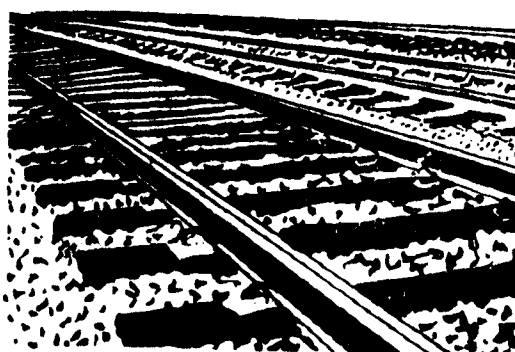
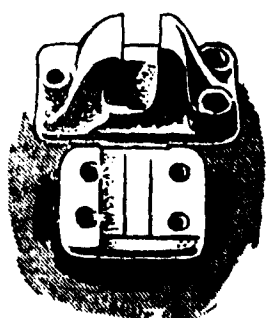
Source: Statistics of National Income and Expenditure (U.N.)

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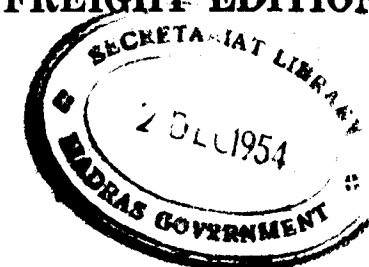


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ONE RUPEE

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China and India: Population and Progress

FIGURES now released for China's latest census must stagger all students of population. The population estimate in this census is 601,938,036. This huge total includes, however, the large numbers of Chinese living outside the mainland. After excluding the population of Formosa of about 7.5 million and the Chinese in other neighbouring countries who count as citizens under the dual nationality law, the net figure on the mainland under Communist rule is estimated to be 574 million. The head of the Census Department of the Ministry of Internal Affairs, Pai Chien-hua, computes

(on the basis of a sampling survey covering 30 millions) that the birth rate of the People's Republic has now risen to 37 per thousand and the death rate has fallen to 17 per thousand. In other words, there will be an annual increase of population of 20 per thousand or about 12 million for all China. This is double the rate of one per cent increase per annum estimated for China before 1937.

Because of this rate, over the next three decades China's population is computed to rise to 800 million

in 1980. If these figures are substantially correct, two desperate consequences must follow. In the first place, in order to catch up with population which is increasing at about 2 per cent year, the real output of the People's Republic of China will need to increase 60 per cent more than would the corresponding figure in India, in order to secure a given increase in per capita income. If a plan similar to India's first Five-Year Plan is set to work in China there will be no per capita increase in income. The possibility that the People's Republic of China with its present rate of population growth will obtain a per capita increase of about 3 per cent per year must be considered remote. What India may achieve in five years may well take China fifteen years or more.

This does not necessarily imply that conditions in the People's Republic for production are not as satisfactory as those in the Indian Union. The vast market which results from a population of 600 million at the present time and possibly 800 million by 1980 must make productive enterprise, in respect of those commodities which can be consumed at a low level of income, extremely profitable. The development of food grains, cloth and elementary housing activities must therefore be considered as very suitable fields in which China's productive activity can be employed. Per contra, except in respect of public institutions, it would seem that automobiles, radios and so on would be less in demand; the more so as an evening out of income is also under way. The colossal finance which would be required to keep this vast population gainfully employed must make the employment problem in the People's Republic almost insoluble in classical economic terms. In India, the rate of new employment will probably not catch up with population coming of age until our investment is four times what it is at present. It would appear that more than double this investment will be required in order to obtain a similar balance of employment opportunities and working population in the People's Republic. There is no evidence at the present time that the rate of capital formation in the People's Republic is any higher than it is in the Indian Union. On the other hand, there is some evidence that it is lower. It would, therefore, appear again that the chances of the People's Republic of China drawing level with India in respect of the solution of unemployment are less favourable.

If the economic determinants then decree that the per capita standard of living of the People's Republic cannot significantly be raised in the short period and that the volume of unemployment cannot be significantly diminished, what policy can the People's Republic of China pursue in order to diminish the pressures created by her population problem? It is extremely difficult to see how an explosive situation of this kind can be kept under control except by a propaganda line which will enable the country to acquiesce in a large army for employment purposes with all the dangers in political terms which this large army connotes.

Paradoxically, even a large army is not a solution of China's economic problems. For, while it might help to solve the problem of current unemployment, the diversion of civilian investment is in fact further endangering the standard of living of the Chinese people. This is a desperate situation which needs carefully to be assessed. The Chinese people need the sympathy of all the world. If they can surmount their economic problems by their own efforts, they will have defeated all current views of the capacity of nations to defy their economic determinants.

At a time when India has shown that the capacity of a nation to raise itself by its own bootstraps can, at

any rate for short periods, be phenomenal, there is no reason to be dogmatic about the People's Republic of China on purely economic grounds. A nation which accepts without question grinding discipline and has developed a cult of obedience does not operate under economic incentives only. The capacity of the Chinese people to assist capital formation by work, regimented and even forced, must be much greater than our capacity, admittedly not very high, of getting things done by voluntary labour. It may be that all China's deficiency in capital formation may be made good by forced investment on a stupendous national scale. Again, the capacity to employ forced levies apart from crushing taxation may give the Chinese Exchequer greater resources than can be obtained by an Indian Minister of Finance. These are probably advantages which China enjoys but which India does not possess. But, at first sight, the difficulties set by China's population problem cannot be wholly outweighed by these advantages.

It is claimed by Pai Chien-hua that "thanks to the superiority of China's new social system" the growth of industrial and agricultural production has far exceeded the rate of population growth. This may be no idle boast. If India in the last two years has advanced real income by 17 per cent, thereby setting at nought her population increase of 1.25 per cent per year, there is no reason to deny that China may well overcome a population increase of two per cent per year. But the problem of long-term advance must surely be more difficult when population is rising at 12 million a year as against 4.5 million in India. And it is interesting to see whether China's spectacular progress in her first two years of Communism can be maintained. After all when chaos is overcome progress can be quick. It is not so easy to rise sharply on a position of moderate stability.

Pai Chien-hua has now refuted the theories about the inevitability of China's aggression because of her growing population by pointing to the vast amount of virgin land and the rich natural resources which remain to be explored. "In our country" he adds "like in the Soviet Union and the People's Democracies 'people' are the most precious of all the categories of capital". There is considerable truth in the claim, though it tends to induce complacency about the increase of population. Though the total surface area of China (including Tibet, Sinkiang and Manchuria) is thrice as much as India's, the actual area now under cultivation of about 340 million acres is only a little over India's total acreage. The Gobi Desert, the mountainous regions of Tibet and Sinkiang would rule out the utilisation of more than half of China's land area for purposes of agriculture. The system of intensive garden cultivation now practised in China provides even less scope for increasing productivity, unlike in India. But since China is now using only about a sixth of her total area for agriculture, it would be possible to double the present rate of land utilisation. Here China's vast manpower may help as capital. But in the last resort, employment and higher standards of living can only follow rapid industrialisation in which mere increasing numbers cannot be of assistance.

It is clear now that facile theories of economic progress in underdeveloped countries will not do. The facts have taken over both in India and in China. That is what makes these two countries at the present time the most interesting countries in the world. A new conception of economic self-help is at work. It has no limits.

Parties and Politics in Andhra

THE people of Andhra have now started in all earnest their preparations for the general elections in that State. The necessity for such a fresh appeal to the electorate in the reconstituted State had been felt for a long time. Only the time and the circumstances in which the appeal should be made remained to be settled. The Prakasam Ministry, which has been precariously perched in office for over a year, never mustered sufficient courage to decide on fresh elections of its own accord. Other developments have decided the problem for the Andhra Government and in a manner which could hardly be improved upon. The no-confidence motion which was carried three weeks ago must have brought home to the people of Andhra—if at all anything could—the true character of the representatives and the way in which they have been functioning. The utter confusion of parties, principles and accepted codes of political conduct were reflected in the voting on the confidence motion in the Assembly on November 6. The issue of prohibition on which the contestants fought had little to do with the actual voting nor did personal loyalties or party creeds matter. It just seemed an all-round exhibition of the irresistible impulse to be irresponsible. But there is some soul of goodness in all things evil and it is now left to the people of Andhra to remedy the conditions which gave rise to this state of affairs.

The important point that stands out amidst this confusion is that except for stray defections, the Congress Party and the Communists have been ranged on opposite side in approximately equal strength. Only the other parties had been thrown into hopeless confusion in their allegiances. That was the best illustration which the people of Andhra can have of the fact that these other parties had neither a programme nor a creed of their own to give them proper guidance on the course they should adopt in the Andhra political set-up. The party position in the Andhra Assembly on the separation of the State was such that individuals and small groups could demand a heavy price for their support and reinforce it with threats. It should, of course, have been possible for patriotic men, who were once united in the demand for the separate State, to co-operate in order to establish it on a sound basis. But that demanded an altogether rare degree of political virtue. In the changed situation today, however, the moral of these developments cannot be ignored by the political leaders. They must know that the Andhra electorate will not on this occasion be voting in the nihilistic mood of 1951 which was brought on by frustration over the demand for the Andhra State and by keen economic distress. The people have had sufficient experience of how a crazy party position could defeat their aspirations. The manner in which every Andhra splinter party has further split itself into smaller groups ranged on opposite sides has exposed their political bankruptcy to such an extent that these groups can hardly face the electorate with confidence on that record.

These circumstances have decreed as inevitable that there should be a political polarisation which would eliminate all smaller groups which have no separate political function. With the elections to face in three months from now, there is already evidence that this process of elimination is at work. The Praja Party has been slow to realise the implications of the present position. Mr. Prakasam and a few others have now decided to take their rightful place in the Congress with which they had all along no differences in principle or ideology. It is not their numerical strength which matters so much to the Congress as the fact that the most outstanding Andhra leader has decided after a spell of opposition that the Congress Party alone can fulfil the

function of building up the new State in the present national context. What is also gratifying is that within the Congress Party of the State there has been wisdom enough to pave the way for the return of these leaders.

This complete rapprochement at the Guntur Convention this week has, in an indirect way, settled the fate of the other groups also. Part of the Krishikar Lok Party had been absorbed earlier into the Congress Party and the chances of the K.L.P. rump, which voted against the Ministry, having a separate status after the elections seem remote. Hardly any comment is needed on what still exists in Andhra by the name of the P.S.P. Thus between the Congress and the Communists who seek to share the vote of the electorate, there will be only independent members standing as such or under some party label, but depending essentially on their individual merits and personal appeal. In the enlarged Andhra Assembly consisting of 196 members (as against 140 hitherto) it is unlikely that the strength of the unaffiliated groups will be so large as to cause political instability. The most encouraging factor in this situation is that the elections will be conducted not only by an impartial bureaucracy but also in a climate in which the Communist or other opposition groups cannot muster support merely by charging those holding office with improper practices.

In these new factors lie the best hope of Andhra. The economic problems of the State, already multiplied by the financial implications of separation, have been made more difficult by the political uncertainties mid-way through the Plan. The issue about the location of the seat of Government has fortunately been put out of the way. The vote on prohibition, on which the Congress has now taken a firm stand, shows that this question would no longer be an electoral issue except perhaps in particular constituencies affected by it. The old cry of Greater Andhra with all its implications will not figure prominently on the manifesto. The Congress has taken its stand on its capacity to carry through welfare measures and development schemes like the Nandikonda project and on this part of its appeal, it is on strong ground. Whether the Communists have grist enough left for their propaganda mill in order to enlarge on their present strength of 41 remains to be seen.

Developments in Andhra cannot fail to convey their meaning, in due time, to the other areas also. It is unfortunate that whenever an electorate has to express its disapproval of Congress administration, it should be forced either to vote Communist or keep away in frustration. That unfortunately is the meaning of the polarisation of the Congress and the Communist parties. It is essentially a failure of the other democratic political parties to become, in the areas where the anti-Congress feeling is sufficiently strong, an alternative object of political support. In Travancore-Cochin alone, there has been a difference; the P.S.P. Ministry has acted as a healing influence locally, just as it set out to do. But its existence is again in jeopardy because of the lack of political insight among other P.S.P. leaders. This is a question which is due to be decided in Nagpur this week and one must hope that the P.S.P. Convention will not succumb to the cry of the groups which insist on the Travancore-Cochin P.S.P. going into the wilderness. That is hardly a role which the people of any State can treat with respect. The outcome of any pressure on the State P.S.P. would only be to throw it on the support of the Congress or the Communists, as it has now occurred in Andhra. This is a long-term problem of India's democracy which will remain to be faced.

A New Industrial Policy?

BY
CROESUS

WHILE there is still speculation about the broad outlines of the Union Government's proposed new statement on industrial policy, which is expected to be announced early next month, President Rajendra Prasad has quietly stolen the thunder from the Government of India by making certain important general observations on industrialisation and on the place of cottage and small-scale industries in particular. These observations were made whilst inaugurating the conference convened by the All-India Khadi and Village Industries Board at Poona last week. One cannot say that on this occasion Dr. Rajendra Prasad was only trying to say something very formal and flattering to the All-India Khadi and Village Industries Board, as lightly as any politician would have done or speaking in the conventional tone of official addresses. Dr. Rajendra Prasad was certainly expressing sincerely held opinions which are in the Gandhian tradition of which he is one of the greatest living exponents.

No one can take exception to all that the President said. Few would criticise, for example, his appeal that village industries should be developed from "the economic and artistic point of view". There is nothing controversial either in his plea for more facilities being given to village industries than at present, provided the State can afford it. It is also proper to suggest that the same facilities which are being given to large-scale industries be also given to cottage industries. It is legitimate to urge that, without concessions and facilities, cottage industries cannot flourish; the demand for allocation of the spheres of production is consistent with what is now being done to some extent, for instance, in the textile industry. But Dr. Rajendra Prasad was not content with these. Not only did he require reservation of certain fields of production for cottage industries, financial subsidies, protection, and reduced railway freights for the products of the cottage industry, but he also wanted all these concessions or as much of them as are now being extended to textile industries to be stopped forthwith and, what is worse, even reversed in some cases. There should not exist, in his opinion, any competition for cottage industries from other products of the Indian textile industry or from imported foreign goods. Expressed in economic parlance, this means a reservation of markets. And perhaps as a necessary corollary of this, he even went so far as to say that there must be no further increases in production by large-scale industries, as such increases could only be at the expense of cottage and small-scale industries.

Coming as they do from the President of the Indian Republic, these views cannot very well be ignored. It is hardly possible to say whether what Dr. Prasad has said is an indication of the Government of India's future industrial policy. Whatever may be the case, some of the statements of the President, will not be accepted by quite a large section of the public. Some of the suggestions are avowedly discriminatory in character, while others, such as the suggestion to reverse the policy of concessions to big industries, go farther than what has been done even by Governments expropriating private property rights.

Many of the statements of Dr. Rajendra Prasad, cannot stand close scrutiny. His observation, for instance, that industrial progress has increased unemployment instead of minimising it, needs to be qualified. His warning, that "if we imagine that we can solve the problem of unemployment by industrialisation, we shall only have disappointment in store for us" can

only mean that the proposal of the Planning Commission to stress industrialisation in the second Five-Year Plan is ill-conceived.

Further on, in the course of his speech, the President said: "It is evident that, in a country like India where 80 per cent of the people live upon agriculture and allied callings, the only result of excessive industrialisation will be more production by fewer men which, instead of solving the problem of unemployment, will render it more complicated". But will the solution that he has suggested meet the case? It is hardly possible to agree that large-scale industries should be discouraged because by producing more at cheaper prices they prevent the sale of cottage industry products which cost more. While for patriotic or other reasons, a few persons like the President may be ready to purchase cottage industry products or khadi at whatever prices that are charged for them, we must not forget that the bulk of the population in a poor country like India cannot at all go in for costly products, whether they are made by large-scale industries or small-scale industries or cottage industries and that, therefore, there is always the risk of these products remaining unsold and Government being asked to go to their rescue. Moreover, there is the tendency to overlook the part that the purchaser of any commodity plays in shaping its production. There is no obligation on any consumer to ignore all his preferences and take anything that is offered at any price. The issue is that unless there are buyers for the goods manufactured by these high-cost cottage and small-scale industries, no matter how much assistance the Government extends, the products will slowly accumulate. The Government will eventually have to take them over and perhaps destroy them (as it often happens under price support schemes) so that more goods might be produced with a view to keeping the workers in the industry employed. Would that be a desirable state of affairs and will the Indian tax-payer be ready to accept it?

Contrast with this the help that has been extended by the Government in giving protection to the sugar and steel industries, to which the President made a reference. To say that because these industries were helped with crores of rupees, the people had to pay very heavy taxes is to tell only a part of the story. It is true that these industries have received considerable assistance. If the people have been made to pay taxes, they have also reaped some benefits. At the same time, the country too has benefited greatly by the savings in the form of foreign exchange. This apart, we must not forget that, in some States at least, profits made by the sugar industry are being made available not only for the development of the particular industry but for industry and employment as a whole. In Bombay, for example, the proceeds of the sugarcane cess are utilised generally for the development of agriculture. Similarly, the economy of a sizable portion of the two States, Bihar and the U.P., is entirely dependent on the progress of the sugar industry.

One is equally at a loss to reconcile the statement of the President with regard to the steel industry with the observations of the Union Minister for Commerce and Industry. While the President said that he saw no reason why the steel industry should be subsidised, Mr. T. T. Krishnamachari has been emphatic that we should have not one or two large steel units but many more, if we can manage to have them. The industrial policy statement that is to come will, let us hope, resolve these many contradictions.

THE WEEK'S NOTES

NEW LEASE FOR PREVENTIVE DETENTION

The hope that preventive detention would fade away at the end of the year, when the Detention Act expires, has been belied. The Home Minister has succeeded this week in securing leave of Parliament for introducing a Bill for extension of the life of the Act. His procedure is a great improvement on the old habit of extension by Ordinance. But the Home Ministry could have earned credit by demonstrating that special legislation affecting civil liberties was no longer necessary. The Advisory Boards had interfered in about one-third of the cases of detention and the Supreme Court had upheld only less than half the number of cases coming before it. One should have thought that the 117 cases of persons under detention at the beginning of the year would have declined to such proportions as could be dealt with under the normal law, however cumbersome it may appear to the custodians of law and order.

There are many State Governments—among the major ones—which have not invoked the Preventive Detention Act even when they have irresponsible political groups working in their area. Many others have grossly abused it. This abuse is seen not so much in the work of the Advisory Boards and the Supreme Court as in the fact that in 158 cases State Governments had revoked detention orders before petitions came up for hearing before the courts. There is no need to be half-hearted about our civil liberties. It is hypocritical for the Communists to argue in Parliament that the Government is totalitarian. But the concession to week-hearted State Governments has gone too far. The extension of the life of the Act by three years may save the Home Minister the trouble of coming before Parliament each time but it is a trouble which he should in duty undertake to underline the exceptional character of the powers of preventive detention. Because Communist opposition is not bona fide, it would be wrong in this case to go contrary and conceded the demand of the executive.

MR. NEHRU ON HIS VISIT TO CHINA

There has been widespread speculation about the outcome of Mr. Nehru's visit to China, both in India and abroad, and it is unlikely that this will stop for some time. The inferences so far drawn have mostly been the product of the wishful thinking of commentators. The significance of his visit was best summarised by Mr. Nehru himself in Parliament this week. "Briefly put", he said, "I would say that the political consequences of my visit to China were a deeper understanding between India and China and what they stand for and what they work for, and a knowledge that there is much in common in the tasks that confront them, and it is desirable for them to co-operate in as large a measure as possible. India, as she is situated geographically and politically, can be of some service in interpreting some countries to others and thus helping to remove misunderstandings. Probably my visit also helped a little in easing the existing tensions in Indo-China and in South-East Asia. As such, it helped in the large and vital problem of world peace."

At an earlier press conference, the Prime Minister had effectively dismissed the theory that he had sought to secure assurances of good behaviour from the rulers of China. It was unthinkable, he said, that he should tolerate any other Power asking the Government of India for such assurances; it was, therefore, unthinkable that he would ask others similarly. It was perhaps natural for the sponsors of the hastily hatched up Manila Treaty to fear that something else may be

created as a counterblast because of their disregard of the bulk of Asian opinion. Mr. Nehru has now taken his stand more firmly on the "five principles" which, he said, appear "to offer a firm basis for friendly intercourse between nations." At Peking, he had discussed the question of removing "fear and apprehension" and the assurances of the leaders of China has seemed to him satisfactory. Mr. Nehru felt "that they meant what they said because the circumstances that exist today demand such a course of action even from the point of view of national interest." This seems reasonable enough to all except those whose eyes are blinkered by an anti-Communist crusading zeal and who seek to find in every act and deed some evidence of Chinese perfidy. In his B.B.C. broadcast, Mr. Nehru was more positive in saying that the Chinese have already given some proofs of their peaceful intentions. This statement is nothing more than what Mr. Eden had said after Geneva, and what Mr. Attlee had stated at the end of his tour.

CONSOLIDATING PAKISTAN

The Pakistan Prime Minister's broadcast last Monday explaining the new drive for the unification of West Pakistan contained many wise observations on the corroding effects of provincialism. There is historical irony in these confessions about the existence of parochial attitudes of the Sindhi, Punjabi, Pathan and Bengali. It goes against Mr. Jinnah's theory emphatically declared ten years ago that the Muslims of all the States had acquired a distinct nationality of their own and that they only needed separate territory to complete their nationhood. Events have disproved that theory and the claim that Islam was itself a cementing force among the diverse regional groups. Secondly, the present move for the substitution of a unitary State—subject only to the peculiar geographical position of Pakistan—is a reversal of the former Muslim League's position in undivided India that only a loose federation, with residuary powers in the States and with the minimum of Central subjects, was necessary for India. People in India who had fought against both can have the satisfaction that time has disproved these theories.

Let bygones be bygones, Mr. Mohammed Ali may wish with some justification urge that when 45 million East Pakistanis have one government, the 34 million West Pakistani people should not have any difficulty in coming under one. The mere fact that even the leaders of Pakistan have taken so long to make this computation should prove that the parallel is not so obvious. It is too much to hope that compartmental thinking would be ended by the abolition of six or seven administrations in West Pakistan. But it is possible to end compartmental political manoeuvres for a time, until distrust of any one dominant group makes the others irresponsible. The existence of a composite State of Madras did not diminish the Andhra agitation for separation; nor do Hyderabad and Bombay now discourage the other linguistic groups in their demands. All of which shows that there are no short cuts to solidarity by the manipulation of political mechanisms. There are few substitutes for sound leadership.

MR. YOSHIDA'S RECURRING ORDEAL

In Tokyo, Mr. Yoshida now faces a political situation which is more troubled and hostile than when he left on his world tour last September. The presents which he brought for the Japanese people were not very attractive but they are of sufficient importance. His presence in London, on the eve of Japan's admission to GATT, was of some value. But his real

mission lay in Washington where he seems to have formulated a somewhat grandiose Asian Marshall Plan for \$4000 millions which would have provided a steady market for Japanese manufactures in South-East Asia. The snag of course was that the other South-East Asian countries are not ripe as Western Europe was to seek or to utilise effectively such aid nor will Congress, after the experience in the Philippines be prepared to throw money on that scale. Mr. Yoshida has a modest gift in his pocket of \$100 million worth of surplus farm commodities and an assurance of cuts in U.S. tariffs, presumably on a bilateral basis. Japan will now get wheat, barley, rice, cotton and tobacco—in all worth \$85 million. The counterpart funds in Japanese currency are to be used for development, especially of agriculture, but they will be treated as a loan up to 70 per cent of the yen funds.

It is doubtful whether these are substantial enough to persuade the dissidents within his own party and among other supporting groups to keep him in power. The chances are that sections of the Right Wing would vote with the socialists to oust the Premier. But Mr. Yoshida has in the past shown a great capacity for survival in the face of odds and it remains to be seen whether he still has any tricks with which to outwit his opponents. The personal antagonism against him will probably continue irrespective of the prosperity of the Japanese economy, until Mr. Yoshida becomes more tactful and accommodating to his Right Wing opponents.

CHINESE OVERSEAS: QUESTION MARKS

Mr. Nehru's statement on the Peking Government's attitude towards Chinese residents in the countries of South-East Asia indicated that the question will be settled with each country with a view to giving assurances of the kind sought by the governments concerned. India not having a problem of her own, Mr. Nehru could only indicate to the Communist rulers the existence of a fear in the neighbouring countries and perhaps, the justification for such fear. The Burmese Premier, U Nu, has legitimate reason to raise the issue directly during his Peking visit and the reactions of the Communist leaders remain to be watched. Even if they are favourable towards Burma, because the two countries have already subscribed to the five principles, there is no guarantee of the same policy being extended to other areas.

An Indonesian delegation is still engaged in negotiations at Peking and there is some impatience in Jakarta already over the fact that there has been long delay in starting on the talks after the Indonesians had approached China last December. Apparently with a view to exerting pressure to expedite an answer, the Indonesian Government has submitted draft legislation to the effect that dual nationality will not be recognised in Indonesia. Under Article 9 of the Indian Constitution, a person loses Indian citizenship if he voluntarily acquires the citizenship of any foreign State. So even here no double citizenship is recognised. But the peculiarity of the Chinese principle of dual nationality is that it is involuntary. So Indonesian legislation has to go a step further and say that anyone who retained double nationality would lose Indonesian citizenship. Difficulty will of course arise in defining what tests should be applied to judge whether a person was retaining double nationality. Anyhow, feelings are running strong in Indonesia against the continued recognition of the Chinese principle of 'jus sanguinis'; there is a demand for its immediate termination and substitution by the Anglo-Saxon principle of 'jus soli'.

THE CHINESE WAY FOR INDIGENEOUS MEDICINE

If doing things the Chinese way is to be explored in this country even in a limited measure—as in the flood control projects—one of the beneficiaries may

be our indigenous systems of medicine. Even in Communist China, there is now a Government-sponsored movement to revive and promote the use of medicinal herbs and integrate the ancient techniques with the modern Western methods. The Chinese press is reported to have criticized doctors trained in Western medicine for sneering at practitioners of indigenous herb therapy. It is quite likely that as in India, dependence on Western techniques alone would not have provided in sufficient numbers the medical men needed for the very large population, especially in the rural areas. Since organised medical relief on a large scale would become impossible if there is exclusive dependence on the Western system, the decision to press the indigenous system into service may be a necessity. But as in India again, China's ancient culture and civilisation had developed systems of therapy in the efficacy of which the people have faith. After a long spell of scoffing, some of the Indian herbs have now been recognised and developed even by Western scientists. The results of the new movement in China have, therefore, to be watched with great interest for an equally valuable contribution to the world's medical systems.

It has been said that about 80 per cent of the Chinese people still depend on the indigenous systems. China's book on herbs is believed to have been first written in the first century B.C. The Chinese art of the nerve-needle is another peculiarity. Many of these practices, it is claimed, have stood clinical tests and many more prescriptions are being tested out, while practitioners of indigenous systems are attached as advisers to the staffs of hospitals. If this new enthusiasm in China stimulates similar interest here in the Ayurvedic and Unani systems, it would be a contribution not only to Indian medicine but to the world's. At the moment, official encouragement stops with patronising talk at periodical gatherings.

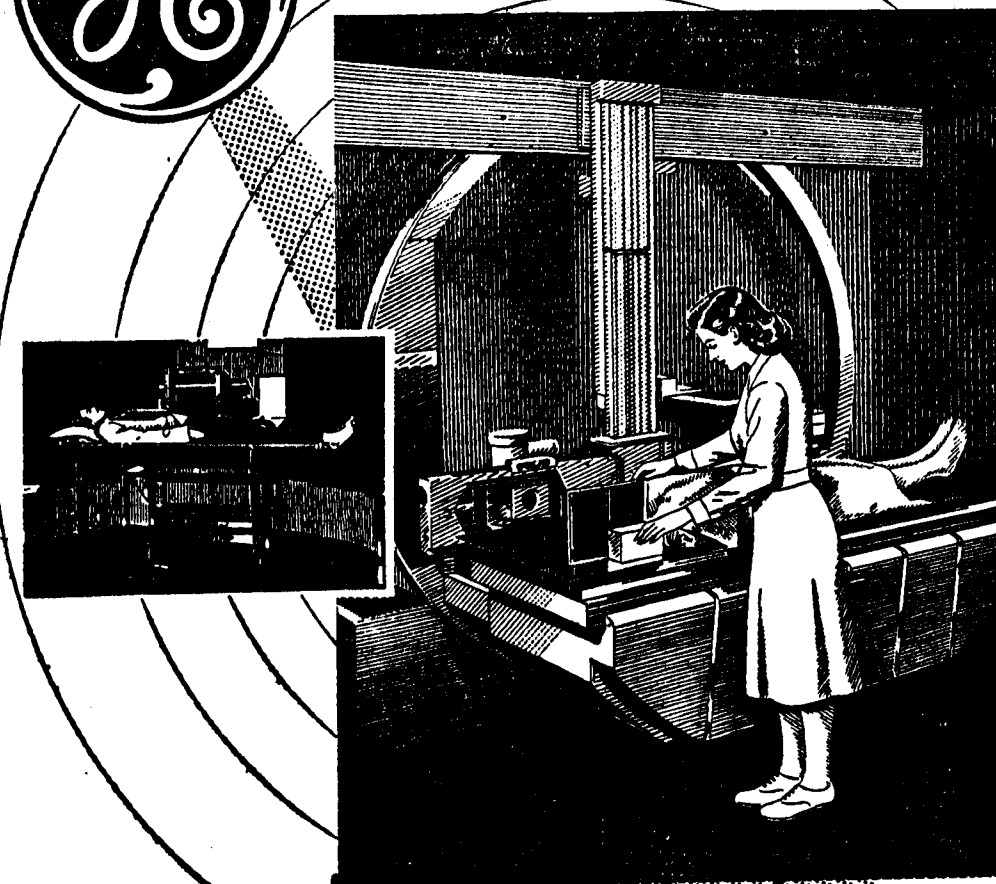
THE OCTOBER ANNIVERSARY AND THE POLICY LINE

The policy speech at the 37th Anniversary of the October Revolution was delivered this year in Moscow by the head of the Gosplan, Maxim Z. Saburov. The speech contained a relatively balanced assessment of achievements and shortcomings. There was, of course, the usual claim for having been ahead of schedule; industrial production was, it was claimed, 63 per cent above the level of 1950 and freight loading on railways was equally ahead. On the basis of 1940, industrial production was claimed to be 280 per cent and heavy industry 340 per cent. These claims have now been coupled with an emphasis on consumer goods. It is only now that the Soviet Union is producing 5500 million metres of cotton fabrics. The earlier low levels can be well imagined when we bear in mind that this is 6 per cent more than last year and 43 per cent more than in 1950. Even now, the only items supplementing the supply of cotton fabrics are 242 million metres of woollen fabrics and 520 million metres of silk fabrics. There has also been great emphasis on housing but it is conceded that the results achieved cannot satisfy the rising requirements.

In the sphere of agriculture, more and more attention has been devoted to the utilisation of virgin and unused lands, in West Siberia and the Kazakhstan, the Urals, the Volga area and Northern Caucasus. About 17 million hectares of land has already been brought under the plough and this is expected to increase to 28-30 million hectares by 1956. The area under crops in 1954 is stated to be 13 per cent more than in 1950 but an unfavourable weather and possibly failures in raising productivity have prevented increases in total production about which no claims have been made.

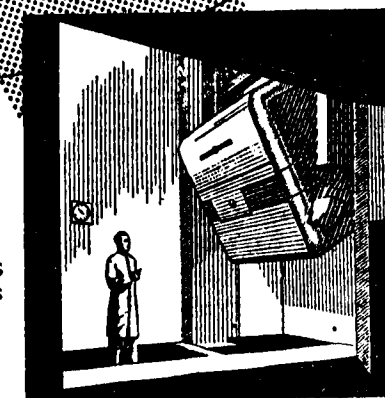


RAYS THAT CURE



In 1896, just a year after Roentgen discovered X-ray radiation, General Electric introduced to the public the X-ray tube with automatic vacuum attachments. In 1913, when G. E. Research Scientist, Dr. W. D. Coolidge, devised the hot cathode tube, X-ray technique metamorphosed from an uncertain art into an exact science. Since then hundreds of developments have enabled General Electric to produce today various types of X-ray equipment for radiography, therapy and physical research.

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... a 70-mev synchrotron for cancer therapy
... a 100-mev betatron or a 300-mev synchrotron for physical research ...



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The first Firestone Tubeless Tyres, a complete set of 3-670-15 super balloons, were brought to India by production engineer Mr. J. E. McQuiggan in February 1952 and at the present time these Tyres have operated very successfully for more than 31,000 miles.

Following this successful test of more than 1,50,000 Tyre miles Firestone started local manufacture of Tubeless Tyres on an experimental basis and the first Tubeless Tyre cured in their Bombay plant on January 15th 1954 was fitted on the Firestone Technicians car which attended the Western India Automobile Association's 1954 Reliability Trial held in

Poona on the 13th and 14th of February 1954. The Tyres performed perfectly on the test run carried out over the Reliability Trial Course at High Speeds and sharp cornering and thermal tests taken clearly indicated that Tubeless Tyres, in addition to their outstanding Safety Features, run cooler than the conventional Tyre and Tube combination. This new Firestone Tubeless Tyre gives puncture protection and blowout protection; it is better balanced, lighter in weight, cooler running and gives the *greatest mileage ever*.

Initially produced in size 6.70-15
Super Balloon black and white sidewall

WORLDGRAM

AGRICULTURE

U.S. Farm Price Supports: The U.S. Secretary of Agriculture recently stated that the 1955 U.S. cotton crop was expected to be supported at 90 per cent of parity under the Department's price-support programme. A flexible price support varying between 75 and 90 per cent of parity for wheat, cotton, maize, rice and tobacco is also expected to be in operation. At present prices for this group of farm products are scheduled to be supported at between 82½ and 90 per cent of parity for the 1955 crop. Unless differently provided for, through new legislation, these supports will automatically drop to between 70 and 90 per cent of parity. Under present legislation the Agriculture Department has the authority to 'set aside' amounts of different commodities, and does not have to include these amounts in calculating price-support levels. It is announced that one million bales of cotton are being 'set aside' to assure the high support level for next year's cotton. As yet, no decision relating to the support levels for feed-grains, such as barley and rye, has been taken. The Department expects the price of domestic dairy products to rise and give producers 90 per cent of parity for their commodities; but this is expected to happen only if the plans for encouraging more consumption and disposing of dairy product surpluses are followed. Dairy products are currently supported at 75 per cent of parity.

Low Canadian Wheat Crop: The 1954 Canadian wheat crop is estimated at 298.9 million bushels—smallest in 11 years—less than half of 1952 or 1953 bumper harvests. In spite of this, however, the peak surplus of 594.2 million bushels carried over from 1953 will bring 1954 supplies to 893.1 million bushels. Sharply reduced oats, barley and rye yields are expected to cut potential farm income. The current barley crop is estimated at 176.2 million bushels—one-third lower than in 1953; the rye crop is estimated at 14.2 million bushels—less than half of 1953; and oats at 312.9 million bushels—23 per cent less than in 1953.

INDUSTRY

U.S. Construction Record Forecast for 1955: The U.S. Commerce and Labour Departments, in a joint report, predict a record volume of 39.5 billion dollars worth of new construction in the United States in 1955. This would be a 7 per cent increase over the current building boom year. New construction in 1954 is expected to total a record \$37 billion. The report said the 1955 outlook is based on the assumption that the economy as a whole will be stable and that consumer income will continue at record levels.

Subsidised Industrial Housing Scheme Extended: The Government of India have decided to extend the scope of the Ministry of Works, Housing and Supply to cover mine workers who do not receive any special Government aid in the matter of housing. This decision will benefit about 150,000 workers engaged in iron ore, manganese, gold and other mines and raise the total number of workers for whose housing provision has been made under the scheme to about 3 million. In addition, about 400,000 workers in the coal and mica mining industries are already eligible for special grants under the subsidised housing schemes being administered by the Ministry of Labour. Under the scheme, State Governments building tenements for mine workers can get 50 per cent of the admitted cost of construction as outright subsidy from the Central Government and the remaining 50 per cent as loan to be paid back in 25 years. Employers undertaking the construction of

tenements can obtain 25 per cent of the admitted cost as subsidy and 37½ per cent as loan to be repaid in 15 years. Co-operatives of workers will get 25 per cent of the admitted cost as subsidy and 50 per cent of it as loan to be repaid in 25 years.

New Production Record in Sindri: The Rs. 23-crore Sindri Fertilizer Factory recently attained a production record when it produced over 1,000 tons of ammonium sulphate per day for five days attaining the figure of 1,115 tons on November 5. Against its rated capacity of 960 tons per day, the production for October 1954, was 30,001 tons—a daily average of 968 tons—the highest for any month since the factory went into production on October 31, 1951. Other departments of Sindri, now entirely run by Indian technical and managerial personnel, also show increasing production trends. The production of ammonia reached the record figure of 8,036 tons last month. The coke oven plant which recently went into production has already exceeded its capacity of 600 tons of coke per day.

Four Thousand Miles of New Railway Lines Surveyed: During the post-war period, surveys for over 4,000 miles of new railway lines have been carried out. Nineteen new railway lines totalling 758.92 miles in length had been opened to traffic between April 1, 1947, and August 15, 1954. At present five new lines totalling 335 miles are under construction. Priority has been given to lines of vital national importance, and those considered essential for the agricultural, industrial and mineral development of the country in connection with the implementation of the first Five-Year Plan.

Railway Coach Manufacture in India: India produced 392 railway passenger coaches during the six months between April 1 and September 30, 1954. During the same period, 58 unfurnished coaches were imported. Steps have already been taken to expand production in railway workshops and through contracts in India. The Integral Coach Factory at Perambur will start production in 1955.

W. German Industrial Output at Record Levels: West German industries which have in the January-October 1954 period exceeded their total 1953 output include motor-cars, ship-building, plastics and rayons. Full employment is reported to have been reached in the metal, electrical, chemicals, paper and printing industries. Steel output during 1954 is expected to reach 17.5 million tons (15.4 million tons in 1953). The motor-car and commercial vehicles output in this period was 549,000, exceeding the total 1953 output by 58,500 units. The tonnage of ocean-going and river vessels in this period was 750,000 or 25,000 above that in the whole of 1953. Textile stocks have been partly cleared, recording an appreciable improvement as a result of the overall boom. Germany expects to bring her share in the 1.9 million tons world output of chemicals up to one-sixth this year at 310,000 tons (240,000 tons in 1953).

FINANCE

World Bank's \$5-Million Loan to Peru: The World Bank has given a \$5-million loan to the Agricultural Development Bank in Peru to help finance imports of farm machinery and livestock. The loan is for eight years and is guaranteed by the Peruvian Government, and carries an annual interest of 4½ per cent including 1 per cent statutory commission charged by the World Bank. Amortization will begin on August 1, 1957. Half the loan will go towards equipment needed to step up sugar, cotton, rice, wheat, barley and potato production,

and to clear more land. The rest of the loan will be used for irrigation equipment in the coastal regions, for fencing materials, for storage and processing plants, and for the import of breeding cattle and sheep.

*

New Loans for Malayan Federation: The Federation of Malaya plans to raise further loans to finance development programmes, which will now total Malayan \$480 million (about £60 million). It will during 1955 raise M. \$80 million in Malaya, and receive a loan of M. \$40 million from the State of Brunei. During 1956 the Federation hopes to raise another M. \$80 million and further amounts in subsequent years. Estimates published recently indicate the Federation is budgeting for a M. \$140.6 million deficit in 1955, as compared with (revised) estimated deficit of M. \$173.6 million for 1954. Revenue of the Federation next year is estimated at M. \$605.5 million including M. \$59.9 million as grants from the U.K. Expenditure is put at M. \$755 million. With the deficit for 1954 at M. \$173.6 million, a grant-in-aid from the U.K. of M. \$51.4 million and a loan of M. \$30 million from Singapore, the estimated revenue balance at the beginning of 1955 will be M. \$289.6 million.

*

Progress of French Capital Market: The French capital market is showing signs of further progress. The most recent indication is the closure of the latest Steel Industry Group loan, opened in mid-October, for £18.5 million and raised to £20 million because of the big demand. The loan was issued at 99 at 6 per cent, redeemable at 105 by annual drawings over 20 years. The Group issued a loan of £8 million last year, but the greater part of the investments under the Monnet Plan, totalling over £400 million, were financed by loans from the Government or the banks or out of the industry's own resources. From 1946 to 1953 self-financing contributed 33 per cent, Government loans 37 per cent and bank loans 21 per cent, while debenture issues accounted for only 8 per cent.

*

Mexican Stand-by Agreement with IMF Extended: The International Monetary Fund, upon the request of the Government of Mexico, has extended Mexico's present stand-by agreement with the Fund for one year beyond October 16, 1954. The arrangement permits the Government of Mexico to purchase up to \$50 million from the Fund with Mexican pesos, on a revolving basis. In April 1954, the Mexican Government purchased \$22.5 million from the Fund, an amount equivalent to the portion of Mexico's subscription to the Fund which was paid in gold.

*

Development Assistance from the United States: U.S. assistance for India's Railway Rehabilitation Programme will be available in accordance with an Indo-U.S. agreement signed recently. Under this agreement the U.S. Government will provide \$10 million for a joint project for obtaining freight wagons, both broad-gauge and metre-gauge, for the Indian railway system. Indian expenditure for this project will be of the order of Rs. 2.02 crores. Assistance provided under this agreement by the U.S. Government is out of the Development Assistance of \$60.5 million provided by the U.S. Government to India during the current fiscal year ending June 30, 1955. In addition, technical assistance is also to be provided by the U.S.

MISCELLANEOUS

India's Per Capita Food Consumption Higher: It was stated in Parliament recently that the per capita consumption of food in India is estimated to have gone up to 1,623 calories per day during 1953-54, compared to 1,398 calories during 1950-51. The increase had taken place in cereals and pulses from 1,241 calories in 1950-51 to 1,469 calories in 1953-54. According to the

statement, there has been a net increase in the average Indian's daily intake of carbohydrates, proteins and fats.

*

Swedish Health Plan Provides Insurance for All: The Health Plan, approved by Parliament, provides for health insurance for every permanent resident of Sweden from January 1 next, regardless of age, physical condition or income. The plan is compulsory and will be financed by premiums on the insured persons (44 per cent), contributions from employers (29 per cent) and by the State (27 per cent). The State's share will be met through tax bills, the burden being carried by the upper income groups. Everybody over 16 years of age and having a taxable income of \$233 annually, must pay State health insurance premiums. Benefits include reimbursements of physician's fees, free public wards in State hospitals, subsidised medicines, maternity protection and bonuses for child-birth in addition to free public ward hospital confinements or free obstetrical attention at home.

*

Technical Education in Eastern Europe: The emphasis in Eastern European countries is reported to be on technical education. Estimates reveal the following break-down for these countries:

Country	Students in these	
	Higher Institutions	Institutions
Albania	5	800
Bulgaria	20	30,000
Czechoslovakia	31	47,000
East Germany	46	64,000
Hungary	29	54,000
Rumania	50	62,000
Poland	85	143,000

*

Birthday Gifts to Indian Prime Minister: Gifts worth about Rs. 50 lakhs have been sent by the people of Community Projects and National Extension Service areas in 25 States to the Indian Prime Minister, on the occasion of his birthday. These gifts are in the form of promises to open 953 schools; offers of 5,314 acres of land; books and equipment for libraries and sports clubs and other miscellaneous goods for community use, worth an estimated Rs. 4,27,599.

*

Expansion of Welfare Activity in India: Considerable expansion of social welfare activities was recommended at the Conference of the Chairmen of the State Social Welfare Advisory Boards which recently concluded in New Delhi. This new line of activity includes homes for children of working mothers, after care services, hostels for delinquent children, instruction and service for needy children, homes for the aged and the infirm and opening up of community chests. In all such activities the Central Board will provide guidance and financial assistance. Special arrangements for providing trained personnel for such work are also contemplated.

*

Future Development of NCC in India: The Indian Central Advisory Committee of the National Cadet Corps, at its ninth meeting held recently was of the view that future expansion of the NCC should be integrated with the second Five-Year Plan, to enable planning on a long-term basis, making it possible for the Centre and the States to find the necessary funds for expansion. Reviewing the progress of the NCC, the Director stated that the strength of the Corps on November 1, stood as follows: Senior Division—Officers 899, Cadets 36,938; Junior Division—Officers 1,618, Cadets 53,268; and Girl Division—Officers 170, Cadets 5,100. By the end of the financial year the National Corps is expected to expand to Senior Division—Officers 911, Cadets 37,374; Junior Division—Officers 1,637, Cadets 53,895; and Girls Division—Officers 170, Cadets 5,100.

NEWS IN BRIEF

INDIAN

The University Grants Commission has appointed a Reviewing Committee to go into the finances of the four Central Universities of Delhi, Banaras, Aligarh and Vishwa Bharati. The Commission will also recommend block grants to meet the normal expenses of the Universities for the next five years (1956-62).

*

The Government of India have so far sanctioned the construction of 45,000 houses under the Subsidised Industrial Housing Scheme, and another 5,227 houses for the coal and mica-mine workers.

*

A road bridge across the river Jalangi on National Highway No. 34 in the Nadia District of West Bengal will connect North Bengal with Calcutta and join the Assam Access Road in the north. The Government of India have sanctioned Rs. 17.25 lakhs for its construction.

*

It has been proposed to introduce diesel rail-car services on the meter-gauge section of the Southern Railway during December 1954, and on the Northern Railway during 1955. A sum of Rs. 37.20 lakhs has been sanctioned for expenditure on 24 metre-gauge rail-cars during 1954-55.

*

For the first time in the 101-year history of the Indian Railways, sleeping accommodation is to be provided to Class III passengers on the Delhi-Howrah Janata, the Bombay Central-Delhi-Dehra Dun, and the tri-weekly Delhi-Madras Janata Express trains.

*

According to information received so far, 42 ex-servicemen have joined the basic agricultural training courses in the States of Assam, Orissa, Travancore-Cochin, Bhopal, Himachal Pradesh and Vindhya Pradesh.

*

Henceforth copies of the Railway Time-Table will also be available in Hindi. The all-India Railway Time-Table has been published in Hindi and copies have been sent to the Railways to be put on sale to the public.

*

In view of the easy sugar supply position in the country, and the number of tenders pending with the Government being in excess of requirements of the areas concerned, it has been decided to allow dealers to withdraw tenders, without forfeiture of earnest money.

*

India will be represented at the 5th General Assembly of the 22-nation World Veterans Federation representing 18 million members. The Federation aims at strengthening the U.N., safeguarding peace, rehabilitating the disabled, and preserving the sacred memory of the war dead.

*

The recent Conference of Labour Ministers accepted the Shiva Rao Committee recommendation that Employment Exchanges be made permanent and decided that arrangements for their transfer to the States should be made by April 1, 1955.

*

Local planning or development committees have been set up at district level in most States. In Assam such committees were constituted for sub-divisions and in Jammu and Kashmir for tehsils.

FOREIGN

The Ninth General Assembly of the U.N. recently proposed the formation of a Special U.N. Fund for Economic Development (SUNFED). The Fund had been opposed for two years and disarmament quoted as a prerequisite to the Fund being established.

*

The Australian Minister for National Development recently announced that Australia has approved ratification of the International Tin Agreement.

*

The U.S. Department of Agriculture reports that farm exports during the first eight months of 1954 have been higher—at \$1,860 million—than in the same period of 1953, showing a gain of 5 per cent.

*

An agreement extending \$40 million U.S. aid to Egypt for the country's economic development was signed recently. The aid will be used mainly for the improvement of highways and replacement of worn-out locomotives and railway rolling stock.

*

During the next three years the Federal Government of Central Africa is expected to build, equip, and staff 7 secondary and 7 primary schools, 4 schools for infants and 5 hostels in Northern Rhodesia. At present Northern Rhodesia has 51 schools for European pupils compared with South Rhodesia's 171 and Nyasaland's 16.

*

It is disclosed that Belgium plans to work out an Agreement with the U.S. and Britain for using uranium from the African Congo. The Agreement is expected to provide U.S. aid to Belgium's atomic industrialisation and replaces a 1944 pact.

*

The Trusteeship Committee of the U.N. General Assembly recently passed a resolution recognising Greenland's change of status from a non-self-governing territory to a constitutionally integrated part of Denmark, terminating Denmark's responsibility to inform the world body of matters relating to Greenland.

*

The World Bank is reported to have offered Mexico a loan of \$90 million for economic development. This is a new loan in addition to the \$61 million recently granted for improvement of railroads, etc.

*

South Africa recently announced a major relaxation in import controls. Items that may be freely imported include toys, jewellery, textile piecegoods, blankets, rugs and radios. Import permits are no longer required for raw wool, raw coffee, tea, lace and netting in the piece.

*

The U.S. President is expected to press for enactment his programme for freer world trade and investment during the next session of the U.S. Congress in January. This programme was submitted by him earlier. He is also expected to seek extension and amendment of the Trade Agreement Act.

*

China is reported to have 250,000 students in higher educational institutions, of whom 150,000 are in engineering, science, health and agriculture. China is graduating 25,000 persons a year from two-year engineering courses. Some 14 comprehensive Universities and 39 higher industrial schools are in operation.

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A Window On The World

STREAMLINED VILLAGE UPLIFT

By
ODYSSEUS

MR. EDWIN A. BOCK, a reader of this column who is a distinguished member of the staff of the Public Administration Clearing House, at 45 East 65th Street, New York, has been good enough to send me an interesting 64-page handbook that he has written entitled "Fifty Years of Technical Assistance", published by the Clearing House, price \$1.50. There exist today in America and Europe an astonishing number of organisations ready to send technical experts out to promote better health, education, agricultural methods, etc., in the under-developed countries of South America, Asia, and elsewhere. These experts have had varying degrees of success. It would probably not be far from the truth to say that, on the whole, the results achieved have as yet but scratched the surface, and that while they have been welcomed in many places, in as many others they have aroused suspicion, resistance, hostility, and dislike, and have left no mark on the land save an increased aversion on the part of the local population to foreign "do-gooders".

In its national and international work, the U.S. Public Administration Clearing House has accumulated experience in briefing technical experts about to set out to work amidst peoples and civilizations with which they are unfamiliar. Accordingly, they commissioned Mr. Bock to compile a handbook based on the pooled experience of American voluntary organisations. It is a valuable collection of maxims for anyone about to embark on any programme of what used to be called "village uplift". This, as readers of this column have long known, is a matter on which I hold strong views, for, broadly speaking, the record of village uplifters has, until comparatively recently, been a failure in almost everything except the breaking down of traditional ways and customs, which leaves the villager frustrated, discontented, rootless, and incapable of any worth while contribution to the wealth and welfare of a society, which now seems to mock at all the values that he thought important, and to hold up ideals which are unintelligible, or if intelligible, inapplicable to village conditions.

If Mr. Bock's booklet had been available thirty years ago, uplift would not be in such disrepute today and village conditions would have been more noticeably better. Mr. Bock writes primarily for the foreigner, but what he says should be just as useful to the Indian urban-dwellers from whose ranks are normally recruited the organisers of village uplift, for their education, experience, and outlook on life, often even their language, make them as much foreigners in village eyes as any American or European.

REVITALISE LOCAL TRADITIONS

Mr. Bock's booklet reflects the important change in the approach of the social worker that has occurred in the past few years. Think, for example, of the South Indian classical dance which was almost killed by temple reformers and social workers in the 1920's. Mr. Bock, on the other hand, opens his instructions to would-be uplifters by insisting that along with such practical objects as improving hygiene or agricultural methods, they should never forget that it is part of their job to find out how to fit modern ideas into the pattern of ancient ways; they must help to make the villager's life spiritually and emotionally

more rewarding in terms of his own culture and of his personal values; they must, therefore, not spurn but revitalise, local traditions.

It is important to allow sufficient time to work out, and to consolidate, uplift plans. High pressure, short-term projects in which the emphasis is on quick results, so that the Minister in charge of uplift can spout an impressive list of statistics in the next session of the Legislature, tend to make the organising social worker do all the work, instead of tackling the slow but vital job of enlisting self-help. On the other hand, the weakness of a long-term project may be that it tends to dawdle on from a lack of a sense of urgency, and thus likewise fails to arouse village interest and co-operation.

Experienced social workers examine projects to make sure that their proposals fit the level of local development and will not become merely show places to impress the visitor. Mr. Bock cites in illustration of this an organisation that was asked to build in a certain country a modern hospital, which was even to have automatic electric doors so that the nurses could carry trays through without stopping to set the trays down. A study of local conditions, however, revealed that what this country really needed was to train nurses so that there might be some to go through these automatic doors.

The major fields of village uplift cover health, literacy and education, and agriculture. In days gone by there was often dispute as to which of these should be tackled first, but most social workers today agree that disease, illiteracy, and low agricultural productivity, form a vicious circle in which low standards are perpetuated. To deal with one of these factors in isolation achieves nothing. Success depends on a co-ordinated simultaneous attack—multi-purpose development projects.

ARE YOU FITTED FOR SOCIAL WORK?

Here is Mr. Bock's specification of the kind of person needed for uplift work:

Social workers must be technically competent in a practical sense. They must be willing and able, wherever necessary, to teach and inspire by doing work themselves rather than just giving advice. This is a point on which too many of our own social workers fall down. Workers should have rugged health, so as to be able to live and work with the people. Wherever possible, they should be old enough to carry weight in societies that give deference to age. They should have a sense of humility and be willing to learn from local people, and from their own mistakes. They must be capable of affection for, and identification with, the people of any area. A sense of humour is useful.

The outsider must deal with the people in a spirit of complete equality, another too frequent failing in India. People will look for signs of assumed superiority. Social workers either have or have not got this sense of humility; it cannot be imitated. Villagers spot the mock humble at once. Villagers often suspect outsiders of selfish motives which will be satisfied at

the villagers' expense. A social worker who shows selflessness will win respect and co-operation, but one who lives on a far higher standard than the villagers, who seeks publicity for his local efforts, or who fusses about the discomforts of local living, or the absence of plumbing or other amenities, will confirm the villagers in their suspicions. In view of the universal suspicion towards an outsider, even the dedicated worker must be on his guard against chance actions or remarks that can be misinterpreted. This extends to his public utterances when he goes back to his own country. Reported back to a less-developed country, statements made abroad may dissipate whatever trust was won.

Social workers should be willing to stay in one area for a long time—three, five, ten years, even for life. Most experienced social workers agree that it is unlikely that an uplifter will be able to contribute anything effective to a village programme—and this applies to an Indian as much as to a foreign social worker—until he has lived in his village for a year. Social workers need also to develop a feel for their district. Merely book knowledge or purely intellectual understanding of local customs, groups, religious practices, etc., is not useful without emotional understanding.

Social workers should have emotional security and balance, self-confidence, and self-esteem. If they do not, it is doubtful that they will have the necessary skill and sensitivity in their human relations. The man who is so insecure that he is over-eager to obtain local recognition, and who does everything himself in order to win recognition may kill local initiative.

Social workers must have the character to take risks and to retain their balance in the face of unforeseen consequences or mistakes. Village uplift is delicate work. Experienced social workers recognise that some unforeseen reaction can always set back what progress has been made. If you can, as Kipling said,

"watch the things you gave your life to, broken And stoop and build'em up with worn-out tools—". Social workers should study the customs, social forms and groupings, and religion of any area before they enter it. They should know the local dialect. To speak it, however badly, is a courtesy and a sign that the social worker wants to meet the people on their own ground. Interpreters are apt to be unreliable and, in any case, you cannot achieve a personal relation with any human being through an interpreter. Interpreters have been known to use their position of vantage for their own profit: they have been known to collect bribes. Mr. Bock points out that uplift work attracts some types of people unsuited to it. Some are attracted by the chance of earning higher salaries abroad than they could earn in their own countries, or are thinking of their own professional advancement more than of the people whom they go to serve. Those responsible for selecting workers to be sent abroad should sift out candidates who are seeking psychological satisfactions not available to them at home. Some people enjoy living as "top dogs" in a colonial atmosphere, nor, be it noted, is this exclusively a British or American trait; some of our own Indian social workers from the towns are attracted by the sense of power or superiority gained by bossing uneducated or socially inferior people about. Equally to be avoided are emotional "do-gooders" who see uplift work in exaggeratedly heroic or sacrificial terms. Such persons seldom last long in the field. What is wanted is a realistic sense of mission and an unromanticised spirit of dedication. Foreigners who have been unsuccessful at home, or city-dwelling Indians who have made no particular success of their lives, are not likely to be good social workers in out of the way villages.

In a final article next week, I propose to extract further wisdom from Mr. Bock's guide to streamlined uplift.

THE WORLD ABROAD

ECONOMIC TRENDS IN EUROPE

The latest quarterly Bulletin by the Secretariat of the United Nations Economic Commission for Europe (ECE) reports that the upturn in Western European industrial production, which began in some countries in the latter half of 1953, is becoming more general in 1954. This applies both to the number of countries and branches of activity affected. Exports have shown a roughly similar upward movement. The increase in output has in almost all Western European countries been accompanied with a decline in unemployment. With some notable exceptions, e.g. Greece, Yugoslavia and Turkey, grain harvests in 1954 were in general satisfactory although not quite so good as that of the previous year.

The ECE Secretariat stresses that "satisfaction over progress during the last year should not, however, obscure the fact that it follows a period when the progress was far from being as rapid as could reasonably be expected". Although Western European industrial production in the first half of 1954 was 13 per cent above the level obtained three years earlier, the increase is not more than 10 per cent, if Western Germany is left out of the comparison. The authors of the Bulletin comment on the paradox that production in Western Europe "began to revive at about the time when the United States moved into recession". They insist that it would be misleading to describe the favourable economic developments in Western Europe thus far this year as "boom" conditions; "it is clear enough that the upturn has not been carried by any strong speculative forces."

They add: "The most striking—and reassuring—feature of this period is precisely that the marked increase in activity has taken place, so far, under conditions of internal and external financial stability. In this respect, the current experience is in sharp contrast to the time after the outbreak of war in Korea, the last period when industrial production was increasing rapidly."

If it is true that the recent upturn was not influenced to any appreciable extent by speculative forces, "this would seem in itself to give some ground for confidence that the favourable conditions will continue during the next few months". The Bulletin observes that both the mood in business circles and statistics (on the intake and stock of orders, on investment plans and on licences for the construction of dwellings and factories) bear out this expectation.

THE CONTINUED RISE IN WEST EUROPEAN OUTPUT

For the major Western European industrial countries taken as a whole, industrial production in the second quarter of 1954 was 9 per cent higher than a year earlier and the increase from the first to the second quarter was somewhat larger than in 1953. The improvement has affected nearly every Western European country. In particular, France, and less clearly, Belgium, have recently joined the general upward movement. Only two countries, Italy and Greece, registered a smaller increase from the first to the second quarter than in 1953. In Italy, however, there were some signs of improvement in July and August. The most spectacular improvements took place in Austria, Yugoslavia and, once more, in Western Germany. In these three countries output rose by 16, 21 and 8 per cent respectively from the first to the second

quarter. In case of Yugoslavia, however, output in the first months of the year had been particularly low due to adverse climatic conditions.

The ECE figures also show that the upward trend during the last year was a very general one, in the sense that hardly any major industrial group in any country shows a fall in output from the first half of 1953, to the first half of 1954. This is not to say that there have been no setbacks, but only that these have been rather localised and can be explained in terms of specific events, independent of the general economic trends. Notable is the fact that the building industry this year increased its activity in most Western European countries at an even more rapid pace than previously.

STEEL AND VEHICLES

The Secretariat suggests that the recent recession in the market for European steel was largely due to special conditions. Since the reversal in speculative attitude which took place around May 1954, the steel mills' intake of orders has risen very considerably and so have delivery periods in several cases, both in the United Kingdom and in the countries of the European Coal and Steel Community.

An outstanding feature of recent developments in Western European industrial production has been the sharp increase in the output of motor vehicles. From 1953 to the first half of 1954, the rate of output of passenger cars in the four main producing countries (United Kingdom, France Italy and Western Germany) taken together increased by 26 per cent (as against 20 per cent from 1952 to 1953); for lorries and buses, the increase was 17 per cent (as against a fall of 1 per cent from 1952 to 1953). Analysing motor vehicle exports, it is found that, generally speaking, the main fronts of competition are now between British and Western German products in European markets, and between British and American in overseas countries. Its figures reveal that, in spite of some improvement in the last year, Europe's share of total European and United States exports of passenger vehicles to overseas is smaller than four years ago. This can be partly explained by some relaxation of restrictions on dollar imports, but even so, the Bulletin states, "the relative stagnation of exports to overseas is a dark spot in an otherwise favourable picture of expanding European automobile industries." If the total European output of passenger cars is to continue its expansion at a satisfactory rate, overseas markets will have to be developed at a faster pace than has been the case in recent years.

THE U.S.S.R. AND EASTERN EUROPE

Available data suggest a "significant increase" in average standards of living in Eastern Europe and the U.S.S.R. during the first half of 1954, compared with the first half of 1953, when they had been lower (except in the Soviet Union) than those reached several years ago. Examples are given of increased sales in most of these countries and to improvements in the quality of certain goods, although the latter, according to Eastern press comments, is still regarded as unsatisfactory. The increase in sales of manufactures has been far greater in the countryside than in the towns.

The improvements in standards of consumption realised in the first year of the new economic policies

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in the People's Democracies have been below those hoped for when these policies were drawn up. This has been mainly because "factors of production have proved to be unpredictably immobile". The cases of under-fulfilment of plan reported out-number those of over-fulfilment in Czechoslovakia, Hungary, Bulgaria and Rumania, and that only in Eastern Germany and the Soviet Union have commodity plans on the whole been fulfilled.

In general, costs of production have exceeded the planned level in Czechoslovakia, Hungary and Rumania, as well as in the Soviet Union, "partly because of continuing difficulties in eliminating rush work and overtime at the end of each plan period, and partly because of a gradual stepping up of wages."

CONSUMPTION PROSPECTS

Some of these disappointments are obviously "merely the teething troubles of any new programme, and especially a programme which demands a considerable diversification of the pattern of output. If the new policies are maintained there is thus every reason to expect an acceleration of the output of consumer goods. Moreover, some Governments are now adopting a new approach to the problems involved in diversifying the output of goods and services". Examples are given of increased scope being given to artisan pro-

ducers and small traders in a number of Eastern countries.

In the main the chances of a balanced rise in consumption during the second year of the new policies depend only to a limited extent on the development of manufacturing production during that year and to a much greater extent on the results of the harvests of the current year. On this there is as yet little in the way of exact information. It seems, however, that in a number of Eastern European countries grain harvests, maize excepted, were below the average of the last few years, due to unfavourable climatic conditions. In these countries the immediate outlook for the consumer must be regarded as somewhat discouraging.

LONGER-TERM PROSPECTS

In the longer term the addition of factors to permit higher agricultural production loom more important than the harvest of the past year, and here the picture is undoubtedly more favourable. It declares that in immensity, the ploughing-up programme of the Soviet Union dwarfs agricultural expansion everywhere. Elsewhere in Eastern Europe, results in bringing unused land back into cultivation have been rather uneven. The Bulletin concludes that "the important thing for the future is, nevertheless, that the tide has turned: given average weather conditions, yields in the still important private sector should be higher in future".

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BOOK REVIEWS

SOVIET AGRICULTURAL ECONOMICS

Communism and Peasantry: Implications of Collectivist Agriculture for Asian Countries By Ramswarup: Published by Prachi Prakashan, 12, Chowranghee Square, Calcutta. (182 pp.)

Mr. Ramswarup is steadily acquiring a reputation for scholarship of economic conditions behind the Curtains, which makes his views on the U.S.S.R. and China entitled to careful consideration if not respect. Here is a carefully documented study running into 182 pages filled with facts and figures about collectivisation and its implications for Asian countries. Part I deals with the "Theory of Revolutionary Stages and Tactics and the Theory of Social Development. Part II is a discussion of Soviet practice and Part III shows the obligatory character of Soviet theory in working out practice. In all these three parts the wide reading of Mr. Ramswarup, one indication of which is contained in the excellent bibliography at the end of the book, gives his assessment an interest which is very great. In Part IV, the Development of India's Agriculture, there is perhaps less reason for acceptance of Mr. Ramswarup's authority. The essential features of our agricultural problems are excellently described in a paragraph such as the following; but the pessimism is, perhaps, overdrawn.

"The causes of the sorry plight of our peasant are two: (1) Technical, and (2) Social.

His condition is pitiable because his holding is small and his land badly fragmented; because his soil has lost its fertility owing to age-long neglect; because he lacks irrigation facilities. Even when water is available, its supply is not properly regulated. In one season he has too much, in another too little. While he has too many animals, the animal power at his disposal is not sufficient. He has too many cows that are useless. His cows do not give as much milk and his sheep do not yield as much wool as they do elsewhere."

It is possible that this catalogue exaggerates our difficulties. In India at least the impact of domestic production might greatly transform the conditions of rural living even without removal of many of the obstacles which are here noted. For example, greater use of fertilizers and improved methods of cultivation might do much to offset the fragmentation of holdings.

The paragraph which has been quoted from Chapter X is an indication of the quality of style and exposition of the book. Mr. Ramswarup has made good use of his gift of exposition in short and terse sentences. This book deserves to be widely read, not least because it has been made so eminently readable.

AN EXCELLENT TEXTBOOK

A Textbook of Economic Theory: Alfred W. Stonier and Douglas C. Hague: Longman Green & Co.: In India, Orient Longmans: Available from the Public Opinion Bookshop, 52, Queensway, New Delhi: 25sh. (500 pp.)

The long search for a good textbook for Honours students in India reading Economics seems at last to have been rewarded. It may be claimed that this textbook by Dr. Stonier and Mr. Hague, both of University College, London, surpasses anything of similar purpose by a significant margin. The price of 25 sh. is high, but not higher than for any book of similar size and quality of production. Its 500 pages cover well, but by no means in too elementary a manner, the substance of theory which a good Honours student requires.

The book falls into two parts. The first 'Price Theory' is the Marshallian Theory of Value brought up to date. The second part may, perhaps, be considered in much the same way Keynes' General Theory of

Employment, Interest and Money brought up to date with a quality of explanation which, if anything, is superior to the General Theory. It will be remembered that Keynes was not very pleased with his own effort and wrote in the Preface to the First Edition that he would do better if he did it again. Dr. Stonier and Mr. Hague have performed this service.

Chapter XXIII "The Theory of Employment" is a masterly exposition of Keynesian economics. In a matter of barely 15 pages the kernel of the General Theory of Interest, Employment and Money is set out with rare skill and economy of words. It may safely be said that there is no equally concise exposition of Keynesian theory to be found anywhere else in economic literature.

It is sincerely to be hoped that Indian universities shed their passionate attachment to Marshall and various inadequate publications on economic theory which, from time to time, emerge in this country. Here is the appropriate book on which to launch all Honours students in their first two years. It might also be suitably recommended for Indian Administrative Service Officers who have been misguided enough to by-pass economics completely in their passage to economic authority in the coming Welfare State.

BRITISH ELECTRICITY SUPPLY

The Structure of the British Electricity Supply Industry: Dr. V. V. Ramanadham: Kamath & Company, Limited, Mangalore: Price Rs. 10.

This excellent book on the structure of the British Electricity Supply Industry was originally a thesis presented for the Ph.D. Degree of the University of London. It is a remarkably able statement of the position of the electricity supply in the United Kingdom both before and after nationalisation. The purpose of the book is perhaps best set out in the words contained in the foreword by Professor Arnold Plant under whom Dr. Ramanadham worked in the University of London.

Sir Arnold Plant says of this book: "On the side of generation and supply of electricity, Dr. Ramanadham has analysed the available cost and supply data and weighed the considerations which, from the standpoint of production cost, determine the optimum scale and location of generating stations, taking into account the improved opportunities for mutual help provided by the development of the national transmission grid. On this side he has been concerned with the policies and plans of the Central Authority. Secondly, he marshals the statistical evidence concerning the demands to be met by the system of distribution operated by the Area Boards. The passing of 500 separate undertakings under the unified control of fourteen Area Boards has made possible important improvements in load factors, and the balancing and dovetailing of demands by regrouping undertakings involving development of some of them and the suppression of others, with the object of securing lower distribution costs and more efficient service. Finally, Dr. Ramanadham considers the meaning and significance of co-ordination of Fuel and Power policy by the Minister of Fuel and Power. On the supply side, for example, the Central Authority is affected by Fuel policy affecting the level of, and regional differences in the price of coal. On the side of demand the co-ordination of the supply and price policies of gas and electricity are a matter of fundamental concern."

The information contained in the tables cries out for imitation in India. Analysis of this kind in power generating units in this country is urgently required.

A LETTER TO THE EDITOR

THE CASE OF OWEN LATTIMORE

Sir,

I wish to place before your readers a few facts regarding Odysseus' article 'The Strange Case of Owen Lattimore' published in your issue dated November 12, 1954.

1. Dr. Owen Lattimore was (a) the head of Walter Hines Page School of International Relations of John Hopkins University, (b) adviser on the Far East to the U.S. State Department and (c) editor for many years of 'Pacific Affairs,' a very influential quarterly magazine published by the Institute of Pacific Relations. He wrote eleven books between 1928 and 1950, all of them devoted to Asian problems mainly in the Far East and Central Asia. That he was a 'conscious and willing propagandist' for Russia and Chinese Communism can be understood by the letter he wrote to E. C. Carter, the Secretary-General of the Institute of Pacific Relations, on July 10, 1938. This letter has been published by the 'New Leader', official organ of the American Federation of Labour (whom Odysseus would not accuse of McCarthyism, I hope) and accepted by Lattimore as genuine. Here is that letter:

"I think that you are pretty cagey in turning over so much of the China section of the inquiry to Asiaticus, Han-seng, and Chi. They will bring out the absolutely essential radical aspects, but can be depended on to do it with the 'right touch'.

"For the general purpose of this inquiry it seems to me that the good scoring position, for the IPR, differs with different countries. For China, my hunch is that it will pay to keep behind the official Chinese Communist position—far enough not to be covered by the same label—but enough ahead of the active Chinese liberals to be noticeable. For Japan, on the other hand, hang back so as not to be inconveniently ahead of the Japanese liberals, who cannot keep up, whereas the Chinese liberals can. So the chief thing is to oppose the military wing of Japanese aggression in China, counting on a check there to take care of both the military and civilian components of aggression in Japan. For the British—'scare the hell out of them', always in a polite way, but usually in a way that looks as if it might turn impolite. The British liberal groups are badly flustered; but being British, the way to encourage them to pull themselves together is to fluster the Tories. For the U.S.S.R.—back their international policy in general, but without using their slogans and above all without giving them or anybody else the impression of subservience."

I wonder if this attitude is covered by the labels which Odysseus uses for Lattimore—"liberal, progressive and anti-imperialist". No responsible person in America (unless Odysseus regards McCarthy as the sole representative of American opinion) has ever called Lattimore a Communist or a Soviet spy. The only charge which Lattimore faces today is that while he 'consciously and willingly' influenced the U.S. State Department and public opinion in a pro-Communist direction, he refused to admit it before a Senate Committee. It is here that Odysseus distorts the whole case. Lattimore is not being prosecuted because he held pro-Communist opinions but because he denied that fact before a Senate Committee. Lattimore should have the courage of his convictions and suffer the consequence of social isolation.

I agree that there is a lot of irresponsible, even hysterical, anti-Communism in U.S.A. I agree that quite a few American anti-Communists are feeling wiser simply by hindsight. I also agree that there is

in America social and economic persecution of those who are smeared (or proved) Communists or fellow-travellers. All this is shameful, especially the vindictiveness shown towards those who are already defeated and helpless. A great and powerful nation like America can afford to leave alone people like Lattimore once they have been rendered harmless. But this shortcoming should not lead us (a) to forget that quite a large section of American liberals is fighting against these anti-democratic trends in America and that as a result of that fight McCarthy and his gang has been broken and routed and (b) to whitewash people like Lattimore who 'consciously and willingly' worked for foreign governments.

2. Odysseus believes that "the U.S. Government was pouring dollars into Chiang Kai-shek's coffers." I wish to know when did this "pouring" take place and what are Odysseus' sources of information on this matter. I know Odysseus, and many others, will be shocked by my questioning what appears to be so obvious to large sections of the intelligentsia in Europe and Asia. But I have made a special study of this question and written a whole book, a copy of which I will place in anyone's hands who gives me his address and wants to know the facts. Having made a study of the U.S. White Paper on China, cover to cover, I have come to an 'irrefutable' conclusion: the U.S. Government not only refused to help China ever since China was attacked by Japan and up to the time the Communists overran the mainland, but, instead, helped the Japanese, the Russians and the Chinese Communists to isolate, overpower and destroy the Nationalist Regime. I will place all my facts before your readers, but let me know what Odysseus has to say about that "pouring dollars into Chiang Kai-shek's coffers." When did that happen?

Yours faithfully,
SITARAM GOEL.

Calcutta,
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A DELHI DIARY

NANDA DEVI AND RAMANUJAM!

I MUST confess I played truant last week. Perhaps I might claim an extenuation because my motives were good and only implementation failed. The truth is I was despatched to Calcutta and planned carefully to do my writing on the non-stop plane which, happily for writers, has some good tables on which one can write with comfort. As events turned out, however, there were two major distractions which prevented my pious resolutions from being fulfilled. It was a beautiful clear day and from four hundred miles the Himalayan peaks, particularly Nanda Devi and Kanchenjunga, could be clearly seen. The constant temptation to view this tremendous snow-clad line was, I believe, the major cause of my failure. But, may I record, without placing any blame on it, another source of distraction? This was the team of Soviet Social Scientists who were flying to Calcutta to lecture at the Indian Statistical Institute there. I will single out no person but I naturally communicated most with those who spoke the English language most easily. Of these I can say with certainty that India is lucky to have men of this calibre. A distinguished mathematician amongst them who has won the Stalin Prize for work in the Theory of Numbers added diplomacy to his vast mathematical achievements. He told me that much of his work for the Stalin Prize arose out of the work of our Ramanujam whom he described "as one of the greatest mathematicians of all time". Somehow or another after this remark I seem to have discovered that all he said was profound and true!

Returning to Delhi after this exhilarating experience. I must confess to a feeling of some disappointment that the Capital City has allowed its research in economics and social sciences to be somewhat eclipsed by work being done in Calcutta. I see descriptions of Input-Output work by the Indian Institute of Public Opinion and (privately!) I might express a little delight that, in this one instance, Delhi was previous to Calcutta which is also working on this subject. But I do feel that Calcutta under Professor P. C. Mahalanobis is making larger strides in statistical research work than is good for the reputations of research agencies in Delhi and in Bombay. I hope sincerely that this (odious!) comparison will act as a prod to Delhi and Bombay research workers!

TEA FOR TWO?

I must proceed reluctantly to Parliament. It has been a dull week with economics again in the forefront. Except for an exciting interlude when the Preventive Detention Act was introduced on Tuesday, discussions have been uninteresting though, no doubt, necessary, particularly from the point of view of the Public Exchequer. I see that on Wednesday the Government of India collected nearly a crore of rupees in virtually a single sentence. Two minutes before the House rose on Wednesday, the Commerce Minister, Mr. D. P. Kar-markar, secured permission to move the Tea (Second Amendment) Bill which raises the cess on tea exports from Rs. 2 to Rs. 4 per 100 lbs. The beneficiaries of this act of duplication (seeing that multiples of two play so large a part in the transaction!) are the members of the Tea Board. With revenue now of Rs. 1.7 crores per year the Tea Board will become one of the major Central Government units in the country. I accordingly pay it my obeisance!

CHALLENGE AND RESPONSE

I have not discovered whether the domestic price of tea goes up or down as a result of this new imposition. I am inclined to think that the less said about

these matters the better. There was one sad experience this week. Mr. A. V. Thomas on November 22, praised the Government for its moderation and was promptly visited on the same day with a doubling of the tea cess. Here is what Mr. A. V. Thomas (who, it will be remembered, was last year the President of the UPASI, the United Planters' Association of South India) said:

"The proposal to increase the duty on export of tea from four to seven annas, I feel, is a very modest one, and I must congratulate the Honourable Minister responsible for making the imposition light. At one time I myself felt that the levy was going to be rather heavy. I am glad they have considered the recent slump in the tea market and have allowed the tea market time to recover and the gardens to recoup some of the losses, and then when the prices are quite high they have resorted to this duty of three annas. I welcome the proposal." The doubling of the cess on tea was the official reply!

For the present I think silent cogitation is all the private sector can allow itself. Reports emerging (unauthorisedly!) from various closed doors indicate that industrial policy is in the melting pot again. It is believed that the Prime Minister and the Finance and Commerce Ministers will be making statements on December 1 so as to "clarify" the present policy. I make a dismal prophecy. The effect of the "clarification" always is to make the Stock Exchanges less cheerful than before! A delightful haze is good for optimism; why destroy it with the penetrating shaft of consistent clarity?

I have often wondered why Governments cannot leave well alone. I should have thought that, however confused our industrial policy was, it has proved its worth by the fact that industrial production has risen by something like 20 per cent in two years. In spite of difficult labour conditions the upward trend has been maintained and I have it on the record of "The Eastern Economist" that the all-time peak is being broken every few months. While this is proceeding it seems to me that labour continues to enjoy a fairly good deal. Again, on the authority of "The Eastern Economist" I am told that real wages are now roughly 40 per cent above what they were in 1947. If production is rising and the total wages bill is rising with it, does it not look as if silence would be an excellent golden rule? I am also a little old fashioned in my attitude to Governments. I do not believe that the growing power of Government is accompanied automatically by greater wisdom. May I go a little further and say that the real trouble about the Indian Government's "clarifications" is that they reflect not the clear thinking of one or two men but the confused counsels of a party which tends to be both individual and collectivist at the same time?

MR. ANDREI VYSHINSKY

I have just time to refer to the passing of Mr. Vyshinsky in New York. No one can fail to respect Mr. Vyshinsky's fine intellect, but was it necessary for Mr. V. K. Krishna Menon to say of him that in him the Indian delegation had lost a warm friend? Was it not Mr. Vyshinsky who on December 2, 1952, said of us, and particularly of Mr. Krishna Menon: "At best you are dreamers and idealists. At worst you do not understand your own position and camouflage horrible American policy"?

We should forget these things at the time of death; but would not a more non-committal speech on behalf of our delegation have been more appropriate?

ARGUS.

SPECIAL ARTICLES:

SECOND CORPORATION FOR SHIPPING

MR. LAL BAHADUR SHASTRI'S reference, in his address before the Consultative Committee of Ship-owners at Bombay on November 20 last, to the formation of the second shipping corporation, amounts to nothing more than a bald statement. His announcement was devoid of any clarification of the precise proposals under the consideration of the Transport Ministry. The policy-making organisation over which he was presiding on this occasion was certainly entitled to be informed about the nature of the official plans regarding the shape of the corporation. The reason for such a course of action is obvious. Like the Eastern Shipping Corporation, the second corporation is also to be launched by the Government with the participation of private enterprise. As far back as 1947, a policy decision was announced by the Government on the flotation of three mixed corporations for the overseas trade, since without them there was no reasonable hope to expedite the development of India's international shipping trade. The Eastern Shipping Corporation took three years to come into being and the casual manner in which the projected formation of the second corporation has been disclosed can leave no doubt that the Government has failed so far to show a sense of real earnestness.

The Transport Ministry's faltering attitude on this scheme is depressing. It is regrettable that seven years after a definite policy for national shipping was enunciated, the Ministry should still exhibit hesitation in forging ahead with schemes of shipping expansion. No country has succeeded in building a vigorous merchant marine without energetic and potential State assistance and it is futile to expect speedy development of Indian shipping unless the Government steps forward to undertake its obligation in a full measure. The recognition of this role by the Government of India has been grudging, if the allocation of finance for assistance to private shipping companies is to be taken as a criterion. The original allocations of funds for loans to the companies in the first Five-Year Plan was pitched at as low as Rs. 15 crores and it was raised subsequently by a little more than 50 per cent, with a liberalisation of the terms of the purchase loans, only under the compelling necessity of accelerating the rate of the acquisition of new tonnage. The Eastern Shipping Corporation has been assigned a modest amount of about Rs. 4.5 crores. The total absence of provision of any funds for the second overseas corporation and the failure to rectify this lacuna so far, in spite of modifications in financial allocations for the projects included in the current Plan, must be taken as an indication of lack of enthusiasm for it for the present. The formation of the corporation must necessarily take some time, but unless it is informed by a real sense of urgency right now, there is every risk that it may not start functioning in the initial phase of the second Five-Year Plan.

Under the current Plan, first priority was legitimately claimed by the coastal fleets as a logical step to the implementation of the policy of reservation of this trade for national bottoms introduced in August 1950. The target of acquisition of an additional tonnage of 165,000 GRT for the coastal trade, and also partially for the adjacent trade with Burma, Ceylon and Pakistan, was intended to provide a net addition of 105,000 GRT after covering replacement of over-aged tonnage to the extent of 80,000. In the first three years of the Plan, purchases have proceeded fairly according to schedule and 102,000 GRT have been procured. The

prescribed goal of 322,200 tons for this category of trade can present no difficulty in fulfilment by March 1956 in view of the reasonable certainty of acquiring the balance of 63,000 GRT in the remaining period. In fact, this level may possibly be exceeded. Coastal operators need not now find themselves constrained to charter ships owned by foreign companies.

Exclusive reservation of the coastal trade can now be an accomplished fact in a real sense and Government need not hesitate to accept the Consultative Committee's recommendation to put a ban on foreign chartered ships in Indian coastal waters from the next financial year. India has already acquired, on the average, a share of 40 per cent in the adjacent trade and reasonable aspirations will have been fulfilled, if it is stepped up to 50 per cent during the next Plan. In accepting this practical target, the shipping industry rightly considers it expedient to accommodate the expansion plans of the three countries concerned. Expansion of Indian shipping, in a satisfactory degree, in these two minor spheres of trade is a positive pointer that future development must be given a deliberate direction towards rapid expansion in the overseas trade.

Precisely here, the pace of progress has been disappointingly tardy. Three private operators—Scindias, India Steamship, and Bharat Line (a recent participant) together with the Eastern Shipping Corporation share a fraction of the overseas trade as regular liners. The expansion of the overseas tonnage in the current Plan envisages an increase of 110,000 GRT over the capacity of 173,500 GRT at the beginning of April 1951 or a total of 283,500 GRT. The additional tonnage of 110,000 has been allocated between private companies and the Eastern Shipping Corporation in the ratios of 70,000 GRT and 40,000 GRT. The clamour of private operators for adequate loan assistance from the Government, in view of the severe limitations on their own resources, went unheard for quite a long time and completely deadlocked the development of their fleets in the first two years of the Plan. In the third year, they purchased 14,000 GRT and the liberal loan provision now made available is expected to give a significant momentum to expansion which may not rule out the possibility of realising the balance of 56,000 GRT in the goal. The Eastern Shipping Corporation has acquired more than half of its allotted extra tonnage of 40,000 and it may be depended upon to keep to the schedule.

This development has been conceived on a petty scale and it is unable to raise the share of Indian shipping by anything more than 2 per cent above the present 5 per cent of the available overseas trade. It will be the task of the second Five-Year Plan to meet the challenge of raising the overseas tonnage by 200 per cent, if the share of Indian shipping in this strategic sector is to be stepped up to 20 per cent. Estimates of the tonnage of dry cargo available for carriage between the ports of India and foreign harbours indicate a volume of 13.2 million tons, but this figure need not be taken as a precise estimation and the additional pressure on cargo traffic which the higher tempo of industrialisation in the second Five-Year Plan will generate is a matter hardly amenable to guess. It is, nevertheless, safe to assume that an addition of 600,000 GRT (equivalent to the aggregate tonnage at the end of March 1956) during the next Plan will suffice to meet this purpose. The price factor in the additional tonnage to be acquired is indeterminate, but assuming that the quantum of

subsidy to the ships built at Visakhapatnam is raised to bring the prices to Continental parity ruling at a level below the U.K. price parity, the cost of purchase of vessels of this tonnage from all sources of supply will range near Rs. 60 crores.

Provision of finance of this magnitude raises the query of the extent to which the private and public sectors can share this burden. The private sector, which on informed estimate, will have invested over Rs. 35 crores during the decade ending in March 1956 can hardly be expected to raise substantial funds to contribute a large share of this outlay of Rs. 60 crores. The public sector, which has provided Rs. 27.5 crores for the current Plan, can certainly make an allocation of double the size of this outlay for the next Plan for outright investment as well as loans. Finance of this magnitude can present no difficulty and it would appear that this claim may turn to be modest on the resources envisaged for the second Plan.

It is, however, clear that a good part of this outlay must be allotted to investment in the two State-cum-private overseas corporations. The second corporation

will have to ply the distant routes to the European and American continents in view of the trying experience with which the present private operators had to meet for want of direct operational subsidies from the Government. The impact of the recent suspension of their India-U.S. liner service by Scindias on the composition of the new shipping services cannot be ignored. The responsibility to operate overseas services cannot be thrust on the private companies alone. Government must, therefore, step forward with a bold programme of investment in the share capital. The authorised capital of the projected corporation is not material in the immediate context and a higher limit may be fixed for convenience at Rs. 15 crores. But its initial issued and paid-up capital cannot certainly be fixed so low as the Eastern Shipping Corporation's Rs. 2 crores. It ought to be fixed in the neighbourhood of Rs. 8 crores. Participation of selected existing operators in the management must be retained and there is no reason for departure from this accepted pattern. The corporation can exhibit capacity to bear the shocks of overseas competition only if it is endowed with powerful resources and State backing.

MADRAS OPINION ON GROUP TENSIONS

(Victimisation, Helping and Hindering Groups)

ONE of the questions in the Social Opinion Survey among Madras College Students ran as follows: Do you think you have been victimised because of your caste and creed? This attempted to bring out the attitude of various groups towards other castes and creeds. The Hindu-Muslim tension, for example, was based on the feeling of the Muslims that they have been victimised because of their creed. The demand for separate electorates and finally the partition of the country are based on their feeling of victimisation. Similarly, Brahmins feel that they are being victimised on account of their caste. They feel that they are denied admission to professional colleges and appointments in government services and political and social leadership because of their caste. The non-Brahmins similarly feel that Brahmins are exploiting their ignorance, weakness and lack of social position. Generally a person accuses the out-group for all his failures. This question was inserted with the hope of finding the extent to which members of each group feel they are victimised. In two other questions, the various groups based on caste and religion were named and the respondent was asked to indicate the groups which hinder and those which help him. He was not required to name the specific way in which a group hinders or helps. The questions elicit the attitude towards the other groups and his own.

Frequencies Regarding the Feeling of Victimisation

	Frequency	Per cent
Victimised	232	39.4
Not victimised	342	57.7
No answer	17	2.9
TOTAL	591	100.0

Roughly we find that 2/5th feel that they are victimised and 3/5th that they are not victimised. The difference is considerable.

Groups	Number	Victimised		Total	Not Victimised		Total	No Opinion
		Men	Women		Men	Women		
Brahmins	188	67.2	36.1	55.3	32.8	61.1	43.6	1.1
Non-Brahmins	290	35.0	24.4	32.9	61.9	68.6	63.8	3.8
Christians	77	22.2	22.0	22.7	74.1	78.0	76.6	1.2
Muslims	36	45.2	40.0	44.4	48.4	40.0	47.2	8.4

The following table gives the relationship between the feeling of victimisation and caste approval.

Caste System is	Victimised	Not Victimised
Number	232	342
Satisfactory	9.1	12.6
Tolerable	31.1	33.0
Intolerable	59.0	53.8
No opinion	0.8	0.6
TOTAL	100.0	100.0

We find that there is hardly any difference between the people who feel that they are victimised and those that do not, regarding their opinion of caste system. We should have expected a large proportion of the victimised respondents asserting the caste system as intolerable. Individual interview would have helped us to understand the exact responses.

The following table gives the responses for man and woman and for city and mofussil colleges.

	City Colleges			Mofussil Colleges		
	Men	Women	Total	Men	Women	Total
Number	168	152	320	229	42	271
Victimised	36.3	25.0	30.9	50.7	42.9	49.2
Not Victimised	59.5	71.0	65.0	48.0	54.7	49.3
No opinion	4.2	4.0	4.1	1.3	2.4	1.5
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0

We find that a greater proportion of men feel victimised than women. Whereas only 30.9 per cent of the city college students report that they have been victimised on account of caste and creed, 49.4 per cent of the mofussil college students report victimisation. This accords with our analysis above that caste system is in greater operation at the mofussil areas than at the city.

The next table gives the distribution according to caste and creed.

We find that the Brahmins give the highest proportion of responses reporting victimisation on the basis of caste and creed. On further analysis we find that this is due to a strong feeling among the Brahmin men. As we have seen above they resent the restrictions on college admissions and government appointments on the basis of caste and creed. The group which feels the least victimised are the Christians.

This table also shows that the general opinion that Hindu-Muslim tension is not so intense in South India is correct. It is the Brahmin group that is feeling frustrated and not the Muslim group. In spite of the 'so-called' 'caste domination' of the Brahmins we find that only 32.9 per cent of the non-Brahmins report that they feel victimised on account of their caste and creed.

Throughout we find that women do not have the same degree of the sense of being victimised as the men. They are more at harmony with society.

The second question asks the respondent to specify the castes and creeds* which hinder and the next question asks him to specify the groups which help. The following table gives the responses of the whole group and the responses of the two sexes to the second question. (There are multiple responses).

By	Whole Group	Men	Women
Number	591	397	194
None	70.4	66.0	79.4
All	0.7	0.8	0.5
Brahmins	17.1	19.3	12.4
High-caste Non-Brahmins	6.1	7.1	4.1
Low-caste Non-Brahmins	3.2	3.8	2.0
Harijans	1.7	2.3	0.5
Christians	2.9	3.3	2.0
Muslims	3.9	4.5	2.6

We find that 70.4 per cent of the group declare that none of the groups specified hinder their progress. Though only 57.7 per cent report that they are not victimised on account of caste and creed, as high as 70.45 per cent report that they are not hindered by any group. There is thus a slight disagreement in the responses for the two questions.

Another feature of the table is the difference between the sexes. 79.4 per cent of the women report that no group hinders them whereas only 66 per cent of the men report the same.

Further we see that 17.1 per cent of the group specify Brahmins as a group which hinders their progress and 6.1 per cent specify high-caste non-Brahmins. All the other groups are specified by less than 4 per cent of the group. The curious feature is that 1.7 per cent of the group report that Harijans are hindering their progress. If the investigation had been followed by the interviews many interesting features would have been revealed. We notice that 19.3 per cent of men specify Brahmins and 7.1 per cent high-caste non-Brahmins. Here also we find a smaller proportion of women giving these responses.

The following table gives the distribution according to caste and creed.

By	Brahmins	Non-Brahmins	Christians	Muslims
Number	188	290	77	36
None	75.5	65.8	78.0	59.3
All	1.6	0.3	0.0	0.0
Brahmins	2.1	24.8	19.5	27.8
Higher-caste				
Non-Brahmins	10.6	3.8	3.9	5.55
Lower-caste				
Non-Brahmins	7.5	1.4	0.0	2.8
Harijans	2.1	2.1	0.0	0.0
Christians	3.7	2.8	0.0	5.55
Muslims	4.8	4.5	0.0	2.8

* The groups specified are Brahmins, High-caste and Lower-caste non-Brahmins, Harijans, Christians and Muslims.

78.0 per cent of Christians and 75.5 per cent of Brahmins report that they are hindered by none as against 65.8 per cent non-Brahmins and 59.3 per cent Muslims.

Four out of 591 report that every group is hindering them. Of these 3 are Brahmins and one is a non-Brahmin. All these four belong to Mofussil colleges (3 men and 1 woman). It would have been interesting to ascertain their exact views by interview.

We find that 24.8 per cent of the non-Brahmins, 19.5 per cent of Christians and 27.8 per cent of Muslims report that they are being hindered by Brahmins as against 2.1 per cent of Brahmins who say that they are hindered by their own group.

Of 55 persons who report that they are hindered by non-Brahmins (higher and lower castes) 34 (18.1 per cent) are Brahmins, 15 (5.2 per cent) are non-Brahmins, 3 (3.39 per cent) are Christians and 3 (8.4 per cent) are Muslims.

Of 10 who report that Harijans are hindering them 4 (2.1 per cent) are Brahmins and 6 (2.1 per cent) are non-Brahmins. Not a single Christian or Muslim report that Harijans are hindering.

17 people assert that Christians hinder them. Of these 7 (3.7 per cent) are Brahmins, 8 (2.8 per cent) are non-Brahmins and 2 (5.55 per cent) are Muslims. Of 23 who say that Muslims are hindering, 9 (4.8 per cent) are Brahmins, 13 (4.5 per cent) are non-Brahmins and 1 (2.8 per cent) is Muslim.

The responses for the next question are very curious. 360 out of 591 or 60.9 per cent report that they are being helped by none of the groups mentioned. Since personal interviews were not arranged we do not know what exactly these people mean by stating that no group is helping them. On the other hand, we find that only 48 or 8.1 per cent report that they are helped by all the groups. The following table gives the distribution of the responses in the whole group and according to sex. (There are multiple responses).

By	Whole Group	Men	Women
Number	591	397	194
None	60.9	59.9	62.9
All	8.1	7.6	9.3
Brahmins	5.2	5.8	4.1
High-caste Non-Brahmins	11.2	12.3	8.7
Lower-caste Non-Brahmins	9.3	11.1	5.6
Harijans	5.1	6.3	2.6
Christians	10.7	9.3	13.4
Muslims	3.4	3.0	4.1

There is hardly any difference between the two sexes. The following table gives the distribution according to caste and creed.

By	Brahmins	Non-Brahmins	Christians	Muslims
Number	188	290	77	36
None	74.5	56.5	45.5	59.3
All	7.5	9.3	6.5	5.55
Brahmins	10.6	2.8	1.3	5.55
Non-Brahmins	8.0	30.4	11.7	25.0
Harijans	1.6	6.9	2.6	13.9
Christians	2.1	7.9	36.4	22.2
Muslims	1.1	3.8	5.2	11.1

10.6 per cent of the Brahmins report that they are helped by their own group. 30.4 per cent of the non-Brahmins and 36.4 per cent of the Christians report similarly that their own groups help them. In each case that is the highest proportion.

The responses of the Muslims are different. 25 per cent report that they are helped by non-Brahmins, 22.2 per cent by Christians, 13.9 per cent by Harijans and only 11.1 per cent by members of their own group. From the data available it is not possible to analyse these results further.

THE BUSINESS WORLD

THE STANVAC REFINERY

BY
CROESUS

The Stanvac Bombay Refinery was formally dedicated open by the Union Minister for Production, Mr. C. Reddy, on November 19, 1954, months ahead of schedule. It is undoubtedly an important landmark in India's march towards economic progress and security. What struck most of the people who were present on the occasion—and what was, of course, also modestly claimed by the Managing Director of the refinery, Mr. William A. Williams—is the fact that a plot of land which was but a wilderness of scrub and weeds only in December 1952 has since been converted into the most up-to-date and modern oil refinery. Mr. Reddy as well as the two important speakers on the occasion, who included, besides Mr. Williams, Mr. B. Marshall, Vice-President and member of the Board of Directors, Standard Vacuum Oil Company, New York, who came all the way from America to attend this function, dwelt on the history of the negotiations for this single largest post-war dollar investment by foreign private enterprise in India. This is common knowledge. Yet it is very interesting to go over some of the points made by the speakers, especially at the present juncture, when a strong section of public opinion in the country seems to think that the second Five-Year Plan—notwithstanding the fact that it lays so much emphasis on industrialisation—can be achieved without much reliance on the initiative, enterprise, understanding, and co-operation of business men and industrialists. Mr. Williams said for instance: "Things like this are no accident, they don't just happen, they are the result of careful planning and mutual faith and understanding. Someone had to have an idea, someone had to have a workable plan. Many people entertain wonderful theories, but no one man has a monopoly of ideas, and to work out a plan of this magnitude, so that it will fit into the economic progress of a nation, requires great foresight."

Mark, again, these words of Mr. Marshall: "In order to make real progress there first had to be mutual understanding and the contribution each side could make and the benefits each side could expect. Without such understanding, without such mutuality of purpose and recognition of a common goal, all the technical skill and all the money in the world could not make this refinery or any other industrial establishment an instrument of genuine progress for India's future".

The spokesmen of the Stanvac Refinery paid compliments to all those people who have helped the Company in seeing the refinery get started and to quote Mr. Williams, these were most enthusiastic in doing this because of their consciousness of the great contribution that the refinery would make to the economic progress of this country. There is, however, another aspect of the matter which none of these mentioned for obvious reasons. It is that even today, after years since India attained Independence, foreigners in India continue to receive more courtesy and consideration than our own countrymen not only at the hands of the Government but also at the hands of the public generally. I do not deprecate this, nor am I interested in analysing the cause of this complex, but this is a point which foreign investors in India should not fail to take note of. As only one illustration of this point, I cite this that, whereas nothing stood in the way of

the Government in acquiring the land for the refinery company and helping them to build up the most modern refinery in record time, it has not as yet been possible for the same Government (I am unable to apportion the blame in this respect as between the refinery companies and the Government) to decide the compensation payable to the previous owners of the land, including some co-operative housing societies sponsored by middle-class people. But this is only by the way.

A very important point was made by Mr. Marshall in the course of his speech which those wishing to invest capital in India must ponder over. The Socony's Vice-President posed the question why his company wanted to build a refinery in India. It would hardly have satisfied the discerning if he had answered this by merely saying, as he, indeed, did, that, with world demand constantly increasing, the Company was confronted with the need to expand its refining capacity and this prompted the Company to put up another refinery. But this would not have explained why India has been chosen. Referring to this, Mr. Marshall said: "One reason was that India is one of our largest markets and is an expanding one. There are advantages in manufacturing products close to the market-place, even if it may cost more. Another and very important reason was this: No matter where the capital comes from to establish an enterprise such as this refinery, that enterprise must operate under the laws and regulations of the sovereign nation in which it is located. When a company is looking around for a place to invest fresh capital, it is interested in the security of its investment. It wants to feel assured that the Government is stable, the economy, sound. It wants to feel confident of the integrity and basic fairness of the people who make and apply the rules under which the enterprise must live. Stanvac's experience over the years in India and Stanvac's conversations with India's leaders left no doubts on this score. It would have been just as easy to build this refinery in another country, but we chose India because we have confidence in this country and feel we are among friends."

Here, I think, is the best testimonial that any foreign business man has given to say that India is a perfectly safe risk in so far as investment of foreign capital goes. Let us see how American investors will react to this.

Mr. Marshall also touched on another important point, namely, the employment aspect of his Company's Oil Refinery undertaking in Bombay. Of course, Mr. Reddy epitomised excellently the whole of what Mr. Marshall said in one sentence, when he spoke of "a new vista has been opened for India's youth". Even so, there is still some point in referring to what Mr. Marshall said. He was not referring to the controversy whether a particular industry was capital-intensive or labour-intensive. As a matter of fact he chose less to stress the amount of employment than the type of employment. "As on August 31, 1954", he said, "this refinery had in its employ 608. Of this number, 552 are Indians and only 56 are from overseas. Now, virtually all of these men from overseas are highly trained refining technicians and specialists, and the point I want to emphasise is that, as rapidly as Indian engi-

November 26, 1954.

neers can complete the necessary training and gain the practical experience, they will replace most of these overseas experts. We will not reach this objective right away, but it is our ultimate aim." Mr. Marshall went on: "It is Stanvac's definite policy to employ nationals of a country to the maximum extent possible, and it is a policy to which Stanvac is giving vigorous and practical application. For example, in 1942, 107 of the 11 key positions in our marketing organisation in India were filled by overseas employees. Today the number of Indians in the higher posts has increased to 109 from three in 1942 and thus, of 211 executive positions, more than half of our executive staff posts are filled by your countrymen". In the same connection, the Stanvac spokesman mentioned that, "during the past six years, 35 Indian employees of the Company have been sent to the United States for advanced technical or management training" and he further assured that this programme of sending people for training abroad as well as training them for positions of higher responsibility in this country itself, both in the refining company and in the marketing organisation, would be continued. It is heartening to hear from so eminent a person that "we believe that it is in the national interest of India, as well as our own, to have such policies and programmes".

There is yet another point which cannot be passed over and that concerns the profit that the Stanvac may make. There have been talks that the Company would make 100 per cent profit. And this, may I tell Mr. Marshall, is said not merely of Stanvac but of practically every business or industrial undertaking in this country, Indian or foreign, which is precisely the reason why most people ignore such reports, but not so Mr. Marshall. He said he would "meet them head-on" and I must say he did it effectively when he categorically stated that "this is not only untrue but so far

from the truth as to be absurd". According to him, while there are no actual figures, estimates for earnings over a ten-year period indicate an annual return of less than 7 per cent on the Company's actual volume of business. This is by no standard abnormal, as any one will admit. However, Mr. Marshall must have startled his audience when he proceeded to say that from his Company's actual experience of operation in India over a long period, the profit that the Company had, out of every Rs. 100 it took by way of sale proceeds of the products, was only Rs. 4. Certainly this is less than a reasonable reward for the capital, skill, and work that the Company has invested in this country. But even these Rs. 4, as the Stanvac spokesman added, could not be just put in the Company's pockets, in that much of it had to be again invested, or ploughed back into such things as new terminals and other facilities which are required "if we are to serve our Indian customers better".

What Mr. Marshall said is not only true of the oil refinery business but of practically every important large-scale industrial undertaking. It is easy to demand nationalisation of the undertakings that have been built up by the strenuous efforts of those that conceived the idea, those that reduced it into a workable plan, and those that sacrificed practically all their time and money in the initial stages. It is easier still to advise the authorities to do away with the captains of industry who, in their capacity either as managers or as managing agents, have tended the industry in the earlier delicate and difficult stages and brought it up to its present successfully working stage. But it is not so easy to replace those who are manning the industrial enterprise in the country today, whether Indian or foreign, and much less to discover men who can conceive ideas and work them up successfully, if the very atmosphere in which these qualities flourish is sought to be transformed overnight.

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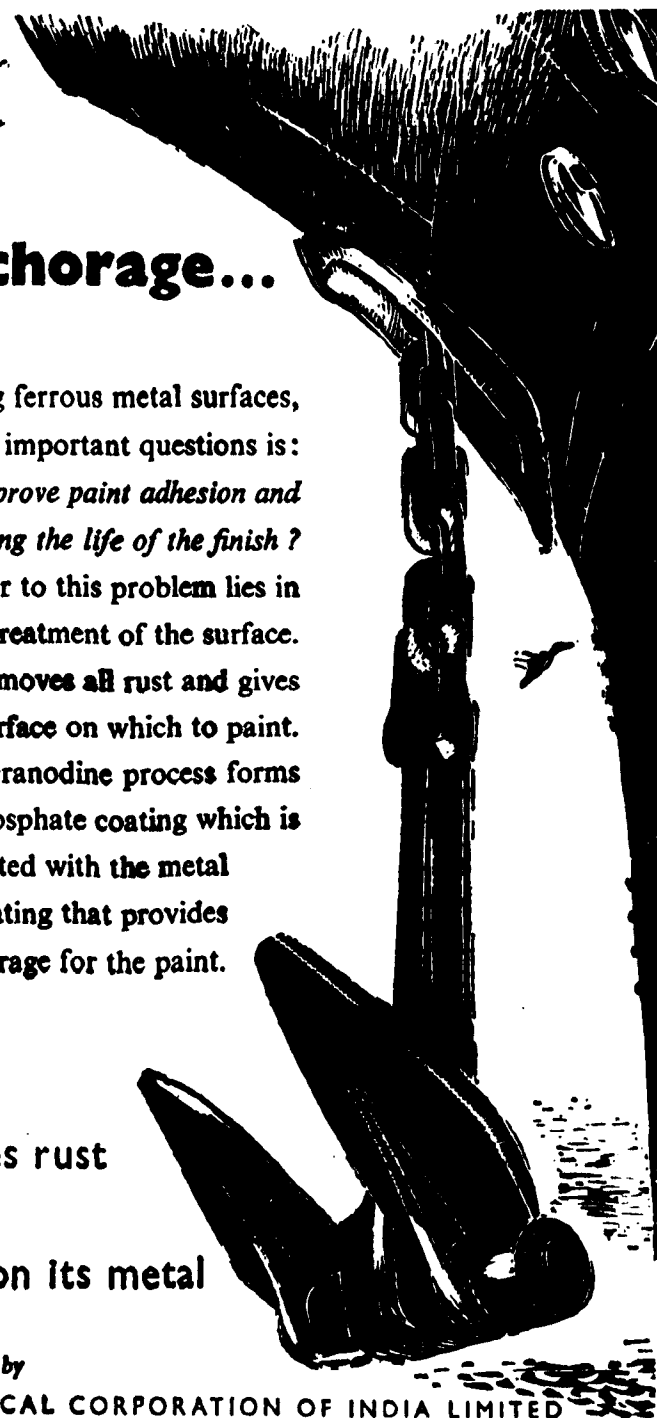
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BUSINESS NOTES

NO BONUS WITHOUT PROFIT

A principle which sounds to the lay man as axiomatic, namely, that there can be no claim to bonus in which the concern incurs an actual loss, was vindicated in the Supreme Court after four years of protracted litigation. The battle which the Muir Mills Ltd., Kanpur, put up was worth the issue involved.

The facts on which there is a concurrent finding of the Industrial Court of Kanpur and of the Labour Appellate Tribunal are that in 1949 Muir Mills sustained a net loss of Rs. 5 lakhs and that the profit of Rs. 7.5 lakhs that was shown in the profit and loss account was the result of transfer of sums of the requisite size from two reserve funds. It enabled the management to maintain the dividend at the previous year's rate and to declare an ex-gratia bonus of two annas in the rupee in the workers' basic wages. In setting aside the decision of the Industrial Court which rejected the workers' claim for award of bonus at the rate of four annas in the rupee, the Labour Appellate Tribunal agreed with the Industrial Court's finding on the point of law, but varied the decision and ordered the bonus to be raised to 4 annas in the rupee on grounds of social justice.

The decision of the Supreme Court is of fundamental significance since it enunciates a clear and definite principle of law on the question of bonus. The Appellate Tribunal's reasoning on social justice was adjudged as unacceptable in view of its vague and indeterminate nature. But the core of the Supreme Court's decision and an important principle laid down was that the mere fact that dividend was distributed out of reserves and undistributed profits to shareholders (to which they are entitled) does not create a right to claim bonus. Such a right does not accrue when the concern incurs an actual loss in the specific year in question.

PLANNING FOR CHEMICALS

During the first three years of the Five-Year Plan the chemical industry as a group registered much greater progress in respect of investment than any other group of industries. Out of its present estimated total investment of Rs. 70 crores, more than 56 per cent equivalent to Rs. 41 crores found its way in the last three years, 1951-52 to 1953-54. Outlay is only one test of development and it is necessary to emphasize that the largest shares are claimed by the oil refineries with Rs. 17.02 crores, representing the highest private foreign investment to date, as well as by fertilizers. The public sector's conspicuous share in this development is patent on the face of the record of expansion of chemicals, which, however, is no indication that the growth of indigenous private investment has not kept a commensurate pace.

This energetic drive in the first planned phase of development, however, poses an important question whether expansion is proceeding on a really sound pattern. Mr. B. K. Muzumdar, in the course of his presidential address last week-end at Bombay before the Indian Chemical Manufacturers Association, found it imperative to sound a note of warning against uncritical endorsement of the course which chemical development has taken. The present preponderance of State enterprise in the industry should not disturb a rational balance between the public and private sectors in it and in any event flexibility in expansion ought to be ensured for both. The Association's president rightly emphasises that the imbalance in the present growth of the industry technically as well as regionally needs to be redressed. So far, organic chemicals have had a minor share of investment but

this proportion will have to be adjusted in future planning. We have started in a big way at the top which was probably inevitable in view of the technical complexities and difficulties involved in the manufacture of primary products required by the industry, but the growing consumption of chemical products must tend to expedite concentration on primary manufacture. Expansion in the direction of manufacture of primary materials, however, is fraught with basic problems of a large element of obvious risks and heavy investment, uneconomic operation in a prolonged initial phase and the imperative need to develop local experience in handling plants which is a vital factor. Transport is a very vital ingredient in the progress of this industry and Mr. Muzumdar has reiterated the priority requirements in respect of tank cars as also refrigeration for sensitive drugs. This is so far as provision of special wagons is concerned. The shortages of transport for chemical products in "smalls" are unlikely to be solved early and it would appear that their removal will form part of the general improvement in rail transport.

FIRST FRUITS OF AIRLINES NATIONALISATION

The results of the financial operations of the Indian Airlines Corporation for the year ended July 31, 1954, bring the revelation that in the first year of nationalisation an aggregate loss of Rs. 127.46 lakhs was incurred. The loss in 1952 of the constituent airlines under private ownership and management was Rs. 12.07 lakhs. The written statement of the Deputy Minister for Communications in the Lok Sabha, on November 16 last, enumerates twelve items which contributed to inflating the figure of the loss to Rs. 127.46 lakhs. Some of them bear mention. Rs. 35 lakhs are accounted for by discontinuance of rebate on petrol. Rs. 14.40 lakhs arose as interest on bonds or borrowings—an item, it is said, which was not included in the private airlines' account for 1952. Rs. 10.5 lakhs was the revenue of Air India Ltd. from the functions it performed as managing agents on behalf of Air India International which is not available to the Corporation. Insurance and additional depreciation, due either because of total absence or inadequate provision under private dispensation, absorbed Rs. 13 lakhs. Likewise, expenditure on overdue renovation or overhauls of aircraft and engines cost Rs. 6 lakhs. These two items, however, are likely to be considered in the determination of compensation. Likewise, if the Corporation's contention against Tatas in respect of the overdue amounts of increments in the salary of staff is a correct guide, a major part of Rs. 3.04 lakhs under this head will be claimed as a set-off against compensation. If the increase in the wage-bill of the order of Rs. 8 lakhs is to be treated as "normal increase due to normal annual increase in the time scale", as described, this will be a recurring liability. Its precise nature is not clear. Increased facilities for pilot and technical training have cost Rs. 10 lakhs. It has not been explained how much of this expenditure will be recurring.

These and other factors explaining differentials in expenditure add up to Rs. 100.94 lakhs. If they are excluded, the Corporation's loss in the first year emerges to an amount of Rs. 27.5 lakhs as against the corresponding figure of Rs. 12.07 lakhs for 1952. The Communications Ministry owes it to the tax-payer to explain the reason for the comparable loss of this magnitude.

Air India International's working during August, 1953 to July, 1954 presents a happy picture of a profit of Rs. 26.60 lakhs as against a loss of Rs. 2.14 lakhs in 1952. The contributory factors for the higher revenues were introduction of tourist traffic on the London route.

general increase in the volume of traffic, grounding of B.O.A.C. Comets for a time and higher rates for carriage of mail. It is certainly reassuring that our overseas airline is a paying proposition in the midst of an overall international picture of operations with losses.

GASIFICATION OF COALS: A NEW PROCESS

The policy of conservation of high grade coking coals will be greatly helped by a process the knowledge of which has now been brought to this country by the representatives of the German firm of Heinrich Koppers of Essen. The firm has developed the Koppers-Totzek coal dust gasifier, a method which enables the production in one step of synthesis gas from bituminous low ranking coals and from liquid and gaseous fuels. It is claimed that the gas is of a higher quality than the one which up to now had to be produced from expensive and scarce high quality coal. This process for gasification of low grade coal involved research of over 20 years. The gas which mainly consists of carbon monoxide and hydrogen is raw material for ammonia, urea, methanol etc. The discovery is of recent origin and the first plant was put into operation in Finland 2½ years ago; other plants have been commissioned in France, Japan and Spain.

Though there are a number of uses for this kind of cheap gas produced at one step—saving initial cost on equipment by about 50 per cent and ensuring maximum utilization of coal without waste of any portion in by-products—there will be immediate interest in India mainly in regard to the use of the process for the production of ammonium sulphate, for which there are now many plans. In the development of industries in Durgapur there may be a special place for this process. In South India, when lignite mining becomes an accomplished fact, this new process may provide an effective means of utilisation. Meanwhile, the experience of the four countries which have now taken the initiative will become available. There is also an old scheme for synthetic oil from coal, but this may not perhaps be considered of sufficient priority at the present moment.

INDIAN IRON ON EXPANSION PATH

The Indian Iron and Steel Company has ample justification for its confidence in its ability to undertake the full promised programme of expansion in its progressive strides. Financial operations for the year ended March 31, 1954, bear testimony to this faith and this testimony is corroborated by the evidence of performance in physical terms. After making appropriate allowance for all the charges on revenue, a net profit of Rs. 64,11,405 emerged to which was added the balance of Rs. 4,20,696 brought forward from the preceding year. Deduction of Rs. 13,49,770 on account of dividend up to March 31, 1954, on the preference shares leaves a credit balance to the Profit and Loss Account of Rs. 54,82,331. The Directors have recommended a dividend for this year at the rate of one rupee per share totalling Rs. 51,83,708. In the result, a balance of Rs. 2,98,623 will be left to be carried forward to the next account.

Production trends in the year under report illustrate how labour is made a pawn in the game of trade union power politics freely indulged in by outside leadership. In the Burnpur Steel Works Section the output of saleable steel amounted to 291,747 tons in 1953-54. It compared with the output of 69,817 tons in the quarter January-March, 1953 and of 311,559 tons in the year 1952. The comparison is to be made subject to the very vital consideration that the go-slow tactics resulting in the lock-out during August-September 1953, seriously retarded and afterwards deadlocked all production. The high rate of output after the lock-out was lifted acted far more than a mere compensatory factor.

The World Bank's loan which is earmarked for the purchase of imported equipment and the loan arranged with the Government of India together with the amount of Rs. 7½ crores to be raised by the company out of its own resources (to be applied to development expenditure inside India) will cumulatively finance the expansion programme. They have now made it feasible to place orders for the new plant. The capacity of the works will be raised by 100 per cent to 700,000 tons of finished steel per year when the expansion schemes are completely put through.

LANTERNS FOR LIGHT ABROAD

At last Friday's annual general meeting of the Lantern Manufacturers Association held in Calcutta—the second of its kind since the inception of the Association in 1946—the president, Mr. Bishan Sarup Agarwal, made a plea for vigorous expansion of output, on the basis of double-shift working, with the avowed object of capturing the export market. Precisely, it needs to be considered how far this goal is warranted by a realistic appraisal of the prospective situation.

It cannot be denied that the industry has made very impressive progress since the end of the last war. From an output of 4,70,400 units in 1946, production shot up to 43,12,800 units in 1953 and to 33,26,000 units in the first eight months of 1954, which is equivalent to an annual rate of 49,89,000 units. The effects of large scale manufacture are reflected in price reduction. Notwithstanding an increase of about 30 per cent over 1946 in the cost of raw materials and labour, the selling prices of indigenous lanterns (comparable with Diet Junior type) came down from Rs. 3-4 in 1946 to Rs. 2-1 at present. This achievement is remarkable.

The moot point, however, is whether expansion should be taken in hand immediately on the scale stressed by Mr. Agarwal on behalf of the Association. As against the current annual rate of production of approximately 50 lakhs of lanterns on the basis of single-shift working, the Tariff Commission's estimate of home consumption in this year is 40 lakh lanterns. Higher living standards and greater availability of kerosene from the refineries will accelerate this rate of home demand in course of time. But by and large further increases will have to be absorbed substantially in the overseas markets. Assuming that tin-plate are made available to the industry in adequate quantities and at lower prices (which is not a fact at present by adjustment in the pool prices and production of the war-timeterne plates, it does not automatically follow that Indian exports will substitute lanterns from other exporting countries. There is no mention in the president's speech about any specific investigations of overseas markets. Shipping freight rates are highly discriminatory against Indian shippers and Government's persuasive mediation with the conference lines (as requested by the Association) will bear fruit slowly. The elements of competitive strength are not fully available to the home industry. Over-optimistic expansion in this combination of circumstances cannot fail to prove embarrassing.

STANVAC REFINERY FORMALLY OPENED

Mr. K. C. Reddy's inaugural speech, formally declaring open the Standard Vacuum Oil Refinery at Trombay on November 19 last, should underline the importance of this landmark in Indian industry. The necessity to import substantial quantities of crude oil does not in the least subtract from the high value of establishing the refinery (to be followed by two more of Burmah-Shell and Caltex) in this country. Apart from the saving of the expenditure of foreign currency the inherent benefits in processing a vast range of petroleum products at home are too obvious to need reiteration. The pronounced modern trend toward establishing refineries near the markets rather than a

the sources of crude oil is determined by these intrinsic advantages. The employment potential of the refinery is important from the angle of the high level of technical skill which it will build in a highly complex industry. Stanvac's policy of employing the maximum possible number of the nationals of the country was restated on this occasion by the Vice-President, Mr. C. B. Marshall. His frank verdict about the economic climate in India being quite conducive to the security of investment is heartening and should stimulate further broadening of the participation of foreign capital here.

EXPANSION OF SUGARCANE PRODUCTION

The Indian Central Sugarcane Committee met recently at Walchandnagar with Mr. K. R. Damle in the chair. The meeting was attended by representatives of the industry, of the Railway and Finance Ministries and of sugarcane growers, gur and khandsari interests, and sugarcane specialists in the State agricultural departments. New schemes for stepping up sugarcane production in the factory areas of Andhra and Bhopal and in the gur and khandsari areas of Bombay, Andhra, Madhya Bharat and Bhopal were approved at the meeting. A new research programme for PEPUSU and the extension of the cane research schemes in the Punjab, Bombay and Andhra have been sanctioned. It is to be hoped that these research schemes will bear fruit and enable the sugarcane growers to increase the yield. Regarding the increase in acreage under sugarcane and its yield per acre the Committee was of the opinion that a target of 48 lakh acres under sugarcane would be achieved only if there was enough price incentive to the cultivator. It has been suggested that the price of sugarcane should not be less than Rs. 1-12 per maund (at the factory gate) for the current year and during the next two years. The current price of sugarcane is Rs. 1-7 (at factory gate); this price has been generally considered unsatisfactory by cultivators. This is expected by the Committee to go a long way towards enlarging the area under sugarcane, and leading to the cultivator taking more interest in the crop, apart from giving him a small surplus to invest in improvements on the land. This is only one view of price policy. The prices actually fixed are in accord with the prevailing trends in agricultural prices and the overall decline in prices. Incentives ought to be found in higher returns through application of improved methods resulting in better quality and larger output.

A LIBERAL ASSURANCE

Mr. Khandubhai Desai's statement in the Lok Sabha on November 19 last, regarding the effect which was statutorily given to the order modifying the Labour Appellate Tribunal's decision in the bank dispute, makes it plain that the Union Government intends to give long-term effect to the findings of Mr. Justice Rajadhyaksha. The statement, however, is of immediate importance inasmuch as it extends a liberal assurance to bank employees.

Employees' apprehensions about a reduction in their emoluments should be removed by Mr. Desai's disclosure that official enquiries made with the banks reveal that an extra allowance is to be paid to compensate for the reduction (possible in some marginal cases) in the aggregate emoluments, consequent on the application of the final Government order on the Appellate Tribunal's decision. This grant of compensation is implied in the directive against any change in emoluments for one year. In still fewer cases where a small reduction in basic wages would involve a reduction in provident fund contribution, bonus or gratuity (which are not immediately payable), there would be sufficient time to consider how it was possible to prevent it. The assurance given by the Union Labour Minister regarding retrospective enforcement of Mr. Justice Rajadhyaksha's findings to compensate for a decrease

in the emoluments of particular employees in a sense pre-judges his recommendations. Even so, the feeling of generosity which inspires his assurance will have been rewarded if it invokes a response of co-operation from employees in the inquiry. It comes at an opportune moment when there is still time for them to reconsider their militant attitude.

EASTERN RAILWAY TENDER

Sale of Condemned Wagons

The General Manager invites tender for sale of 117 condemned wagons stabled at Mathurakati Scrap Yard, Eastern Railway, Khargpur. Tender No. SS 61/53. is obtainable from the office of Controller of Stores, Fairlie Place, Calcutta, on production of a receipt for depositing Rs. 2 with the Chief Cashier, Eastern Railway, Fairlie Place, Calcutta. Firms situated outside Calcutta may, however, remit the amount by money order. The amount is not refundable.

Tenderers may inspect the wagons on any day before the closing date of the tender contacting the district Controller of Stores, Khargpur, for this purpose.

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COMMODITY NEWS AND NOTES

SECOND ESTIMATE OF GROUNDNUT PRODUCTION

According to the Directorate of Economics and Statistics, Ministry of Food and Agriculture, Government of India, the all-India second estimate of groundnut, 1954-55, puts the current year's acreage at 10,833,000 acres as against 10,050,000 acres of the adjusted second estimate for 1953-54. This shows an increase of 783,000 acres or 7.8 per cent in area. The increase in acreage under groundnut during the current year has been shared mainly by Saurashtra, Hyderabad, Bombay, Mysore, Andhra and Madras and has been generally attributed to adequate and timely rainfall received at the time of sowing. Madhya Pradesh and Madhya Bharat have, on the other hand, recorded decreases in current year's acreage under the crop due mostly to unfavourable weather conditions at the sowing time. The information given in this estimate covers the period generally up to the end of September, 1954. Till then, the condition of the crop was reported to be generally satisfactory except in parts of Andhra, Bombay, Madhya Pradesh and Madras. The estimate includes, for the first time, information in respect of the Bellary district of Mysore and also U.P. which together account for 448,000 acres under the crop during 1954-55. The estimate does not cover the total area sown to this crop during 1954-55. Past experience shows that the area at the second estimate stage forms roughly 82 per cent of the area of the crops finally reported.

DETERMINING CRIMP IN WOOL

A Draft Indian Standard Method for the Determination of Crimp in wool in the Fleece has been prepared and circulated for comments to interested parties by the Indian Standards Institution. Wool fibres grow in more or less a wavy form. The waves in the fibre are called crimps. Uniformity and abundance of crimps indicate superior wool. Assessment of crimp in wool in the fleece is helpful to the sheep breeder to judge, in a broad way, the results obtained by him due to cross breeding or to the quality of pasture. The draft standard has been prepared by ISI's Textile Standards Sectional Committee.

DECLINE IN CASTOR OIL EXPORTS

Exports of castor oil from India to the U.K. show a steady decline in the past three years. From 2.2 million gallons valued at Rs. 2.63 lakhs in 1951-52, exports to the U.K. fell to 1.8 million gallons in 1952-53 and to 1.3 million gallons in 1953-54 valued at Rs. 1.65 lakhs and Rs. 97 lakhs respectively. The U.S.A. which imported from India about 1 million gallons in 1951-52 worth over Rs. 1 crore, increased its offtake to 6 million gallons in 1952-53 valued at Rs. 5 crores. But in 1953-54 the quantity of imports was less at 2.5 million gallons valued at Rs. 1.7 crores. Total exports of castor oil from India increased from 5.5 million gallons in 1951-52 to 8.9 million gallons in 1952-53 but declined to 4.5 million gallons in 1953-54. In terms of value, the increase was from Rs. 6.57 lakhs in 1951-52 to Rs. 7.64 lakhs in 1952-53, while in 1953-54 the value of exports declined to Rs. 3.15 lakhs.

U.K. STEEL OUTLOOK

Steel production in the U.K. in October was equal to 374,500 tons a week, a record established in May 1954. The production was 5.6 per cent higher than in October, 1953, and in the current month it is expected to be still higher. It seems certain that the industry will

reach the total of 18.5 million tons for 1954, which it set itself earlier in the year.

Exports were also higher than during last year. In the first nine months 1.7 million tons of iron and steel products were exported against 1.5 million tons during the corresponding period of last year. Total exports are expected to be around 2 million tons this year. In the first half of this year, U.K. exports rose by 9.7 per cent in volume, while those of European Steel Pool fell by 1.6 per cent U.S. steel exports fell by 3 per cent and Japan's by 6.8 per cent in the same period.

There has been an increase in the production of iron and steel by 5.6 per cent, but due to an increase in the exports there has been only 1.5 per cent increased supply for home consumption. Increased demand from the engineering industry—particularly for motor-cars—has been much greater this year. Imports this year have been on the decrease. As a result of this increased demand, increased exports and decreased imports, a sort of shortage of iron and steel is being felt in the U.K.

EXPORT OF MALAYAN RUBBER

Malayan rubber exports for October, at 81,538 tons increased by more than 6,000 tons on the September exports. About half the rise was due to Japan's increased import of the commodity, which was 7,302 tons against 4,156 tons in the previous month. The United Kingdom remained the largest purchaser of Malayan rubber, taking 17,509 tons, against 16,980 tons in September. The United States took 8,513 tons. All other main consuming countries took more in October than in September: France 7,860 tons, against 7,413 tons. West Germany 7,818 tons against 7,393 tons; Italy 6,564 tons against 4,353 tons; Australia 4,217 tons against 3,603 tons, and Canada 3,368 tons against 2,273 tons.

RECORDS & STATISTICS (QUARTERLY BULLETIN)

Editor: R. V. MURTHY, M.A.

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COMPANY AFFAIRS

UPPER JUMNA VALLEY ELECTRICITY SUPPLY COMPANY, LIMITED

The working of the above Company (Managing Agents: Martin Burn Ltd.) for the half-year ended March 31, 1954, shows satisfactory results. The net profit, after including Rs. 31,181 brought forward from the previous half-year's account and deducting Rs. 21,000 for development and extension, works out to Rs. 58,761. The directors have recommended the dividend at 10 per cent per annum with an additional payment of annas 2 per share (income-tax free), absorbing Rs. 31,094 in all. The Carry forward for the half-year under review is Rs. 27,667, compared with Rs. 31,181 brought in. The table below outlines the progress of the company during the last three years:

Half-year Ended	Units Sold	Revenue (Rs.)
30th September, 1951	3,339,707	6,53,129
31st March, 1952	3,174,549	6,49,675
30th September, 1952	3,635,698	6,66,947
31st March, 1953	3,537,022	6,96,433
30th September, 1953	3,659,582	6,96,992
31st March, 1954	3,758,678	7,37,088

HINDUSTAN CO-OPERATIVE INSURANCE SOCIETY, LIMITED.

The Valuation report of the Hindustan Co-operative Insurance Society Ltd., for the three years 1951-53, makes an encouraging reading. The total surplus as a result of the valuation is as high as Rs. 1.65 crores. The Actuaries have recommended reversionary bonuses at the rate of Rs. 17½ per thousand per annum on all whole life policies and Rs. 15 per thousand per annum on all endowment assurance policies.

The rate of interest assumed in the valuation is 2½ per cent as against an average rate of 3½ per cent earned by the Company during the triennium which leaves a margin of ½ per cent from which bonuses would be made available in the future.

It must be recorded here that the management has succeeded in keeping the cost of conducting the business below 15 per cent, vide table below:

Year	Expenses Ratio Per Cent
1951	14.96
1952	14.98
1953	14.83

An interesting feature of the report is that deaths during the triennium have been just over 50 per cent of those expected by the tables employed in the valuation; in 1953, the deaths were less than 50 per cent of those expected. Despite this favourable trend in

mortality, the actuaries have not changed the table of mortality, providing this as an additional source for future bonuses.

BEGG SUTHERLAND AND CO., GROUP OF SUGAR COMPANIES

The balance sheets of the Balrampur Sugar Co. Ltd., Champarun Co., Ltd., and the Samastipur Sugar Co., Ltd., for the year ended June 30, 1954, are now available for review. The working results of all these companies show an upward trend in gross profits. A dividend of 15 per cent per annum has been declared by the Balrampur Sugar Co., Ltd., as against nil in the preceding two years. Champarun has maintained the dividend at 10 per cent and Samastipur at 5 per cent. A brief analytical report of each of the three companies is reproduced below:

The Balrampur Sugar Co., Ltd.

The results for the period, after providing for all charges, show a net profit of Rs. 5,94,900. The directors have set aside Rs. 2 lakhs for depreciation and Rs. 1½ lakhs for taxation. Provision for Reserve fund for the year under review stands as high as Rs. 3,75,000 as against nil in the preceding year. The Directors have declared a dividend at 15 per cent per annum, absorbing Rs. 2,10,000.

Champarun Sugar Company Ltd.

After providing for depreciation and taxation and making usual provisions, the net profit stands at Rs. 2,34,222. Provisions for depreciation and taxation have been stepped up and stand at Rs. 2,85,000 and 3,00,000 respectively. The directors report that the disastrous floods, which took place in Bihar during the monsoons, of 1953, reduced considerably the crop available for crushing at both the factories (at Barrah and Chanpatia). Dividend on ordinary shares has been maintained at 10 per cent per annum.

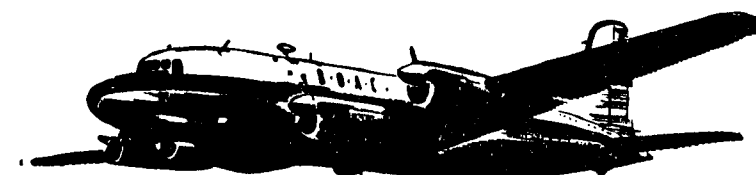
Samastipur Sugar Co., Ltd.

The net profit for the year under reference after providing Rs. 85,000 for depreciation and other usual provisions, amounts to Rs. 1,19,499. Rs. 50,000 have been provided for reserve fund. The balance, along with the carry-forward of the year 1952-53, comes to Rs. 2,04,329 which is recommended to be utilised as follows:

Dividend of Re. 1 per share, free of income tax, for the year ended June 30, 1954	Rs. 1,80,000
Carry forward	24,329
TOTAL	Rs. 2,04,329

	Balrampur		Champarun		Samastipur (In rupees)	
Year Ended June	1953	1954	1953	1954	1953	1954
Net Profit*	— 4,785	+ 5,94,900	+ 2,57,619	+ 2,34,222	+ 40,575	+ 1,19,499
Provision for Depreciation	70,000	2,00,000	2,00,000	2,85,000	50,000	85,000
Provision for taxation	Nil	1,00,000	1,50,000	3,00,000	1,25,000	Nil
Provision of Reserve Fund	Nil	3,75,000	50,000	75,000	Nil	50,000
Ordinary Dividend Rate						
Per cent per annum	Nil	15	10	10	5	5
Gross Block	37,47,864	38,50,924	63,47,657	67,14,964	36,77,360	38,17,360
Accumulated Depreciation	25,86,456	27,77,928	47,82,745	50,49,402	21,32,129	22,17,129
Net Block	11,61,408	10,72,996	15,64,912	16,65,562	15,45,231	16,00,231

* After providing for depreciation and taxation.



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CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

		Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
		Food Articles	Indus. Raw Matrls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48	..	306.1	377.5	281.6	286.4	456.2	308.2	..	..	..	..
1948-49	..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50	..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51	..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52	..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53	..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54	..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
January 1954	..	381.5	481.1	361.5	364.3	709.8	398.5	90.3	101.7	87.7	98.2
February	..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March	..	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
April	..	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May	..	366.2	464.6*	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0
June	..	343.2	441.0	355.6	378.7	647.3	381.6	90.3	100.9	88.5	106.9
July	..	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6
August	..	362.4	420.9	351.9	375.7	608.9	382.5	90.8	100.6	89.4	117.4
September	..	363.6	426.0	353.3	377.7*	607.8	384.4*	90.7	100.5	88.6	121.0
October	..	355.9	428.8	351.8	376.5	605.7	381.6	90.4	100.5	88.4	118.2
Week Ending	..	356.3	430.4	352.2	377.9	606.0	382.4	90.5	100.5	88.3	119.4
9-10-1954	..	361.9	430.3	352.2	375.5	604.7	383.6	90.4	100.5	88.2	117.5
16-10-1954	..	355.8	434.3*	351.3	375.9	606.3	382.3*	90.3	100.5	88.4	116.9
23-10-1954	..	351.3	427.3	351.0	375.3*	604.3	379.2*	90.2	100.6	88.0	116.9
30-10-1954	..	349.6	438.5	349.5	376.8	613.4	380.9	90.3	100.6	88.4	117.4

† Economic Adviser's Series. †† Reserve Bank Series. * Revised.

WORKING CLASS COST OF LIVING
(August 1939=100)

Period	Bombay		Delhi	Bengal	U. P.	Central Provinces		Madras	E.P.	Bihar	All India†
	Bombay	Bombay June 1934=100				Nagpur	Jubbulpore†				
1939 (Aug.-Dec.)	103	—	—	—	105	104	—	106	—	—	—
1948	238	303	243	132	339	471	372	146	309	168	134
1949	202	307	248	132	348	478	377	151	323	164	138
1950	298	313	257	132	349	434	372	153	325	165	138
1951	314	330	261	142	370	451	391	168	334	167	144
1952	321	337	250	143	351	441	380	150	320	151	141
1953	346	363	275	140	349	453	387	151	351	147	145
1953 October	350	368	282	144	349	457	389	153	352	150	147
November	344	361	280	144	339	453	385	148	353	149	144
December	342	359	268	140	329	438	380	146	350	149	141
1954 January	346	363	269	139	325	442	377	144	353	151	142
February	331	348	257	139	316	432	375	144	352	151	139
March	332	349	257	138	319	416	374	143	345	150	137
April	338	355	255	141	323	426	377	144	341	151	138
May	338	355	251	142	339	415	374	142	341	150	139
June	350	367	240	135	332	396	375	141	342	149	138
July	349	366	241	134	331	400	373	141	339	145	138
August	345	362	237	135	330	408	372	—	336	145	—
September	347	364	—	137	332	406	—	—	—	—	—
October	—	—	—	141	—	—	—	—	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED											
	20-11-1954			13-11-1954			6-11-1954			30-10-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola)	89- 5	88- 1	88-15	89- 8	87- 13	88- 7	88-15	87-15	88- 7	88- 5	87- 7	88- 2
Silver (per 100 fine tolas)	159-11	157- 8	158-14	160- 1	157- 12	158-14	160-10	158- 2	159- 3	159-13	159- 5	159- 9

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NEW DELHI

RESERVE BANK OF INDIA
ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupce Coin	Rupce Securities	Total Assets
1938-39*	182.36	28.28	210.64	44.42	66.95	111.37	52.91	67.11	32.16	210.64
1947-48*	1,227.82	47.12	1,274.95	44.42	1,135.32	1,179.74	92.53	32.36	62.84	1,274.95
1948-49*	1,231.84	22.02	1,253.86	42.49	907.47	949.96	75.43	42.98	265.02a	1,253.86
	(5.68)	(—)	(5.68)					(90)		(5.68)
1949-50*	1,128.94	24.00	1,152.94	40.02	647.04	687.06	59.59	50.53	415.36	1,152.94
1950-51*	1,163.21	17.19	1,180.40	40.02	624.70	664.72	56.31	57.21	458.47	1,180.40
1951-52*	1,189.84	27.78	1,217.62	40.02	625.27	665.29	54.64	63.98	488.36	1,217.62
1952-53*	1,114.84	27.87	1,142.72	40.02	564.40	604.42	52.89	80.22	458.08	1,142.72
1953-54*	1,133.95	23.03	1,156.97	40.02	594.02	634.04	54.80	92.83	430.11	1,156.97
Average of Fridays										
March 1954	1,190.15	12.48	1,202.63	40.02	648.15	688.17	57.22	93.12	421.34	1,202.63
April "	1,220.24	13.08	1,233.32	40.02	674.15	714.17	57.91	97.81	421.34	1,233.32
May "	1,220.26	25.62	1,245.88	40.02	688.15	728.17	58.45	98.49	421.22	1,245.88
June "	1,196.24	36.20	1,232.44	40.02	679.40	719.42	57.96	96.50	421.22	1,232.44
July "	1,163.71	35.99	1,199.50	40.02	638.15	678.17	56.52	100.31	421.22	1,199.50
August "	1,149.93	32.78	1,182.71	40.02	618.15	658.17	55.65	103.42	421.22	1,182.71
September "	1,152.24	26.51	1,178.74	40.02	613.15	653.17	55.41	105.22	420.35	1,178.74
October "	1,161.85	23.37	1,185.22	40.02	621.15	661.17	55.78	106.30	417.75	1,185.22
Week Ending										
8-10-1954	1,173.22	13.40	1,186.71	40.02	623.15	663.17	55.88	105.79	417.75	1,186.71
15-10-1954	1,162.05	24.94	1,186.99	40.02	623.15	663.17	55.87	106.07	417.75	1,186.99
22-10-1954	1,157.01	30.68	1,187.59	40.02	623.15	663.17	55.84	106.67	417.75	1,187.59
29-10-1954	1,161.94	25.33	1,187.27	40.02	623.15	663.17	55.86	106.85	417.75	1,187.27
5-11-1954	1,168.62	17.62	1,186.25	40.02	623.15	663.17	55.90	105.33	417.75	1,186.25
12-11-1954	1,172.28	13.90	1,186.18	40.02	623.15	663.17	55.91	105.26	417.75	1,186.18

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS**	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14.90	..	16.19	75	31.84	1.28	43.12	28.38	1.53	4.21	1.72	2	6.36	90
1947-48*	366.79	16.93	102.47	34.21	520.40	14.55	544.95	47.24	2.62	406.95	1.57	21	81.53	4.85
1948-49*	222.17	6.62	80.53	56.52	393.72	15.33	419.05	22.12	4.28	307.78	1.71	3.34	75.65	4.14
	(14.33)	(3.04)									(1)			
1949-50*	141.19	23.12	67.00	64.39	295.69	15.76	321.45	24.12	4.30	280.91	3.35	8.39	960.54	4.34
1950-51*	148.60	17.71	62.22	62.29	290.82	18.14	318.97	17.31	3.04	107.70	2.37	6.77	76.72	5.06
1951-52*	181.30	15.95	58.68	69.22	325.15	18.62	353.77	27.92	6.31	187.14	5.90	19.42	95.19	11.91
1952-53*	134.40	7.79	52.89	61.93	256.02	23.69	292.71	28.03	6.64	133.56	2.85	19.03	89.77	12.83
1953-54*	105.44	23.40	46.52	57.45	232.80	23.91	266.72	23.22	9.46	123.31	1.78	19.84	81.58	7.51
Average of Fridays														
March 1954	80.90	42.08	40.44	42.99	206.41	24.91	241.32	12.72	10.46	99.86	1.12	39.83	68.70	8.64
April "	64.51	30.52	42.16	45.21	182.41	27.95	220.36	13.35	12.98	78.55	1.21	40.01	65.17	9.09
May "	93.14	20.61	43.30	46.10	203.15	28.47	241.62	25.90	10.11	65.23	1.12	57.83	71.91	9.51
June "	110.59	18.52	43.21	43.79	216.04	28.28	254.47	36.44	9.07	171.44	1.29	39.00	85.31	9.84
July "	121.13	20.39	46.82	36.55	224.91	26.06	261.88	36.21	1.76	103.01	7	19.84	93.06	1.73
August "	128.46	14.04	56.51	35.01	232.60	23.98	266.60	38.02	3.02	112.99	1.41	16.86	93.11	6.20
September "	137.93	13.37	62.04	34.29	247.63	13.84	271.48	26.77	6.22	117.74	1.09	18.04	95.23	6.43
October "	102.45	28.36	65.38	34.25	230.41	16.90	257.31	23.63	4.21	107.08	67	17.94	96.81	6.97
Week Ending														
8-10-1954	102.53	27.50	59.93	34.05	224.01	16.33	250.34	13.71	5.23	106.10†	1.61	10.59	97.42	6.60
15-10-1954	98.27	30.18	68.74	34.00	231.18	16.74	257.91	25.22	4.76	105.50†	54	17.55	97.60	6.74
22-10-1954	98.98	26.02	70.54	34.31	229.85	17.59	257.44	30.90	3.94	103.04†	50	15.82	96.47	6.76
29-10-1954	103.46	22.51	66.30	34.29	226.55	17.26	253.81	25.67	3.50	102.24†	69	18.71	95.06	7.94
5-11-1954	93.17	17.93	68.77	34.01	213.89	16.67	240.56	17.81	1.98	103.16†	59	14.25	94.71	8.07
12-11-1954	93.52	17.65	67.35	34.64	213.16	17.17	240.33	14.16	3.68	103.03†	1.70	14.29	94.68	8.09

Note: Figures in brackets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid-up and Reserve Fund. *Average of Fridays. † Includes cash and short term securities.

AGRICULTURAL LABOUR

Average Size of Cultivators' Holdings.

Zones	Average size (Acres)
North India	5.3
East India	4.5
South India	4.5
West India	12.3
Central India	12.2
North-West India	12.6
All-India	7.5

Concentration Ratio of Cultivators' Holdings

Zones	Concentration ratio *
North India	0.55
East India	0.56
South India	0.64
West India	0.58
Central India	0.58
North-West India	0.55
All-India	0.62

* A measure of the inequality of the distribution would be the concentration ratio

Subsidiary Occupation of Earners (All-India)

Main occupation of earners	Percentage of earners having subsidiary occupations	Percentage of earners having the following subsidiary occupations †			
		Ownership	Tenancy	Agricultural labour	Non-agricultural labour and other non-agricultural work
Ownership	5.1	..	1.9	0.9	2.3
Tenancy	5.1	1.4	..	1.4	2.3
Agricultural labour	8.1	2.5	2.3	..	3.3
Non-agricultural labour and other non-agricultural work	7.8	2.6	2.6	1.7	0.9 †
All earners	26.1	6.5	6.8	4.0	8.8

† Percentages are to total number of earners.

†† Non-agricultural earners may have other non-agricultural work or labour as the subsidiary occupation

Employment of Adult Male Agricultural Labourers

Zones	All workers	Average number of days worked on wages during the year	
		Casual workers *	Attached workers ††
North India	289	280	345
East India	224	215	323
South India	181	173	301
West India	198	171	340
Central India	245	193	325
North-West India	202	141	288
All India	218	200	326

* Workers other than attached workers. They are employed from time to time according to exigencies of works.
†† They are more or less in continuous employment and are engaged under some sort of contract with employers during the period of employment.

Unemployment of Agricultural Labourers (All Labourers)

Census Zones	Percentage of workers not employed on wages in any month of the year	Average annual unemployment of those employed on wages (days)
North India	4	44
East India	17	73
South India	20	115
West India	14	118
Central India	16	54
North-West India	17	82
All-India	16	82

Unemployment of Casual Labourers

Census Zones	Percentage of labourers not employed on wages in any month of the year	Average annual unemployment of those employed on wages (days)	Percentage of unemployment accounted for by want of work
North India	5	48	67
East India	18	77	75
South India	20	116	77
West India	15	128	84
Central India	22	73	69
North-West India	25	120	60
All-India	18	90	74

Modes of Wage Payment

(Percentage of wage-days)

Zones	Time	Piece	Cash	Kind	Cash and kind	with perquisites*	without perquisites
North India	98	2	56	36	8	62	38
East India	89	11	50	43	7	51	49
South India	98	2	66	21	13	31	69
West India	99	1	76	18	6	21	79
Central India	94	6	46	43	11	2	98
North-West India	99	1	79	13	8	22	78
All-India	95	5	58	32	10	33	67

* These are customary allowances enjoyed by agricultural labourers in addition to their wages paid either in kind or in cash.

Continued on the next page

AGRICULTURAL LABOUR

Average Daily Wages (in annas)			
Zones	Men	Women	
North India ..	18.8	16.8	
East India ..	19.9	15.7	
South India ..	16.2	9.8	
West India ..	18.0	12.5	
Central India ..	12.8	8.2	
North-West India ..	22.8	15.8	
All-India ..	17.5	10.8	

Average Daily Wage of Male Workers (in annas)			
Zones	Casual	Attached	
North India ..	18.8	15.0	
East India ..	19.9	11.5	
South India ..	16.2	12.5	
West India ..	18.0	12.8	
Central India ..	12.8	10.6	
North-West India ..	22.8	22.4	
All-India ..	15.8	12.3	

Comparative Wage Rates In Agriculture, Factory And Plantations				
State	Daily wage earnings (in annas) in			
	Agriculture (1950-51)	Plantations (1950-51)	Factory Industries (1950)	
Assam ..	29.8	18.5-20.5	60.8	
Bihar ..	20.2	—	68.8	
Bombay ..	17.6	—	67.2	
Madras ..	15.5	19.5-21.8	38.6	
Travancore-Cochin ..	21.4	20.0	—	
Madhya Pradesh ..	12.6	—	52.8	
Orissa ..	11.5	—	38.4	
Punjab ..	28.6	—	44.8	
Uttar Pradesh ..	18.8	—	52.8	
West Bengal ..	27.0	19.5-21.5	49.6	
All-India ..	17.5	—	54.4	

Wages and Food Prices 1950-51 (1938-39=100)			
Census Zones and States	Wages	Food Prices	
North India (U. P.) ..	508	493	
East India		r	
Assam ..	374	392	
Bihar ..	505	544	
West Bengal ..	399	446	
Orissa ..	437	507	
South India			
Madras ..	287	413	
Mysore ..	261	268	
Travancore-Cochin ..	350	631	
West India			
Bombay ..	296	342	
Central India			
Madhya Pradesh ..	312	264	
Madhya Bharat ..	433	623	
Hyderabad ..	255	373	
North-West India			
Rajasthan ..	508	538	
Punjab ..	287	434	
PEPSU ..	676	547	

Per Capita Income of Agricultural and Industrial labour Families				
State	Annual Income per Capita in Rs.			
	Agricultural labour family 1950-51	Industrial family 1950	Percentage of per Capita income of agricultural labour to industrial labour	
West Bengal ..	160	268		59
Bihar ..	119	332		36
Madhya Pradesh ..	87	262		33
Orissa ..	79	145		54
Punjab ..	121	216		56
Bombay ..	88	368		24

Industry figure relates to both perennial and seasonal factories covered by the Payment of wages Act, 1936.

An Industrial labour family is one in which the head of the family was employed on wages in industry.

Industry figure relates to both perennial and seasonal factories covered by the Payment of wages Act, 1936.
An Industrial labour family is one in which the head of the family was employed on wages in industry.

(Continued on next page)

AGRICULTURAL LABOUR

Per Capita Consumption of Cereals Per Day		
Zones		Total cereals consumed including the cereal content of perquisites (ounces)
North India	..	20.2
East India	..	18.0
South India	..	14.1
West India	..	14.6
Central India	..	15.3
North-West India	..	21.6
All-India	..	16.3

Annual Per Capita Expenditure (Rs) of Agricultural Labour Families and All Rural Families					
Consumption groups	All-India				
	Agricultural families A. L. E. * (1950-51)	Rural families N. S. S. † (1949-50)	Agricultural labour families A. L. E. * (1950-51)	Rural families N. S. S. † (1949-50)	
	Actuals	Percentage to total			
I Food	..	91.4	145.7	85.3	71.4
Foodgrains	..	65.7	85.0	4.0	41.7
Pulses	..	4.3	7.9	1.0	3.9
Vegetables	..	1.1	5.1	2.3	2.5
Edible oil	..	2.5	8.3	0.7	4.1
Milk and milk products	..	0.8	17.1	1.4	8.4
Meat, fish and eggs	..	1.5	4.7	1.1	2.3
II Fuel and lighting	..	1.2	7.1	0.8	3.5
III House rent	..	0.9	1.3	6.3	0.6
IV Clothing and foot wear	..	6.7	27.3	6.5	13.4
V Services & miscellaneous		7.0	22.6	6.5	11.1
Tobacco	..	2.5	3.9	.3	1.9
Intoxicants	..	0.8	1.7	0.7	0.8
Total Expenditure	..	107.2	204.0	100.0	100.0

Size of Family and Levels of Living (All-India)		
Levels of Living Rs		Average size of family in consumption units
..	..	4.3
100	..	3.6
200	..	3.1
250	..	2.7

Consumption of Cereals *Per Capita (in ounces) According to Levels of Living (All-India)		
Levels of Living Rs	Percentage of families to total number of families	Quantity Consumed
51-100	..	24.4 11.0
101-150	..	36.0 14.4
151-200	..	19.5 17.7
201-250	..	9.0 19.8

Per Capita Annual Expenditure (Rs)		
Zones	A. L. E. * (1950-51)	N. S. S. † (1949-50)
North India	..	130.1 191.5
East India	..	122.8 199.4
South India	..	94.5 194.4
West India	..	91.5 213.7
Central India	..	93.0 197.1
North-West India	..	143.4 293.6

* Agricultural Labour Enquiry

† National Sample Survey

* Excludes the cereal content of perquisites

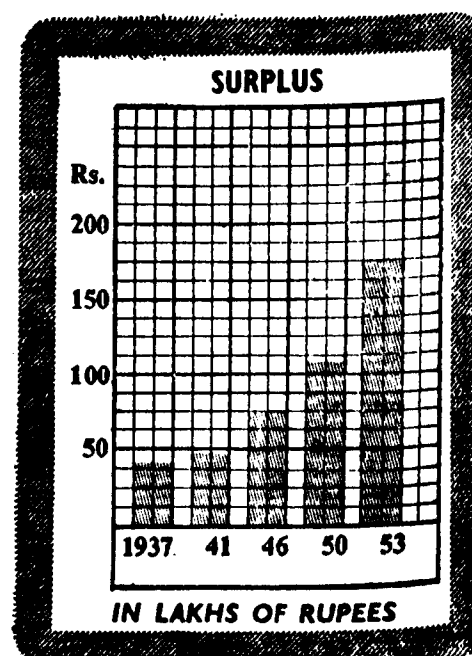
† National Sample Survey

Source: Agricultural Labour

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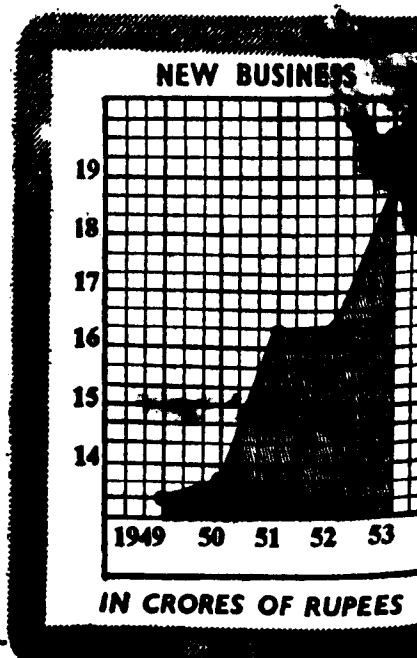
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NEW DELHI, DECEMBER 3, 1954.

ONE RUPEE

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Industrial Policy—A Reassessment?

THE keen interest shown in the last few weeks on our future economic policy is one of the most encouraging features at the present time. Within Parliament, where foreign policy had invariably secured priority over economic affairs, the position seems to have been reversed, at least for the present session. The prolonged debate last year on a private member's resolution on the unemployment situation had provided opportunity for the clarification of economic policy in all of its aspects. The situation today has in many respects changed. As the Prime Minister stated before the National Development Council last month, "we have arrived at a very definite stage in planning and our work". There is now a consciousness of substantial achievement. Our economic ascent has provided a point of elevation from which we can now choose the paths to be followed for the rest of the way ahead. So far as the first phase of our planning is concerned, the possibilities of fulfilment are now fairly clear. The weaknesses as well as the successes have been well demonstrated. Even if less than one-fourth of the planned outlay is spent on the

first Five-Year Plan, our planning would not have failed in its broad purposes. That, however, would not be a denial of the deficiencies in the particular fields, in which it lay within our capacity to overcome them. Planning has, in any case, been a valuable experience.

It is bound to continue to be so. After each spell of such experience, a similar reassessment of means and ends would be inevitable. That is the best argument for not regarding opinions and convictions reached at any particular stage as immutable, even if at that stage they tend to be regarded as largely inevitable. Viewed in this background, most of the controversies of the last few weeks on our economic policy appear to have been thrown completely out of perspective because of the personalities associated with it at the moment. This is at one and the same time a sign of our strength and of weakness. In a different context, there is every likelihood of the principles which are being formulated today being qualified sufficiently to enable precisely those actions which are now regarded as impossible.

It is nowhere disputed that we are on the threshold of industrialisation and that the expansion of industry which will be emphasised in the second Five-Year Plan, will be sought at a fairly rapid rate. Nor will it be denied that our industrialisation would be attempted only under the system of mixed economy which has come to be accepted by all sections concerned. The rest is a matter of interpretation of these two chief assumptions from time to time. The precise manner in which the mixture should be maintained can never be exhaustively defined. The Industrial Policy Resolution of 1948 had attempted a working definition and so far it seems to have worked satisfactorily, not so much because its text was drafted with uncanny forethought as because of a pragmatic approach towards its application. The policy as then laid down did not seriously come into conflict with the development, however modest it might have been, of the public and the private sectors in Indian industry all these six years.

The only question to be faced today is whether the principles of demarcation of the spheres of production and of new enterprises, between the private and public sectors, should continue to be observed and if so whether the separation should be rigid or sufficiently flexible so as to be consistent with our goal of rapid industrial development. The particular case on which the question has come up for discussion is not by itself of paramount importance. It is a matter of common knowledge that the Industrial Policy Resolution of 1948 had reserved for the Government the exclusive right to start new undertakings in iron and steel, except where in the national interest the State found it necessary to secure the co-operation of private enterprise, subject to appropriate control and regulation. If today, the government refuses to recognise that there is any necessity for invoking the exception then provided under the Resolution, it is clearly exercising a right which it had then reserved for itself. The existence of that right cannot, however, give finality to a judgment on whether the national interest would or would not be served by private enterprise entering this field of industry.

The special position accorded to oil refineries established by foreign and private enterprise was a major exception to the Industrial Policy Resolution. They were worth while even on those terms not only because oil refining is a highly complicated industry in which the world's supply of skill and enterprise is limited, but also because the country would be a net gainer in spite of such a special position. In any case, there was here a precedent for the position that every case would be considered on its individual merits. Later, in respect of iron and steel, a decision to collaborate with foreign private enterprise has been taken, though the conditions prescribed therein were such that the foreign participants would play only a secondary role. There were grounds, therefore, to believe that Indian private enterprise would also, so long as it sought to advance the national interest by embarking on new enterprises, in accordance with the bold industrial targets of future plans, secure a more privileged position, consistently with the concept of the mixed economy.

Thus, even if the Industrial Policy Resolution of 1948 is to be rigidly interpreted, the onus is on the State to establish that the national interest will receive a positive setback if private enterprise enters any one of these reserved fields either wholly by itself or in collaboration with the State or with foreign enterprise. It cannot obviously be that there is no need for the iron or steel now sought to be produced. Nor is it the case that our resources in raw materials for this industry are so scarce as to cause a competitive scramble for them when all the new undertakings now on hand and those now under consideration go

into production. It is, therefore, absurd to contend that all the differences have arisen as a result of a strict interpretation of the Resolution of 1948. A strict interpretation of that document, irrespective of the changing conditions since 1948, would ordinarily look strange because such sanctity has not been attached even to the Indian Constitution which is being amended frequently whenever it hampers any branch of desirable activity. The Prime Minister deprecated only last month the rigid, dogmatic and semi-religious outlook involved in "holding fast to a set idea, some slogan and trying to fit in your thought to that slogan rather than fitting yourself and understanding the changing conditions." It is inconceivable that the Policy Resolution of 1948 would become a Procrustean bed for industrial enterprise in the country by being invoked and interpreted like a theological text.

It would be altogether absurd to assume that private enterprise is, as it were, straining at the leash to enter all the exclusive fields of the public sector so, in time, as to swamp it. It cannot be disputed that the resources of the public sector will in future be so large as to make the private sector only a residuary legatee. The private entrepreneur is bound to depend on the planner's decisions for the allocation of his resources. Essentially, the differences between the public and private sectors in a planned economy arise only from the character of the agency chosen. Whatever enterprise and managerial ability is available in the country has been lying dormant. Private enterprise has obviously not done its best to awaken it even for its own benefit. But the public sector has done even less to discover it; so far it has not prepared itself for a career of rapid industrial advance by recruiting and training talent on a scale on which it could rest its claim to be in exclusive possession of certain sectors of industry, rejecting all other agencies offering to supplement the activity in the public sector. Even when the public sector succeeds in finding talent on such a scale, it has many other fields which are unmixed by private enterprise—like railways, communications, irrigation and power projects and strategic industries—in which the talent could be usefully applied without competing in those spheres in which other agencies are now forthcoming to provide initiative and management.

Hard cases make bad law. Whether the proposals for manufacture of pig-iron and of steel were well conceived in all particulars or well-timed, would be matters of detail and could be dealt with as such. Since 1948, the context has changed. On the one hand the belief in controls has altered. Nationalisation is no longer held as a panacea for all industrial shortcomings as before; indeed, the Plan has many wise objections to state against that theory. The latest example is the positive exhortation to the States to suspend all schemes of nationalisation of road transport for the next seven years. At the same time, the Resolution of 1948 has been breached in the opposite direction by the inclusion of more than 50 industries for Central regulation, instead of the 18 specified therein. And there has been a legitimate belief that it is far more efficient for the State to regulate and control private enterprise than directly participate in industry and become a defender of efficiency.

The only meaning which these interpretations have for our industrial policy for the future is that they are restrictive, and not as highly expansionist as they should be in the context of the advance contemplated in the second Five-Year Plan. This restrictionism is objectionable because it is based on a vague ideology, not on individual defects like the numerous other applications which are being rejected from time to time by the Licensing Committee. It is hard to prove that the national interest is best served by smothering enterprise even where it reluctantly and belatedly raises its head with some hope.

The Age of Marriage

THE Joint Select Committee on the Hindu Marriage and Divorce Bill has taken an over-cautious attitude on the question of the minimum age limit for marriage in the case of females. It has varied the age limits prescribed in the original Bill both for boys and girls, but while it has found no difficulty in increasing the minimum age for boys from 18 to 21 years, it has obviously hesitated to recommend a bolder upward limit for girls. The Committee has almost conceded the imperative need of taking further legislative action to prevent early marriages. It finds ample evidence of change in current trends in outlook on social problems. Opinions about the status and dignity of women in India have undergone a radical change in the last quarter of a century and there is no reason why the age limit for girls should not be fixed at 18. The Select Committee's cautious recommendation may yet be modified as the Bill comes before the two Houses.

The problem as now conceived is the problem of prevention of early marriages and not merely prevention of child marriages. The basic purpose of the first legislative measure to introduce reform in respect of the age of marriage is patent on the face of its title—the Child Marriage Restraint Act, 1929. The whole scheme of the Act was conceived in a spirit of applying the machinery of law for putting a ban on the highly objectionable child marriages. Even so, the age limit in the case of girls was fixed at 14. The clamour that was then raised against this step affecting the social life of the community was largely sentimental born of a hesitation to break away from traditional ways and the fear of its consequences.

The operation of the Act has helped in a considerable degree to overcome this doubt and fear. It is not claimed that it has eliminated child marriages in this country. No law can ever stamp out an evil in toto, but its purpose can be deemed to have been achieved in a reasonable measure, if it succeeds in minimising the magnitude of the evil. In the total population of 41.99 million females in the age group 5-14 in 1951 only 6.12 million were married according to the census reports. In a community in which marriage before the age of 14 was the general rule only two decades back, this proportion of married girls must be considered quite modest. In the period of twenty-five years that have elapsed since the Child Marriage Restraint Act was introduced, popular attitudes on marriage reform have undergone remarkable change. Excepting for a solitary dissident, representing the Ram Rajya Parishad, no member of the Select Committee has disagreed about the urgency of carrying this reform further.

The advisability of raising the age limit for girls to 18 is indicated by the structure of the Bill. The three major reforms which it seeks to introduce in the institution of Hindu marriage are strict enforcement of the principle of monogamy, provision of right of divorce under specified conditions and ban on early marriages. It is noteworthy that the provision relating to monogamy has not been called in question. Rather, the approval of this principle has demonstrated that no sanctity can be attached to an age-old tradition, and in a society that is ceasing to be static the dynamic forces must be provided by legislation. Acceptance of monogamy, logically leads to the abandonment of the principle of indissolubility of the marriage tie.

This plain logic has not found ready acceptance and the controversy that has raged round the issue of divorce has tended to create confusion. It totally ignores the fact that divorce is in no sense a radical innovation in Hindu society and it has the sanction of custom in large sections of the community going long back to the past. The omnibus provision for divorce that is being incorporated in the Bill accords with the prevailing custom as well as with the pressure of demand for this reform. Divorce has properly been restricted within reasonable limits in the Committee's report, the basic idea being to offer wide opportunities for adjustment between the parties. Monogamy and the contingency of divorce emphasise the desirability of enlarging the area of marriage by voluntary choice and approval and minimising the need for negotiated marriages. It is surely an exaggeration to urge that marriages after the age of eighteen will eliminate the mediation of elders in their settlement in the Hindu society in the near future. But this age limit provides scope for the free play of voluntary choice and opportunity, where it is needed, to resist family or social pressure in the matter of the selection of the partner. The limit of sixteen, with the accompanying legal obligation to obtain the consent of the guardian for marriage before the attainment of majority at eighteen, widens the possibilities of restrictions on such free choice.

The reform in the limit of age for marriage is primarily justified on social grounds necessitating the emancipation of women from the bonds of an anachronistic tradition. But its demographic aspect is of vital importance in the light of the challenge posed by the growth of population. On the basis of the matrimony data collected in the last census for Travancore-Cochin and Madhya Pradesh, it would be a safe assumption to make that an upward revision of marriage age for girls by two years more would normally result in the reduction of the growth of births by 50,000 per year attributable to mothers in the age group 17-18. The number of married females in the age group 15-18 may reasonably be put at 10 million and in case the age limit for their marriage is raised to 18, births will be postponed by an appreciable margin. This in itself ought to prove a positive factor for limiting the growth of population and, besides that, attainment of the married status for women after the age of eighteen will assist a better appreciation of the responsibilities of family planning.

The role of social legislation differs radically from that of penal legislation in the matter of enforcement. In practical administration, the provision prescribing punishment for breaches in social laws cannot be given the same degree of harsh application as in the case of the latter. This need to temper the rigour of the law has been overlooked in the criticism against the enforcement of the Child Marriage Restraint Act. While heavy punishment must be deemed to be imperative in flagrant violations of the age limit, not all the cases brought before the courts will merit similar drastic sentences. The objective of raising the marriage age in practice can best be achieved with the aid of injunctions to be issued by the courts to restrain their celebration on prior motion by an appropriate party. Proper safeguards must be prescribed, in any event, to preclude reckless exercise of this remedy. It is surprising that the preventive aspect has not been properly considered in the Bill or the Select Committee's report.

India's Balance of Payments

THE meetings of the Import Advisory Council and Export Advisory Council this week have provided notable proof of the fact that the administration of import and export policy has made substantial progress and is still winning added praise. There was no member of either Council on Saturday and Sunday who had any major criticism to offer on the general principles of policy on any major question of implementation. There were some criticisms of the administration of import control in Calcutta in respect of particular items. But the broad opinion, voiced particularly by the representatives of the Federation of Indian Chambers of Commerce and Industry and the Associated Chambers of Commerce, was uniformly laudatory.

Because the conception of policy and its administration raised no particular problems, it is possible to confine oneself to a fairly academic point which was also raised in the course of discussion. This is in respect of the Government view on the current trend of India's balance of payments. Mr. D. P. Karmarkar, the Commerce Minister, who presided at the Import Advisory Council meeting, said on the problem of trade and payments: "You will remember that in the six months ending December 1953, we had a small surplus of Rs. 4.56 crores. But in the succeeding six months, the net deficit was of the order of Rs. 30.17 crores. Despite a small spurt in the value of exports in the quarter ending September 1954, we are still running up a deficit, albeit of comparatively smaller dimensions. If we examine our sterling balance account, the trend becomes unmistakably clear. At the beginning of April, 1954, the sterling balances had amounted to Rs. 754.33 crores. Since then there has been a steady reduction until at the end of October, 1954, the balance stood at Rs. 727.38 crores—a reduction of Rs. 27 crores in a period of seven months."

It can be deduced from this statement that the Government of India believes that the running down of the sterling balances in the last seven months shows greater utilisation of our foreign exchange this year than in the last calendar year. It was pointed at this meeting that this was by no means a warranted conclusion. The point, however, needs to be stressed as it is sometimes believed that the policy of liberalisation of imports is already beginning to tell. This is not the case.

Below is a statement of India's balance of trade for the years 1951 to 1954 month-wise. It will be seen that in the calendar year 1954, except for the months of March and September, surpluses have been greater and deficits less than in the corresponding months of last year. It would follow from this statement that in so far as any conclusion can be drawn, the year 1954 will end with an even more favourable balance of payments than 1953.

The reason for the running down of the sterling balances is the high seasonal factor which exists in India's balance of trade and, therefore, payments. The most favourable months in the year are, normally, the last three owing to the fact that the build up of both jute and tea exports is highest in this period, while imports tend to be somewhat lower than they are in the months of April, May, June, July, and August. In other words, the conclusion which the Commerce Minister drew that the drop of the sterling balances was an indication of a trend of a better utilisation of foreign exchange in 1954 than in 1953 is unwarranted.

It is likely that in the current year India's balance of trade will be something like Rs. 15 to Rs. 20 crores more favourable than last year.

The position on the balance of payments is not so clear as aid receipts in the year have still not been determined. But there is a likelihood of India's net balance of payments in the official year 1954-55 being of the order of Rs. 80 crores. If imports continue to be kept at present levels and our exports improve it is difficult to see how it could be otherwise. Tea is in a particularly strong position and there is no indication that it will be seriously affected during the rest of the year. Jute stocks have been low for some time and there is the prospect that at the end of the financial year our total export earnings through jute would have increased by about Rs. 20 crores. Finally, cotton textile exports in the nine months of this calendar year have already reached the level attained during the whole of last year. The immediate future is brighter because of the Japanese decision to restrict the quantities hitherto offered for international trade at low prices. In other words, while there are hopeful features on the side of our exports, there are few lines in which our imports can at the present time increase. Our sterling balances stand now at Rs. 727 crores, which is the same as their level in January last. The last quarter of this year would only add to this level, even if the favourable balance in trade is taken into account, without other invisibles.

TABLE

INDIA'S BALANCE OF TRADE, 1951-1954

	(Lakhs of Rupees)			
	1951	1952	1953	1954
January ..	+ 6.30	-26.83	+ 80	+ 4.21
January ..	+ 6.30	-26.83	+ 80	= 4.21
March ..	+28.37	-34.72	+ 1.89	- 3.01
April ..	- 3.28	-36.24	-17.63	-16.30
May ..	+16.17	-28.67	-15.10	-12.94
June ..	- 7.15	-11.29	-11.39	- 2.44
July ..	- 9.00	- 4.97	-11.78	- 7.04
August ..	-12.84	- 4.09	-11.27	- 7.04
September ..	-12.94	- 1.44	+ 2.72	+ 1.18
October ..	-23.64	+ 6.44	+ 2.49	..
November ..	-10.86	- 2.61	+ 9.73	..
December ..	-18.47	- 1.67	+12.67	..

If this conclusion is correct, it is obvious that there is room for further liberalisation of imports. There is no reason, for example, why our imports of fertilizers and machinery not produced in the country should not be stepped up immediately. It is sincerely to be hoped that the Government of India will analyse the payments figures with the object of providing the maximum impetus to imports where they do not conflict with national interest.

THE WEEK'S NOTES

CABINET GOVERNMENT

The rumours this week about the possibility of the resignation of the Minister for Commerce and Industry ushered in the third Cabinet crisis for the year. It is significant that all the three crises of this year related to portfolios concerning economic affairs—to the Finance, Labour and Industry Ministries respectively. So far as the crisis in the Labour Ministry was concerned, subsequent developments have now established that it was an avoidable one, if what has been now conceded over the bank employees' dispute had been thought of earlier. This episode illustrates the character of the Cabinet differences that seem to arise frequently. There are really no sharp cleavages of opinion among the Ministers dealing with economic affairs on the fundamental matters of policy—in any case there is now less divergence than was revealed in the attitude towards food controls by the Food and Finance Ministers two years ago. But differences of emphasis are often magnified into vital issues of principle and to the individual Ministers they have often appeared very vital in order to safeguard their personal prestige. Whether the issue was financial procedure, or a high-powered inquiry into the bank dispute or the interpretation of industrial policy, the individual Ministers, who are essentially dependent all through on the Prime Minister and are fully conscious of it, apparently tend to feel that they are often required to efface their individuality almost completely like civil servants. Distinctions are therefore drawn which do not appear to spring from substantial differences of principle which would justify resignation.

This is hardly the basis for the successful functioning of Cabinet Government in any country, much less in India where there is an uncompleted search for the talent needed to guide many other branches of the administration, like defence. The training of junior politicians for positions of responsibility has not been tackled properly. The occasional diversion of a leading personality from a State to the Centre is nothing more than a last resort in an otherwise helpless situation. To complicate this position, the distribution of portfolios is such as to add to friction. In economic affairs, for example, the departments for food, railways, labour, industry and commerce, production and finance are closely inter-dependent. But industries are distributed among various Ministries like those of Food, Production, Defence, Communications and Railways, and unless those in charge work like one team, there can hardly be co-ordination in policy. There is often the unhealthy spectacle of individual Ministries trying to enlarge their domain by making interpretations of policy regardless of principle. If there is thus a lack of consistency, there is bound to arise awkward situations as at present even over apparently trifling matters. The frequency of Cabinet differences is rather disheartening.

A PARTY WITHOUT A POLICY

Three or four weeks ago, Acharya Kripalani dismissed rumours of a crisis in the P.-S.P. including Mr. Jayaprakash Narayan's version of the split in the party. The resolution on the resignation of the Travancore-Cochin Ministry at the Nagpur Convention of the P.-S.P. revealed how deep was the split between the two wings of the party. Acharya Kripalani has now taken a firm and irrevocable decision in resigning the chairmanship of the P.-S.P.; his statement that he "radically differed from the basic policy of the party" indicates perhaps that the strength of the minority vote came as a complete surprise to him. Indeed, if

there are such fundamental differences between him and the other members of his party even on the issues of non-violence, politics and socialism, it may not be possible for the Acharya to continue even as an ordinary member, unless he hopes to convert the party to his views in course of time. It is improbable that where Mr. Jayaprakash Narayan has found it quite beyond him to do anything but keep aloof, Acharya Kripalani would succeed in finding a different solution.

What next? The Travancore-Cochin Ministry will have to continue as before, with the aid of the Congress Party, without anything spectacular to do except to carry on the State administration. The Andhra elections now provide a test and what exists as the local P.-S.P. there will probably seek to make the most of the fact that the P.-S.P. alone was the first to feel so openly agitated over police firing in Travancore-Cochin. But the radical differences between the two groups representing the voting strength on the resolution on the T.C. Ministry (303 against 227) will not fail to rise to the surface again. The personal prestige of Acharya Narendra Deva, the new chairman now unanimously elected, may not help. The truth is that the P.-S.P. has nothing that can be called a basic policy, which can provide the tests by which the leadership can judge all its actions. That opens the door to political opportunism among the less responsible sections of the party, as was proved in Andhra. The outlook for the P.-S.P. is not indeed very hopeful.

THE ROLE OF THE COMMUNISTS

Mr. Nehru's speech on Sunday at a Delhi mass meeting was directed mainly at the Indian Communists. He poured scorn on some of the ways of the Communists which seem inseparable from their creed. Their extra-national loyalties which lead them to belittle the status and achievements of India and their inconsistent attitudes to India's foreign policy based on the approval or otherwise of the Communist Powers have never been overlooked by Indians. Their war-time alliance with British rule has not been forgotten. Mr. Nehru has often pointed out these objectionable features of the Communist Party when occasion demanded it. The last general elections gave such opportunities and the recent elections in Travancore-Cochin similarly afforded occasion to condemn Communist techniques. The two immediate issues which have now given the provocation for the Prime Minister's criticism obviously relate to the Communists' sponsorship of the bank employees' general strike on December 10 and Communist role in Andhra politics, on which the elections will have to be fought out in three months. An attack on communists has invariably accompanied the criticism of Communists. But whereas till now Mr. Nehru had in mind Hindu and Sikh communalism, he referred this week to the more recent signs of revival of communist Muslim politics in Hyderabad, Delhi and U.P. The successes of the Jan Sangh in Delhi Municipal elections could not also have been far away from his mind.

The main theme of the address was the very legitimate claim made for the economic and political advancement of India at a rate which can compare favourably with that of the Communist countries, achieved by methods which are fundamentally different and laudable. This theme can bear repetition to an audience which is being misled by the uncritical admirers, not to speak of the worshippers, of things Chinese or Russian. Mr. Nehru can well demand that the members of his party should do likewise more frequently.

CALUMNY AND THE CODE

Few can feel happy over the transformation which the defamation clause in the Code of Criminal Procedure (Amendment) Bill has now undergone. In the beginning, this provision was designed as much to protect certain categories of public servants against calumny as it was intended (according to the Home Minister's version of the objects and reasons) to insist that the public servant should be cleared of charges or else face an inquiry. The shielding of public servants was particularly in evidence in the attempt to make defamation of public servants a cognisable offence. The Select Committee removed this objectionable feature and substituted the provision that a public prosecutor can move a sessions judge in such cases for proceedings to be started. The amendments now accepted by the Home Minister would go much further to relieve the clause of undesirable features but it is difficult to resist the conclusion that they would so complicate the procedure as to deprive it of any value to the Government or the public servant.

It is now provided that only the printed word will come under the scope of the defamation against which action can be taken under this clause. Such action has to be sanctioned by Government and proceedings commenced within six months. It will also be laid down that the public servant defamed should be a compulsory prosecution witness in such proceedings, unless a court, for special reasons to be recorded, exempts him from such examination. Above all, there is a provision for the award of compensatory costs in cases of malicious prosecution which will be without prejudice to other steps open to the respondent to seek redress against vexatious proceedings. It was hardly necessary for the Home Minister to persist in including this provision for defamation, which rightly or wrongly has created all-round distrust about its actual application. The public servant would prefer to be left alone rather than fulfil all these conditions for vindicating himself. Where it is necessary in the public interest that he should vindicate himself, the Government can enforce it by amendments to conduct rules. The truly honest may always find consolation in the words "Be thou as chaste as ice, as pure as snow, thou shalt not escape calumny".

SWISS INTEREST IN GATT

It is interesting to hear that the Swiss Government have decided on a fundamental change in commercial policy and have made it known that they are ready to join GATT. In 1947, Switzerland did not join the Geneva Agreement because of her disinclination to accept the rule, against quantitative restrictions on imports. These restrictions were considered necessary by the Swiss Government not because of financial or exchange difficulties but as weapons to be employed for bilateral trade on a basis of reciprocity. If a particular country imposed cuts on Swiss products because of demonstrable balance of payments difficulties, Switzerland would not have been in a position to reciprocate as a member of GATT because she never had serious exchange problems. The Swiss franc had been always strong and, being regarded as a hard currency, was very much in demand. But imports from Switzerland were not equally attractive; they were highly priced because of a higher wage structure and consisted of products like watches which the rest of the world could well have easily restricted.

The advantage of keeping out might still have seemed preferable but for some recent developments. The American action on tariffs on Swiss watches and

the anti-trust action launched a few weeks ago would not have been conceivable if Switzerland had been a party to GATT and had negotiated concessional tariffs on watches. Even if there had been a breach, the GATT Council could become the forum for an appeal. There is, perhaps, also the feeling that world trade is now expanding sufficiently and that very narrowly conceived trade restrictions such as those enforced in the early post-war years would no longer operate. Nor is the Swiss currency in such a specially coveted position today as it was before. The anomaly by which the Government nearest to Geneva was until now farthest from the Agreement which bears the name of that city may thus soon cease to exist.

BRITISH AID FOR UNDER-DEVELOPED COUNTRIES

London market loans are making available an estimated £37,000,000 in the current financial year to under-developed countries, against £31,300,000 last year. The details of the total of £169,000,000 committed by the U.K. for 1954-55 in the way of assistance and aid overseas, given by Mr. Reginald Maudling, Economic Secretary to the Treasury, in a written answer in the House of Commons, showed that the biggest item was £42,000,000 in sterling balance releases to India, Pakistan and Ceylon—the same amount as for the previous year. The Colonial Services vote accounts for £39,200,000 this year compared with £24,100,000 for 1953-54, and Colonial Development and Welfare £18,000,000 (the same total as for last year).

Mr. Maudling gave the estimated total figures for 1953-54 and 1954-55 as £165.0 million and £169.4 million respectively. These figures do not include (a) U.K. subscriptions to the United Nations and its specialised agencies, which totalled £2,700,000 in the calendar year 1954; (b) the £5,000,000 which the International Bank raised in July, 1954, on the London market, some or all of which may become available for under-developed countries; and (c) capital transfers between private persons and institutions.

EASTERN RAILWAY TENDER

Sale of Condemned Wagons

The General Manager invites tender for sale of 117 condemned wagons stabled at Mathurakati Scrap Yard, Eastern Railway, Khargpur. Tender No. SS 61/53 is obtainable from the office of Controller of Stores, Fairlie Place, Calcutta, on production of a receipt for depositing Rs. 2 with the Chief Cashier, Eastern Railway, Fairlie Place, Calcutta. Firms situated outside Calcutta may, however, remit the amount by money order. The amount is not refundable.

Tenderers may inspect the wagons on any day before the closing date of the tender contacting the district Controller of Stores, Khargpur, for this purpose.

Closing date—December 14, 1954 at 12 noon.

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WORLDGRAM**AGRICULTURE**

Indian Central Fertiliser Pool to Continue: The conference of representatives of State Agricultural Departments held recently, decided to continue the Central Fertiliser Pool in 1955 to meet the increasing demand for fertilisers. The Pool, which is a State trading scheme, was set up in 1943, to ensure (1) an adequate supply of sulphate of ammonia and other chemical fertilisers, and (2) maximise their utilisation for the increased production of food grains. In view of the limited world availability of fertilisers, and the fact that indigenous units cannot expand production to such an extent as to meet the total demand, the Pool is to continue to ensure supplies from the various sources.

Conference of Agricultural Statisticians and Economists: A conference of Directors of Land Records, Agricultural Statisticians and Agricultural Economists will meet at New Delhi on December 3, 1954, to take stock of work on the improvement of agricultural statistics and promotion of research in agricultural economics carried on in India during the last ten years. The agenda of the conference includes (a) timeliness in the submission of statistical returns, (b) standardisation of basic forms for the collection of data, (c) formation of schemes for inclusion in the second Five-Year Plan, (d) comparable estimates of acreage and production, (e) co-ordination of data collected by revenue departments and other agencies, (f) maintenance of proper land records, (g) agro-economic research schemes for the second Five-Year Plan, (h) review of compilation and publication of agricultural legislation, and (i) development of new types of data in the sphere of land economics. The conference will be attended by the Secretaries of the State Agricultural and Revenue Departments, agricultural statisticians from the States and agricultural economists associated with farm management and agro-economic research centres.

India's Crop Competition Fortnight: The Government of India have announced that a crop competition fortnight for the 1954-55 rabi sowings will be observed from the beginning of December next. During the ensuing rabi season, crop competitions will be organised at the all-India level in respect of wheat, potato and gram crops. The farmers who obtained the first six positions in point of yield in respect of these three crops in the State competitions during the 1953-54 rabi season are eligible to join the all-India competition during the 1954-55 rabi season. The competitors getting the highest yield per acre at the all-India level in respect of wheat, potato and gram crops will each be awarded a cash prize of Rs. 5,000 and a certificate of Krishi Pandit.

INDUSTRY

New Sugar Factories in India: Twenty-three licences for opening new sugar factories in India have been granted during the current year. One of these is expected to begin functioning during the 1954-55 season, three during the 1955-56 season and the rest during the 1956-57 season. These factories are expected to increase production by about 3 lakh tons. At present there are 159 sugar factories in India, mostly in U.P. and Bihar with a total crushing capacity of 1.37 lakh tons of sugarcane per day.

Development of Cottage and Small-Scale Industries: Loans totalling Rs. 19,80,000 have been granted to Travancore-Cochin (Rs. 5 lakhs); Punjab (Rs. 4 lakhs); Madras (Rs. 3.5 lakhs); Madhya Pradesh (Rs. 3 lakhs);

PEPSU (Rs. 2.1 lakhs) and Bihar (Rs. 2 lakhs) towards encouraging cottage and small-scale industries. Punjab has been given a loan of Rs. 1.9 lakhs and a grant of Rs. 29,500 towards working capital and marketing costs. Punjab has also been given grants amounting to Rs. 90,612 for some industries. Madras receives a loan of Rs. 1 lakh for the Metal Industries Limited, Shoranur, Malabar. For the development of gur and khandasari industries, Hyderabad, Bihar and Madhya Pradesh have been given grants of Rs. 16,550 each, and Uttar Pradesh Rs. 44,200. Bombay gets a loan of Rs. 65,145 and a grant of Rs. 7,793, to advance as loans to Co-operative Societies in the tanning industry.

Manufacture of Italian Typewriters in India: Two commercial and technical representatives of the Olivetti Company, Italy—the biggest manufacturers of typewriters in Europe—arrived in India recently to discuss the manufacture of Olivetti typewriters in India. Data regarding availability of raw materials, power supply etc., and most suitable location of the plant have been collected, and will be submitted to the Company by the visiting experts along with the results of the discussions with the Union Ministry of Commerce and Industry.

FINANCE

Indian Ceiling on Foreign Investments: The Indian Minister for Finance stated recently that the Government have already accepted the underlying principle of various suggestions that a ceiling should be imposed on the proportion of foreign capital in new projects in India. Ordinarily the Government is desirous that the effective control and majority interest in ownership of industrial undertakings remains in Indian hands, but no rigid percentage had been laid out and each case was being examined separately on its merits and exceptions made where found necessary in the national interest. The Finance Minister went on to state that no specific suggestion had been made that in future, foreign interests desirous of expanding or setting up an industrial undertaking in India, should be required to offer to Asian countries at least one-third of the capital raised in India. He also reported that no special facilities had been given to foreign investors.

Pattern of U.S. Assistance to India: Whilst replying to a question in Parliament the Finance Minister recently stated that the pattern of U.S. technical and economic assistance for the current year ending June 30, 1955 was that a major portion of the development assistance would be in the form of loans, and approximately 50 per cent of the total in the shape of surplus agricultural commodities like wheat and cotton. Until 1953-54, assistance from U.S.A. was on a 100 per cent grant basis. In regard to unutilised portions of loans and grants in previous years, it is stated that contracts have been or are being entered into for purpose of materials and equipment, although the money had not been drawn.

Investments of U.S. Capital in Pakistan: Foreign aid to Pakistan worth Rs. 400 million including special commodity aid worth Rs. 250 million from the U.S. Government is expected during 1954-55. Pakistan has received up to and during 1953-54 capital assistance or foreign aid worth Rs. 298 million for development projects and a special wheat gift of Rs. 250 million. Technical assistance has also been received under the U.N., Colombo Plan, U.S. Point-Four and Ford Foundation programmes. The Pakistan Government has requested the U.S. Government to send a high-powered investment mission, consisting of representatives of banking and industrial establishments to study opportunities for

investment of U.S. capital in Pakistan industries. Pakistan proposes to raise the maximum percentage of foreign capital invested in approved industries from the previous 49 per cent to 60 per cent. The new policy also provides guarantees of compensation in case of nationalisation.

Applications to Issue Debentures in India: Twenty-five applications from limited companies for permission to issue debentures totalling Rs. 17.46 crores were made during the period January 1, to October 31, 1954. Seventeen of these applications were granted for a total sum of Rs. 15.96 crores. The Government of India has yet not received any information as to how much of these debentures had been subscribed. These debentures carry a rate of interest which generally varies between 4.5 and 7 per cent.

German Income-tax Cut £260 Million a Year: The recent Tax Reform Bill reduces the West German income-tax burden by about £260 million per year. The tax reforms taking effect from January 1, 1955 reduce the tax ceiling from 70 to 55 per cent. Corporation tax is reduced from 80 to 40 per cent, but remains at 30 per cent for distributed profits. Public loans will no longer be exempt from taxation. Income-tax in the lower income group has been reduced by an average 28 per cent compared to the present rate.

Indian Subsidised Housing Scheme Grants: Subsidies and loans totalling Rs. 6,50,145 have been sanctioned by the Government of India during the month of October for the construction of 388 tenements under the Subsidised Industrial Housing Scheme. Of this amount, the Government of Travancore-Cochin will get Rs. 2,61,750, divided equally as subsidy and loan. The Government of Bombay will get Rs. 22,950 and Rs. 45,900 as subsidy and loan respectively. Saurashtra obtains Rs. 12,595 as subsidy and Rs. 25,190 as loan and the Hyderabad Gold Mines Co., Ltd., Hutti (Deccan), are to be given Rs. 2,32,500 (subsidy Rs. 93,000 and loan Rs. 1,39,000).

TRADE

Reduction in French Trade Deficit for 1954: During the first ten months of 1954 France cut its trade deficit by about one-half. The trade deficit on October 31, this year was estimated at 37,909 million francs, the deficit for the corresponding period last year was 71,233 million francs. During the first ten months of 1954, goods totalling 1,227,189 million francs were exported as against 1,145,726 million francs in the same period of 1953; and goods valued at 1,265,098 million francs were imported as against 1,216,959 million francs in the first ten months of 1953.

U.K.'s Export Credit Policy: Britain has offered to raise her offer of a Sterling Credit to Persia to £10 million repayable over five years. By advancing the money through the Export Credits Guarantee Department (ECGD) the Government ensures that it will be spent on British goods. The same technique is in operation with Pakistan and Yugoslavia. This, however, is not an indication of the general pattern for solving the sterling shortages in the other important export markets. The ECGD is allowing a certain volume of credit to Brazil for political reasons, but in regard to Turkey, Bolivia, Chile, Israel and Greece it is not prepared to do so beyond a certain limit. In such countries, there is no means of overcoming the sterling shortage in the short-term, except by means of development loans in some shape or form. It is

observed, however, that the competition amongst exporting nations is now less severe and the restraints on the use of private finance to provide long-term credit terms for export transactions have been relaxed of late.

Fall in Australian Wool Receipts: The value of Australia's wool exports declined in the first three months of the financial year by 25 per cent. Australia realised £(A)51.3 million for 143.7 million lb. of wool exports in the three months ending September 30, against £(A)68.2 million for 173 million lb. in the corresponding period of 1953. The value of greasy wool exported to Britain—Australia's main customer—declined from £(A)17.5 million to £(A)14.7 million. Japan took £(A)7.3 million against £(A)5.6 million in the corresponding period of 1953 and the value of U.S. exports rose from £(A)2.7 million to £(A)2.9 million.

French Special Import Tax: The special French import tax in operation since April on products freed from quota restrictions is reduced from 10 or 15 per cent to 7 or 11 per cent under a decree published recently. France has so far freed 65 per cent of her imports from OEEC countries; this is 10 per cent short of the agreed compulsory minimum—to be reached by April 1955. France has given repeated assurances that the tax is of a temporary character; only its total removal, however, will satisfy affected countries. The question is on the agenda of the next ministerial meeting of the OEEC on January 13.

MISCELLANEOUS

Ban on Foreign Shipping on Indian Coast: The Consultative Committee has recommended to the Government of India, that with effect from April 1, 1955, no foreign chartered vessel should be allowed to operate on the Indian coast. The Committee have also called for immediate remedial action for the difficult labour situation in docks at the major ports. Other subjects that were discussed were the Five-Year Plan Target of 600,000 tons, the revision of the existing licensing policy in respect of Indian owned ships under the Control of Shipping Act, co-ordination of sea and rail transport, provision of cargoes for Indian ships operating overseas, new overseas routes for Indian ships and the building up of a nucleus Indian tanker fleet.

Resettlement of Refugees in Tripura: Some 1,25,000 displaced persons from East Bengal are to be resettled in the State of Tripura. The Government propose to spend about Rs. 3.5 crores as loans and grants, and about Rs. 4,60,000 as recurring expenditure for 40 colonies that are to accommodate 500 families each. Each agriculturist family will receive (1) two acres of agricultural land and Rs. 550 as loan for building tenements and purchase of bullocks, agricultural implements and seeds; (2) a maintenance loan of Rs. 45 for the first nine months; (3) a loan of Rs. 100 per acre as cost of reclamation if they reclaim the land allotted to them within a year of allotment. Business men will receive a loan of Rs. 975 for housing and setting up trade or craft, and a maintenance loan of Rs. 45 per month for two months only. The payment of a loan of Rs. 250 per family for sanitary latrines will be made through co-operative societies. Sanction has also been accorded to a grant of Rs. 19.4 lakhs for the provision of tanks and tube-wells and contingencies for schools and dispensaries. To meet the cost of medicines for dispensaries and salaries and allowances to the teachers of the primary schools, Government has sanctioned a recurring expenditure of Rs. 4.58 lakhs which will be treated as grant. Up to the end of March 1954 a sum of Rs. 1,48.9 lakhs as loan and a sum of Rs. 5.1 lakhs as grant were distributed under this scheme.

NEWS IN BRIEF

INDIAN

A ten-member advance party of the Soviet Technical Mission arrived recently in Delhi to advise the Government of India on the setting up of a steel plant. The Mission is to submit a report on the proposed plan, the location of the plant and the process to be adopted.

The Administrative Committee of the UNESCO has voted to accept India's offer to hold the next General Assembly of the Organisation in Delhi. The estimated cost of the meeting is about Rs. 26 lakhs.

It was disclosed in Parliament recently that the total mileage covered by the Indian postal system as on March 31, 1953 was 2,07,447 and in March 1954, 2,20,076.

Air-India International was host to the Facilitation Committee of the International Air Transport Association meeting in New Delhi last week. The meeting discussed the problems of air travel in S.-E. Asia and the Far East and the simplification of international travel regulations, immigration, customs and visa controls.

Arrangements are under way for the issue of Rs. 3.5 crores of ordinary stock by the Industrial Credit and Finance Corporation of India. In the first instance Rs. 2 crores are being offered to insurance companies, banks and other institutional investors. The balance is to be offered to the public sometime in January 1955.

Books and printed matter including maps and charts valued at Rs. 14,865,000 were imported from foreign countries during the 21 months ending September 1954. Imports from U.K. were worth Rs. 6,629,000; from U.S.A. Rs. 6,024,000; U.S.S.R. Rs. 1,000 and other countries Rs. 2,211,000.

It is revealed that there are 22 women officers in the All-India Services, of whom 7 women officers are in the Indian Administrative Service, 5 in the Foreign Service and 10 in the Central Secretariat Service.

The Indian Posts and Telegraphs Department has decided to issue a special commemorative postage stamp during the session of the 4th World Forestry Congress, which will be held in Dehra Dun from December 11 to 22, 1954.

A sum of Rs. 6.7 crores has been adjusted against the debt which Burma owes India, the balance is Rs. 13 crores. The adjusted amount represented the price of 2.9 lakh tons of rice which Burma supplied to India. The recovery of the balance is dependent on further purchases of rice.

The Kutigala Power Project Scheme for the generation of 1,80,000 k.w. from the Barapole river in Coorg State was submitted in June 1954 for examination by a Technical Committee appointed by the Planning Commission. The estimated cost of the scheme is Rs. 17.3 crores.

According to a report issued by the Geological Survey of India the total pits month value of Minerals produced in India during 1953 was Rs. 112 crores as against Rs. 108 crores in 1952 and Rs. 105 crores in 1951.

FOREIGN

The second increase in Ceylon's tea export duty in two months was announced recently. The new duty will be one rupee (1sh. 6d.) per lb. as against 75 cents (about 1 sh.) previously. The previous increase, announced on September 23, in the duty was by 15 cents.

Tea imports by Ireland, an important Indian tea market, declined from 21.3 million lbs. in 1952-53 to 19.6 million lbs. in 1953-54. In the seven months ending October 30, Ireland imported 11.5 million lbs. of tea against 8.1 million lbs. in the corresponding period last year.

French motor industry production during the first ten months of 1954 was 488,678 vehicles—a 20 per cent increase over the corresponding period in 1953. Exports at 110,066 vehicles were 25 per cent higher than 87,769 units in the corresponding period of 1953.

Egypt and the Netherlands are to increase their financial support to the U.N. expanded technical assistance programmes for underdeveloped countries. Egypt will contribute £(E)35,000 and the Netherlands over \$600,000 during 1955.

The Directors of Pan American World Airways Inc., have declared a fourth dividend this year—twenty cents per share payable December 17, 1954 to stockholders on record at the close of business on November 26, 1954. Payments of 20 cents a share were made on September 10, June 18 and March 10.

It is reported that the U.S.A. and the Republic of Korea recently signed an agreement providing for \$700 million as U.S. aid to the war torn country.

The UNECE reports a high level of industrial output in almost all European countries, accompanied by a general drop in unemployment. West European production in the first half of 1954 was 13 per cent higher than the level three years ago. The increase is only 10 per cent if West Germany is left out of comparison.

An Australian loan for \$25 million is to be floated shortly to redeem most of the outstanding \$29.63-million balance of the 1925, 5 per cent loan maturing July 15 next. This was the first Australian loan ever raised on the U.S. market; its total was \$75 million.

The Pakistan Ministry of Commerce has made an export allotment of 37 million lb. of tea for the year ending March 31, 1955. This decision announces an increase of 5 million lb. over the Government's earlier figure.

The World Bank is expected to make a large number of new loans, on request to 20 of its 57 members. Lending activity in the fiscal year ending June 30 next will, it is estimated, approach and perhaps exceed last year's record volume of \$323.68 million.

Dutch industrial investments in the first half of 1954 totalled £84.7 million. If the favourable foreign exchange position continues, Holland may resume her traditional place as a capital exporter. An Import, Export and Transit Bill is under consideration to retaliate against foreign export subsidies and dumping.

DIGBOI Calling Trombay

While work is nearing completion at Burmah-Shell's refinery at Trombay—the largest in India—good news has come through from our associated company in Assam. They have had experience of refining in this country since 1900, and the first refinery in India still in existence came on stream at Digboi 34 years ago.

Ever since then a steady supply of over 100 different kinds of petroleum products has been maintained. Earlier this year, Digboi's output

was 180,000 gallons a day. Now this figure stands at 230,000 gallons and the Assam Oil Company has plans to increase production to 300,000 gallons.

This encouraging progress has been made possible by the discovery of oil deposits at Nahorkatiya, 20 miles west of Digboi. It's good to know that India's first oil refinery is making an increasingly important contribution to the nation's supplies... it's a happy augury for the industry as a whole.

BURMAH-SHELL REFINERIES LIMITED...
in India's life and part of it

December 3, 1954.

A Window On The World

'UPLIFT FOR UPLIFTERS

BY
ODYSSEUS

DISTRUST OF STRANGERS is the biggest problem that the village uplifter faces in trying to promote better health, education, or agricultural methods. But although all uplifters are generally aware of this, few have analysed the causes and remedies as carefully as Mr. Edwin A. Bock in his new book "Fifty Years of Technical Assistance" (published at \$1.50 by the Public Administration Clearing House, 45 East 65th St., New York). This book, from which I quoted extracts last week, should be read by all concerned with rural improvement, whether they are field workers or high-ups in the ministries that organise these matters.

Mr. Bock points out that it is not always easy for the well-meaning village uplifter to grasp the depth of suspicion that he arouses and the closeness with which his every action is watched by villagers trying to decide what his real object is. Mr. Bock reports that the staff of a development project now in progress in Asia surveyed forty villages to find out what the people thought about the newly arrived technical experts. The survey was carried out by a rural social worker who had known the district from birth. Here are some of the statements made to him about the strangers:

"They have come to acquire the best local lands and start a farm...."

"They have acquired the area from the government because it could not pay off the loan from America to build a dam nearby. The Americans are settling here permanently and will rule us...."

"They are high officers ordered by the government to rule over us. This is proved by the fact that the government has built new houses for them and a high officer came to see that everything was all right for them...."

"They are going to change our way of life from individual families to community living. They will ask us to have a common kitchen, regardless of caste or creed. We shall all have to live under one roof. We shall no longer be allowed to look after our own children because as soon as a child is born, it will be handed over to the maternity centre...."

"Lepers will no longer be allowed to live in the village. They will be taken away and shot...."

"They have come here to see that we vote the right way in the next election."

Suspicion of outsiders has usually been heightened by unpleasant experiences or useless experiments made by others who came before. Villagers have often suffered from a series of high-pressure reformers and do-gooders, who have turned everything upside down, and then vanished leaving everything much as it was before, except for all the trouble caused. Many villagers have discovered that the quickest way to get rid of troublesome strangers is not to argue and raise objections but to say "Yes" beamingly to everything, and create the impression as quickly as possible that all the wishes of the "benefactors" have been carried out—after which the villagers resume their traditional ways with a sigh of relief.

In order to dissipate initial suspicion, Mr. Bock reports that experienced social workers try to prepare the villagers before they settle down to work among them. They confer with village leaders to win their

confidence and to find out what kind of work the area needs most. One social worker, who works alone, has a notice put up in the village a few days before he arrives, giving his name and the skill that he is ready to make available to anyone who wishes to try it. Other workers urge the utility of inaugurating initial projects near market towns, or cross-roads, not only to influence a wider area but so that travellers may spread the news of what they are doing.

Some social workers believe in beginning their activities immediately on entering a village so that the people can get a concrete idea of their proposals as quickly as possible. This does not mean that they immediately put into action a full-scale programme. The preparation of the villagers for such a programme is in fact one of the reasons for starting off in a small way with some kind of work that demonstrates practically what can be done. Other workers believe in sending members of their team into a village in stages so that villagers will not suddenly be overwhelmed by a large group of confusing strangers. This also decreases the likelihood of mistakes or dropped bricks by the strangers; the first-comers learn the local ropes and warn those who come later. Another reason for getting something practical started as quickly as possible, so as to let the villagers see for themselves what the strangers are up to, is that long delays, while large numbers of villagers are questioned in order to obtain preliminary information about local conditions, increase suspicion and reluctance to co-operate; the villagers often suspect that the questioning is concerned with tax collection.

USE LOCAL IDEAS AND LOCAL METHODS

Experienced social workers report that many suitable methods have often been discovered by enterprising individuals among the local population. The first task of the outside expert should therefore be to find out what has been done, or invented, by the villagers. The expert can often add thus to his own knowledge, and his role may then be to find ways of ensuring the wider diffusion of local knowledge. It is unwise to ignore or discourage the practical know-how developed by villagers themselves. Often a village may have traditions of better practices abandoned because of poverty, or because of some local change which makes it no longer possible to use the old methods. The wise social worker will therefore begin not by telling the villager what to do but by asking for his advice about methods developed locally. Talk to the village elders first and find out if any practices once in vogue have fallen out of use. Mr. Bock mentions one social worker who was able to reclaim a large area of potentially fertile country by re-introducing a traditional method. Under the existing local conditions in that area, no other method was possible. What was lacking was the incentive and ability to mobilise village labour to carry out the good old way. These the social worker was able to supply.

Such locally developed methods fit local needs and conditions more precisely, are more willingly adopted, and involve less social dislocation than importations. It is wise and more economical to build on what has already been done locally than to begin with new techniques that must be adapted by trial and error to local conditions. At least a start can be made by re-vitalising useful traditional practices while new ways are being tested and adapted.

Mr. Bock offers a warning about official demonstrators. Uplifters with experience in different parts of the world tell stories like that of the workers who demonstrated to sceptical villagers in a Caribbean country that early weaning would kill neither cows nor calves. The villagers saw but were unconvinced. "Yes", they said, "it doesn't kill your cow, but our's are different." Demonstrations are most effective when carried out not on the demonstrators' land or cattle but on those of a villager; better still, teach a villager the new technique and get him to demonstrate it. Many uplifters have found that landlords, and other prosperous persons, are usually the first to agree to experiment and then to demonstrate improved methods. It is good policy to take advantage of the existence of local leadership.

Mr. Bock reports that efforts at persuasion through mass media are often ineffective because of differences in tradition and educational levels. An obvious but by no means unique example is the Walt Disney anti-malaria film cartoon which has aroused amusement but has produced no change in local customs in any part of the world. Seeing the insects magnified into monsters, villagers believe that American insects are literally the size of the mosquitoes that they see on the cinema screen. Films and posters made locally portraying local scenes are always more effective.

NEUTRALISM IN VILLAGE UPLIFT

Modern methods of uplift aim to get the villager to do things for himself as much as possible and the lifter to intervene as little as possible. Mr. Bock insists that much of the value of the outside expert lies in his neutrality. He should listen and observe without making suggestions too quickly. If he acquires a reputation for discretion and sympathetic understanding, his usefulness is greatly increased. Local officials will feel that they have someone to whom they

can talk frankly on matters that they would hesitate to discuss with local people who may be competitors or subordinates. Co-operation will be greater still if the outside adviser avoids publicity for himself and lets local leaders get the credit for improvements.

Another barrier to co-operation is the fear that the outsider may want to earn his pay by showing up the incompetence of a local official. Then there is often a natural embarrassment that foreign help should be necessary at all and that an outsider should have to look at the worst features of one's country or culture. Many of us have not forgotten Katherine Mayo's "drain inspector's report." Such barriers can only be overcome by patience and sympathy—not by superior "Look here, you're all wrong. This is the right way to do it" attitudes.

Even at ministerial levels, the foreign expert may be more valuable if he is tactful rather than pushing. At the ministerial level, technical experts often strike against a barrier of defensiveness, partly caused by national pride, and an unwillingness to admit that something has not been done that ought to have been done. The minister may also be on the defensive because he is usually an expert on law and politics and has little time to master the details of the work deep down in his ministry. Some ministers fear to reveal their ignorance of the specialised knowledge of their subordinate technicians. Some foreign experts have accordingly been sensible enough to keep themselves in the background as advisers to a minister who, fearing loss of face in asking technical questions from his own subordinates, welcomes discreetly given advice from an outsider.

[This is the second of two articles on village uplift and technical assistance. The first appeared last week.—Ed.]

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THE WORLD ABROAD

ECONOMIC AND FINANCIAL SITUATION IN INDONESIA

The economic and financial situation in Indonesia was reviewed at length by the Minister of Foreign Affairs, Mr. Sunario, at Ottawa, on October 5 before members of the Colombo Plan Conference. The following extracts summarise the present economic situation in Indonesia:

I would like to emphasize the importance of this Colombo Plan as being a scheme fit for this area of South and South-East Asia in which we live and at the same time giving a parallel with our good neighbour policy, which we are trying to implement most earnestly, also along economic lines to strengthen this area. Economically, in order to accelerate our own development from the stage of so-called "underdevelopment" to a more higher stage which is most important for the further advancement of this region, I am glad to report that in the past two years we have indeed made, within the framework of the Colombo Plan, steady progress in the economic field, so that I therefore feel we should further develop the Plan.

But there are still many difficulties to overcome especially for Indonesia, because of low prices of the raw materials upon which we are so dependent for our foreign exchange. For this reason Indonesia did not succeed in stabilizing her economy and this has been caused by, among others the United Nations embargo which we abide as a loyal member of that organization. This might be overcome by common action for the lessening, if not for a complete lifting of the embargo. Now that, since the Geneva Conference the military and political conditions have improved in South-East Asia, it occurs to us that the time has come for re-consideration of the embargo. This would also be in line with the efforts to improve the East-West trade. In spite of all this the Government was able to continue its activities in the various fields of reconstruction. Therefore it is our hope that this conference will be able to find ways and means to overcome these difficulties by joint action.

FOOD PRODUCTION

Taking into account the agrarian character of Indonesia, with her approximately 80 million inhabitants, it is a matter of course that the food problem attracts special attention. In this matter, I would consider myself fortunate to be able to state here that the efforts taken to increase production have been rewarded with quite satisfactory results. Rice production, for instance, the staple food of the population, has risen from 6.3 million tons in 1952 to 6.9 million tons. This increase of nearly 10 per cent is certainly encouraging and shows that the increase in production can surpass the increase in need caused by the growth of the population. Based on calculations of pre-war consumption, it can be hoped that Indonesia will become self-sufficient next year. However, we must admit that those calculations do not yet meet the requirements of nutrition set by the experts concerned. For that reason, the Indonesian Government during the coming years, will continue its efforts to increase production and to improve the quality of the products.

In this connection, the development in the field of fishery (fish being a very important source of protein) is carried on unabated, and the results are certainly not disappointing. Fish production has risen from 870,000 tons to 910,000 tons in 1953. Notwithstanding this fact, increased production should go together with animal husbandry, so that the minimum needs of the population can be met within a short period. Such

the efforts of the Government supported by the population, but also because the population in recent years has shown diligence and an extraordinary auto-activity. This change of character and mentality of the population, from apathetic to dynamic, has given us the conviction that we shall succeed in our further reconstruction.

RUBBER, SUGAR AND COPRA

Efforts to improve the production and the quality of rubber, especially in the sector of small-holders, have encountered many difficulties caused by the low price of rubber in the world market. It is quite clear that the results of our efforts depend, among other things, on the prices which can be acquired on the market. Besides that, Indonesia is continuing her endeavours to extend her industry which uses rubber as raw material.

Sugar, before the war, was one of Indonesia's most important export products. Rehabilitation of sugar production has also achieved satisfactory results, so that we have high hopes it will be possible to continually increase the export of sugar. In 1952, the export amounted only to 1,500 tons while in 1953 this has risen to 101,000 tons. In its efforts to increase sugar production, the Government has paid a great deal of attention to the sugarcanes cultivated by the population: Sugar is manufactured from these canes, either by the small-holders themselves or with the assistance of the established sugar factories.

The production of copra, which is also one of the export products, can be said to be constant, as domestic consumption is increasing. In this connection, I may mention the establishment of a desiccated coconut factory in Northern Celebes which manufactures coconut flour for home consumption as well as for export.

IRRIGATION

In our endeavours to increase the agricultural production, irrigation constitutes one of the most important factors. In addition to small irrigation projects, the Government has succeeded in finishing large projects such as the Tjatiaban Dam in Central Java and the Mantaren drain works in Kalimantan (Borneo). The Djatiluhur project in West Java with its multi-purpose character, which is now being carried out, will be able to irrigate more than 500,000 hectares, and generate electric power of 350,000 k.w.

INDUSTRY AND MINING

In the field of industry also we note some progress, for instance, the establishment of a new cement factory in Gresik (East Java), a weaving factory in Tjilatjap (Central Java) and the factory for desiccated coconut I mentioned previously. Moreover, preparations for carrying out the Asahan project (with its hydro-electric character) and the establishment of factories for fertilizer, chemicals, aluminium, paper, etc., have reached an advanced stage. When these projects will have been completed, they will be able to generate electric power of approximately 800,000 k.w. In the next five years we will devote our attention to the said multi-purpose projects, viz. Asahan and Djatiluhur.

Special attention is paid to the development of small-scale industry.

In the field of mining, petroleum production shows a substantial increase namely from 8.5 million tons in 1952 to 10.2 million tons in 1953. Tin production can be said to be constant with a very slight decrease.

particularly if the prices of tin in the world market are more attractive.

SOCIAL WELFARE

Apart from reconstruction work in the economic field, the Government is also endeavouring to improve social conditions in the country, for example concerning education and public health. Illiteracy has been reduced from 93 per cent before the war, to 60 per cent since our independence, particularly since the transfer of sovereignty in 1949.

In general, the Government already has many programmes to improve the health of the population—for example, those directed against malaria, yaws, tuberculosis, etc. As a result of the extensive information on public hygiene given by the authorities, the people of Indonesia are becoming more and more hygiene-conscious, especially when compared with the pre-war situation. Improvement of the health of the population caused a decrease in the death rate. Presently the Government is also faced with an acute shortage of doctors, nursing personnel, pharmacists, as well as polyclinics and medical implements in general.

Shortage of housing is primarily felt in cities, because the progress in house building cannot, as yet, keep abreast with the rapid process of urbanization. Meanwhile, the Government continues its endeavours to build as many houses as possible for the population, giving special attention to health requirements of the present day of living, for instance in Kebajoran, the satellite town of Djakarta, the capital of Indonesia.

As was pointed out already, the Government desires to transmigrate a part of the people living in crowded areas to less populated parts of the country. It is anticipated that these efforts will be completed within the fixed period. It must be acknowledged that the difficulties faced by the Government in this respect are multiple.

Although many persons are willing to be transmigrated and in fact quite a few desire to pay their

own passage, not all could be accepted because of lack of transportation ashore as well as at sea. Other material such as implements and tools for hygiene, education, agriculture and the like, slow down the process of transmigration.

PROBLEMS OF RESOURCES

The Government, as a consequence of the lack of Foreign Exchange, is facing many difficulties in the financial field and therefore many projects must be delayed. During the past year Indonesia has been forced to use a big portion of her foreign currency reserve to cover her shortage in the balance of payment.

I note with regret that—although the decline of foreign exchange earnings of various member countries, due to adverse trade conditions, is continuously mentioned as one of the most important factors which hampered the economic development of the area—it is nowhere clearly indicated that the main reason for this is the absence of the stability of world market prices of raw materials.

I would, therefore, highly appreciate it if a paragraph in the concluding chapter could be included mentioning the importance of the stabilization of world market prices of raw materials for countries in the area.

As at present the Indonesian Government is still facing a shortage of foreign currency and technical skill. A way to speed up the implementation of the reconstruction programme is to obtain aid from abroad in the form of technical assistance as well as capital aid. For that purpose Indonesia needs aid from abroad as has been outlined by the members of the Indonesian Delegation to the members of the other delegations during this conference. Ever since Indonesia became a member of the Colombo Plan she has received assistance in no small amount from several donor countries and for this, I, in the name of the Government of Indonesia, would like to express my sincere thanks. Our hope is great, that these aids will be continued and, if possible, increased.

A LETTER TO THE EDITOR

"ON LOOMS"

Sir,

I have read with much interest the article "On Looms," by "Croesus" in your issue of November 19. It was refreshing to note the author's endorsement of the plea for a realistic, and free from any doctrinaire, approach to the subject problem. It was also gratifying to read that the Union Minister for Commerce and Industry is still keeping an open mind on the recommendations of the Kanungo Committee and that the Central Government would consider the viewpoints of the All-India Handloom Board before taking any definite action.

While a greater portion of the article was confined to the recommendations of the Committee regarding the conversion scheme and the decentralised improved handloom or domestic powerloom industry, I felt disappointed to notice the absence of any discussion about the comparative merits of the rationalisation of the weaving section of the mill industry vis-a-vis the rationalisation of the handloom and powerloom industries, with their feasibilities. I would have liked to hear the reasoned views of this author on the question of the pegging of the mills' cloth output, the proposed ban on increased loomage, the adequacy or otherwise of allowing only a replacement of the existing loomage with 5,000 automatic looms per annum—which virtually means pegging the output of the indigenous machin-

ery manufacturing industry for a long period of 20 years—how far these proposed restrictions will affect the achievement of the expected per capita consumption of 20 yards in the near future (as we seem to be proceeding on the assumption that national and international conditions will remain unchanged all the while for following our ideal or cherished ambition), having regard to the possible increase in population in the many years to come and maintaining the export target of 1,000 million yards to keep up the stability of the mill industry, and whether it would not be desirable to examine the merits of each case of a textile mill desiring to expand (as once, not long ago, stated by the Union Minister in the Lok Sabha), instead of ruthlessly following any rigid rule.

In short, I would like to hear more from "Croesus" about the repercussions consequent on the recommendations of the Committee on the loomage expansion plans of the mill industry, as also on the loom producing manufacturers, in the context of the larger emphasis on industry (both consumer goods and capital goods producing) in the second Five-Year Plan.

Yours faithfully,
C. V. NARAHARI RAO,

COIMBATORE
November 23, 1954.



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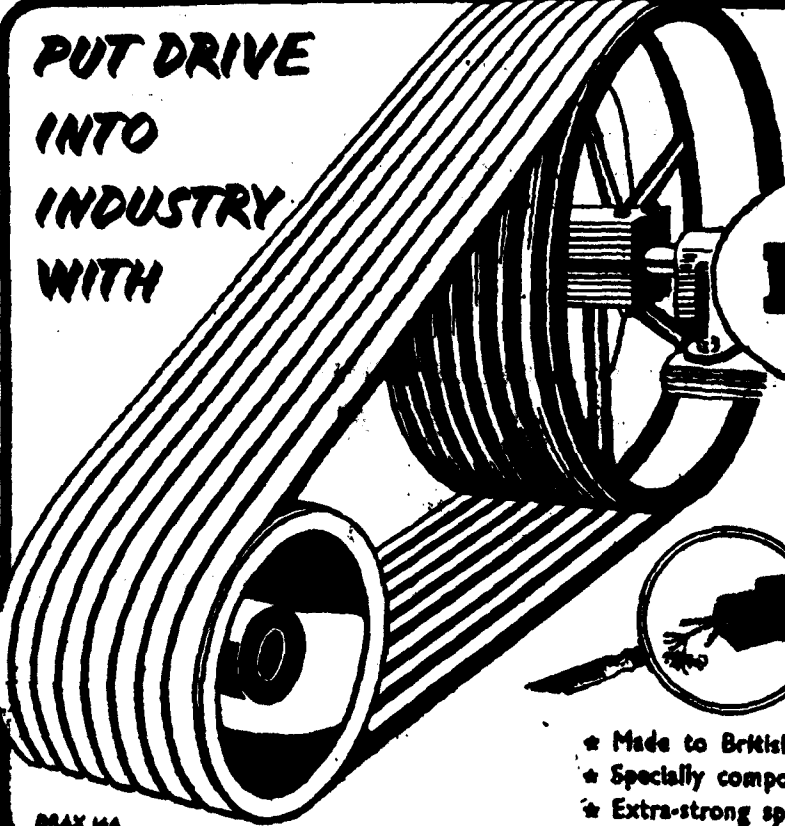
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SPECIAL ARTICLES:

THE BEHAVIOUR OF DEPOSITS

ATENTION has recently been drawn to the behaviour of deposits with Indian Scheduled Banks in the years after 1949. It has been noticed that whereas deposits advanced slightly up to 1950, there was almost a steady decline thereafter; a slight reversal from decline in 1953 has not brought deposits up to the figure for 1949. The picture in regard to advances is similar; although the highest figure in this case is not in 1950, the trend has been uniformly downward thereafter.

This position is particularly anomalous in view of the steep rise in the industrial production in the last three years and the rise of agricultural production in the last two. The position is illustrated in the graph below.

It is clear that an anomalous situation of this kind, in which the banking system is losing momentum whilst the rest of the economic system is gaining, must be explained in terms of the flow of money from the Scheduled Banks to other holders. It is likely that many factors have operated on banking deposits. But there is at least one indication that a major change in the present situation can be brought about by a forward policy on Central Government's payments for work initiated by the Central Government. In the article which follows, an analysis is made of the conditions which prevailed between the years 1941 and 1946 when there was a spectacular rise of deposits, greatly in excess of the rise in industrial and agricultural production. Because these conditions represent the converse of the present situation, it seems worth while examining why financial policy at that time was eminently successful in stimulating banking activity and why the present policy is so ineffective.

It is almost certain in the light of the movement of advances, deposits and loans in the war period that the

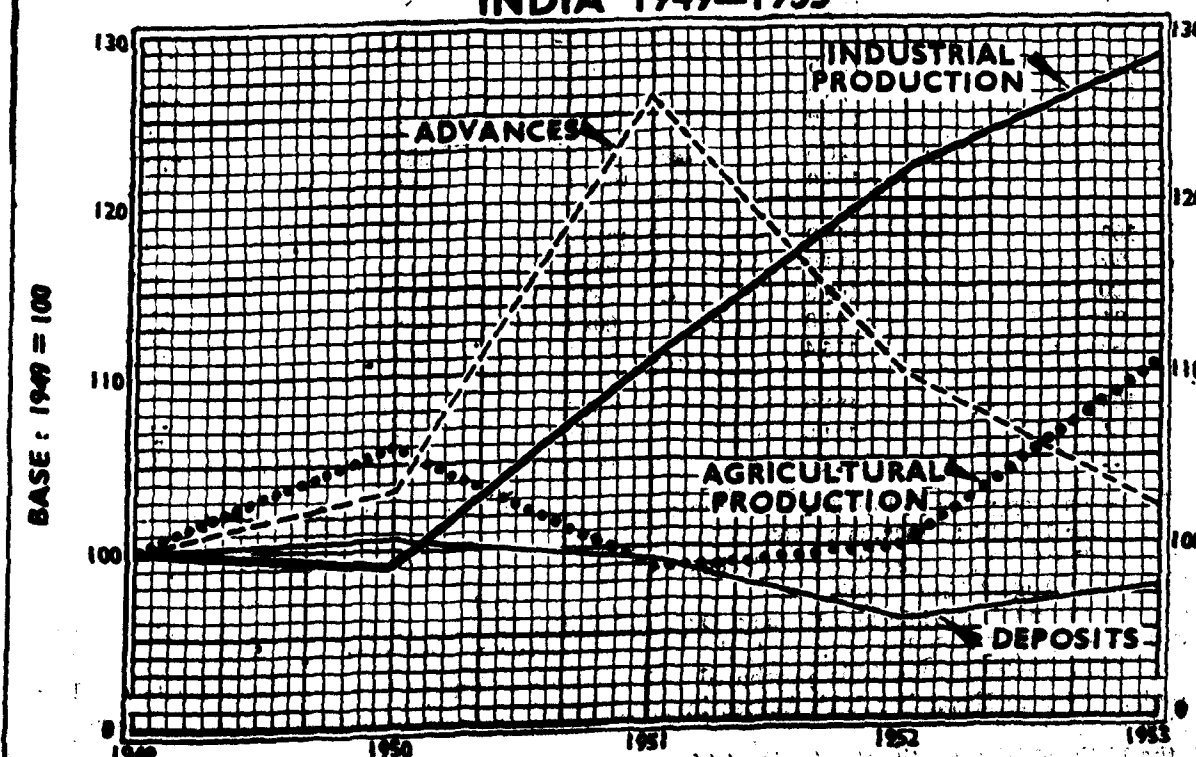
dynamic factor in deposits was the Central Government's method of payments for financing its own work. It will be remembered that the ordinary rules in those cases generally provided for advance facilities to the extent of 90 per cent of an order with payment of 10 per cent within a very limited period, between one to three months after the conclusion of the work.

The effect of this great accumulation of money in private hands was immediately to increase bank deposits and immediately to increase the Government's capacity to tap the market for loans. As the article which follows indicates, the net result was that in the years 1944 and 1945, the Government of India was actually able to withdraw in loans much more than it set out in payments. A situation such as this is obviously one which we must seek to create for the purpose of financing the second Five-Year Plan.

Far, however, from our proceeding in this direction, private contractors for the Government are being deprived further of their resources by the lengthening of the period of payments. Often these delays are indefensible. In some cases payments are withheld because of a minor dispute, and quite often large sums of money not included in the dispute are withheld merely because the officers concerned find this an easier course of escaping all responsibility. The net result is that whereas, during the war, payments took place within a period of a month and often a great percentage was paid in advance, today nearly all payments take six to nine months.

There is, therefore, prima facie evidence that the major responsibility for the failure of the banking system to develop is to be attributed to the Central Government's payments policy. An urgent enquiry into the problems which cause delay in payments is therefore necessary.

TRENDS IN BANKING (ADVANCES & DEPOSITS) INDUSTRIAL AND AGRICULTURAL PRODUCTION INDIA 1949-1953



THE CENTRAL GOVERNMENT AND THE BANK DEPOSITS

AN attempt is made in this article to analyse how far the Central Government at New Delhi is responsible for the lifeless behaviour of bank deposits and advances during the last five years. In the table below are set out five economic barometers, viz., "The Eastern Economist" Index of Agricultural Production, "The Eastern Economist" Index of Industrial Production, Deposits and Advances of the scheduled banks, and the rupee loans of the Central Government. The total deposits of the banks in India advanced more than three-fold in the period 1941-46. From a figure of Rs. 321.24 crores in 1941, the deposits shot up to Rs. 1,061.12 crores in 1946. There was a similar spurt in Advances. From a mere Rs. 119.30 crores in 1941, the same jumped to Rs. 442.30 crores in 1946. This happened during the war period when industrial production was running at a peak. A glance at "The Eastern Economist" Index of Industrial Production shows that the index (Base: Year ended August 1939=100) was running uniformly above 120.0. An all-time peak at 126.8 was attained in 1943-44. In line with "The Eastern Economist" Index of Industrial Production, the index of business activity also kept constantly above 110.0, except for the year 1942-43, when due to marginal declines in foreign trade, inland transport and cheque clearances, the index touched 108. The index of agricultural production pursued the usual cyclical path with a peak at 106.0 in 1943-44 and a trough in 1944-46 at 94.0.

On the production side, there is a close similarity between the periods 1941-46 and 1952-54. Production in the agricultural sector has overshot the targets set in the first Five-Year Plan, especially on the food front. Every half-year, the interim index of industrial production has attained a new high which clearly indicates that the wheels of industry are moving. It is the banking sector which is not showing any signs of life,

and it is the Central Government's payments policy which seems primarily responsible for this stalemate in the banking sector.

A close study of the civil expenditure of the Central Government under the Revenue Account shows that the Government places orders with the private sector for various kinds of goods and services for a sum of Rs. 150 crores out of a total of Rs. 400 crores. Similarly, under the Capital Account, orders are placed with the private sector for nearly Rs. 150 crores. In total, it means, that the public sector places orders with the private sector up to nearly Rs. 300 crores per annum. The usual time lag between the submission of bills and the actual payment is nearly six months which may often keep something like Rs. 150 crores of the private sector in arrears with the Central Government. Recently it has been observed that the delay has generally increased to nine months, thus causing a further strain which is probably of the order of Rs. 75 crores in the private sector. This increase in delay in the disposal of the bills has occurred apparently because of general financial conservatism which is aggravated by administrative weaknesses, causing tightness in the money market.

In this connection, one can study with some profit the system of wartime financing which gave a spurt to business activity in the country because funds were often placed sufficiently in advance of the expenditures to be incurred. The process of speedy disposal of bills initiated by Sir Jermey Raisman, war-time Finance Member of the Government of India, helped to finance a growing volume of production. At the same time it was during the period 1943-46 that the Finance Member was also able to raise rupee loans to a total of Rs. 856 crores.

THE ECONOMIC BAROMETERS

Year	'The Eastern Economist' Index of Agricultural Production	'The Eastern Economist' Index of Industrial Production	Deposits of Scheduled Banks (Crores of Rupees)	Advances of Scheduled Banks (Crores of Rupees)	Rupee Loans Raised by the Central Government (Crores of Rupees)
	(1)	(2)	(3)	(4)	(5)
1940	98	114.2	263.4	97.9	..
1941	95	123.2	321.2	119.0	..
1942	102	125.5	446.1	95.4	..
1943	106	126.8	658.1	160.9	110.1
1944	101	121.7	819.0	235.8	114.4
1945	94	120.0	952.8	302.9	228.7
1946	96	105.0	1061.1	442.3	402.5
1947	100	105.9	1072.4	424.8	75.9
1948	95	115.9	963.2	422.7	60.5
1949	100	109.5	853.9	395.3	..
1950	94	104.0	882.2	432.3	30.3
1951	95	115.4	869.3	505.7	50.4
1952	105	121.3	847.5	438.8	..
1953	119	121.8	848.2	415.7	75.3
1954	..	..	917.8	446.9	160.6

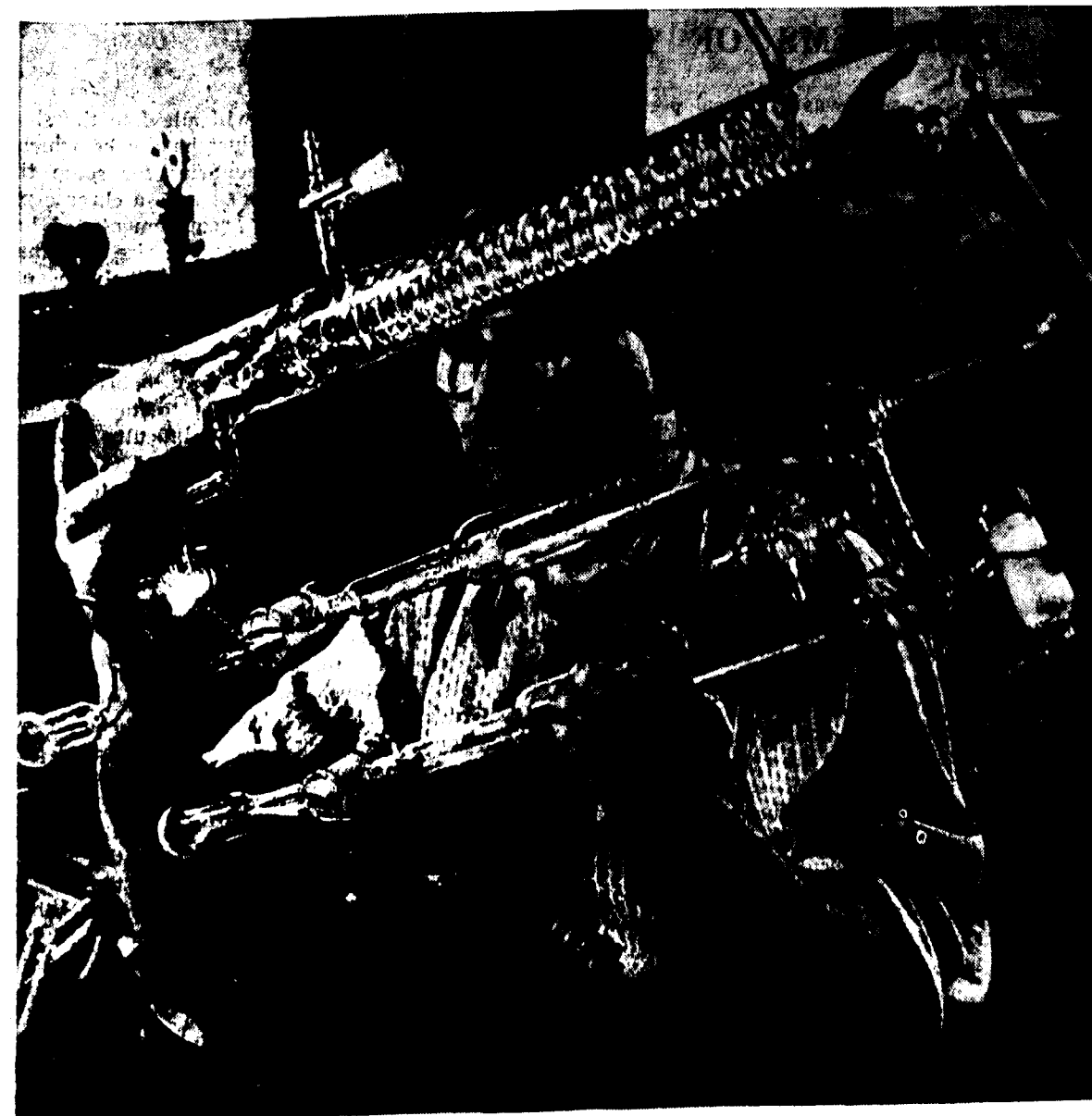
(1) Figures refer to the crop years ending June, i.e., the figure against 1940 is for the year 1940-41. Base: Average for 1936-37 to 1938-39 = 100.

(2) Figures refer to the fiscal years ending March, i.e., the figure against 1940 is for the year 1940-41. Base: Year ended August 1939 = 100.

(3) Figures refer to the total of Time and Demand Deposits, and to the last Friday of the period. Figures prior to 1948 for Undivided India. For 1954, the figure is for October 29, 1954.

(4) Last Friday figures, without the bills purchased and discounted. Figure prior to 1948 refer to the Undivided India. Prior to November 1951, figures included money at call and short notice in India and "inland bills purchased."

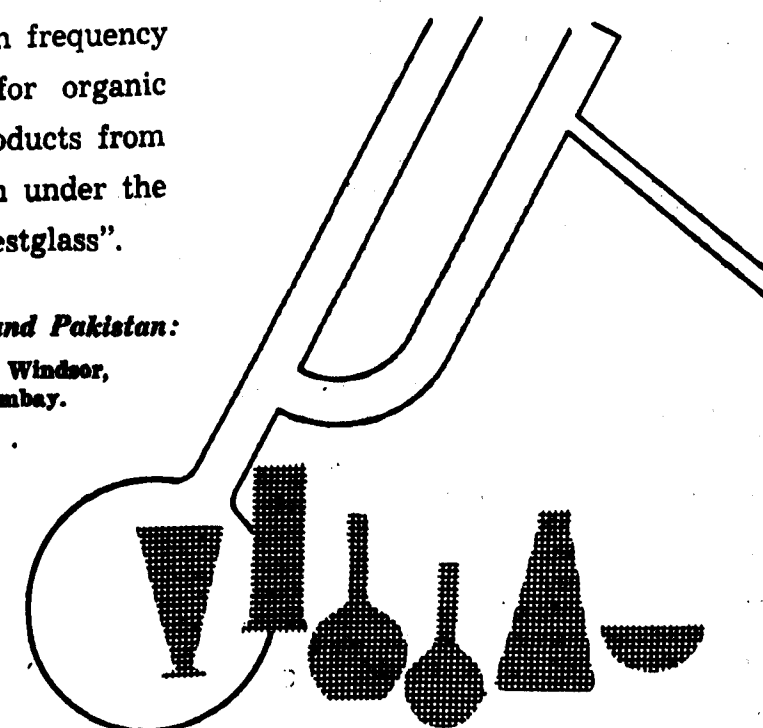
(5) For 1954, the National Plan Certificates for Rs. 3.84 crores included as on 25-9-1954.



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THE BUSINESS WORLD

PROBLEMS OF FOUNDRY INDUSTRY

THE year that has just passed was a critical period for the foundry industry and its condition was worsened rather than improved in certain important directions. Mr. Monilal Atta has found it imperative, again this year, in the course of his presidential speech before last week's annual meeting of the Indian Foundry Association, to discuss in detail the handicaps that have stagnated the industry. The basic problem of great inadequacy of demand for the indigenous products still continues to be the major headache of the industry. The report of the Foundry Industry Panel, functioning under the Engineering Capacity Survey Committee, that has been tendered to the Government recently is expected to give a fair picture of the current straits through which the industry is passing, but the industry's estimate that 60 per cent of the capacity of its 1600 units lies idle at present is unlikely to prove wide of the mark.

Imported products are patronised on a large scale either because of lack of knowledge of indigenous supplies or because of difference in quality in some ranges of castings. A liaison between the Government purchase organisations (following the example of the railways) and other big consumers, on the one hand, and the Indian Foundry Association, on the other, can remove the first handicap. As regards quality, the existence of over 75 per cent of the foundries under proprietary control underlines the difficulties of educative propaganda in modernised techniques. But it appears that more foundrymen's training courses, on the pattern of the one introduced at Kharagpur, will bring about improvement in the large and medium units. Meanwhile, preparation of more standard specifications by the ISI will certainly command compliance with quality under the pressure of indifferent demand. But simultaneously with it, following the lines of the Trade Commissioner's earnest efforts in Ceylon, an intensive attempt ought to be made to find markets for indigenous products answering to the standards of quality. The home market will naturally have to be tackled energetically and for this purpose the advisability of import restrictions on specific goods should be investigated in earnest.

The inadequacy of the supply of graded pig-iron for foundries still persists and, as will be noted presently, the situation has been rendered more difficult by the change in the price policy. Even in the long-term, the prospect does not seem quite reassuring. TISCO has no programme of expansion of production of foundry grade pig-iron, a substantial part of IISCO's twofold increase of the product from 200,000 tons to 400,000 (in three years hence) will be consumed by its own casting requirements, Bhadravati is unlikely to make any appreciable increase in output, while the new plant at Rourkela has present plans of production of foundry grade pig-iron only to cover its own demand. The main hope, in the result, comes from the projected plant at Durgapur after some time. The Association's demand for imposing an obligation on the producers to produce a definite percentage of graded pig-iron in relation to off-grade pig-iron merits attention.

Among other short supplies ranks railway scrap which is found in actual experience to be of good quality and also cheaper in price. An understanding attitude in the distribution policy and ban on exports of this scrap

(as well as of melting scrap) will alleviate the shortages. The shortage of bye-product hard coke which is universally felt by all the foundries for some time past threatens to take a serious turn as a chronic problem. As against the current requirements of hard coke of the order of 2.5 lakh tons, the rise in demand in the course of the next four years is likely to be as high as 7.5 lakh tons. The actual trends in bye-product ovens confirm the apprehensions that supplies are likely to shrink owing to their over-aged condition and the stop-gap device of a switch-over to beehive coke ovens from interior seams may come to stay as a long-term arrangement by reason of the difficulty of closing them down. The issue of revitalisation of hard coke supplies which is currently being investigated by the Fuel Research Institute demands long-range planning from now

An important factor which has contributed to accentuating the crisis of the foundry industry is the price policy varied to the serious detriment of its raw material costs. In November 1953 the price of pig-iron Foundry Grade No. 1 was raised by Rs. 20 per ton to Rs. 163 per ton on the specific ground of making Bhadravati grade pig-iron available in large quantities at economic prices. The total increase in the cost of pig-iron from TISCO and IISCO which will go to subsidise Bhadravati has been computed by the Association's President at Rs. 46 lakhs. This is the measure of the additional burden of cost that will be thrust on the foundry industry in view of which it is easy to appreciate the reasonable expectation of the industry to receive compensation in the shape of increased supplies from Bhadravati of a volume proportionate to the benefit of financial help it will receive from the pool arrangement. At a rate of Rs. 48 per ton by way of subsidy (Bhadravati's price at the time of the change being Rs. 211 per ton), the industry contends, it expects a supply of 95,000 tons from these works. Actually, it will hardly exceed 25,000 tons. Mr. Monilal Atta has advanced the claim that in the event of the impracticability of restoring the pre-November 1953 price, the quantum of subsidy should be restricted to the actual quantity supplied. The decision to increase the price of ingot mould scrap supplied by Tatas from Rs. 95 per ton F.O.R. destination finally to Rs. 115 per ton at ports, which has been taken by the Government without prior consultation of the industry, has gone to cause further inflation of production costs. The present predicament of the industry surely points out the desirability of offering at least partial relief to it.

It is astonishing that pilferage of materials like pig-iron C.I. scrap and hard coke should continue to be rampant on an extensive scale on the railways under the convenient plea of consignments at owner's risk. The President of the Association has made grave allegations against railway administrations which depict pilferage as a veritable scandal. The specific allegations are that short weight at destination is dismissed with the callous explanation that the weight shown on consignment receipts conveys no guarantee of the quantity actually accepted for carriage, railway staff overtly participates in pilferage and the watch and ward staff connives at it. Such a lawless state of affairs cannot be tolerated and, apart from such action as may be proposed by the Railway Corruption Enquiry Committee, the Railway Board must investigate the truth of these allegations and take appropriate action.

WAY TO THE WELFARE STATE

CROESUS

Notwithstanding the important place assigned to the private sector in the second Five-Year Plan and the categorical assertion of the Prime Minister—and this, after his return from China—that India believes in, and will rely on, the democratic approach in solving all her problems, anyone can discern that private enterprise is worried and uncertain about its future in this country. I am not prepared to believe, as many seem to do, that it is either the impending re-statement of the Government of India's Industrial Policy or the yet undisclosed report of the Taxation Enquiry Commission that is at the root of it all, although the worst fears—most of them unfounded, in my opinion—entertained about the probable contents of these two documents have doubtless given a rude jolt to the share markets in the country. Probably Mr. E. D. Sheppard, Chairman of Messrs. Killick Industries, Ltd., hit upon the correct cause when, in the course of his speech to the shareholders of the Company at its seventh annual general meeting held last week, he observed: "There seems to be still an underlying concept that Free Enterprise should only be tolerated as a necessary evil until it can be replaced by the 'desirable ideal' of State ownership". No one can say whether or not any such 'underlying concept' is really there, but the pronouncements of the Prime Minister himself on different occasions, and also of at least a few other Union Ministers besides, tend to create a genuine doubt that some such concept probably prevails.

Very often, the fear of the existence of something causes more harm than the existence of the thing itself, and I am inclined to view the apprehension as regards this 'underlying concept' as an instance to the point. My reasons for holding this view are: First, the testimonial of the Vice-President of the Stanvac Oil Refinery, Bombay, to which I made a reference in these columns last week, gives the direct lie to the existence of any such concept. Secondly, again, to quote the same source, there is undoubtedly enough confidence in "the integrity and basic fairness of the people who make and apply the rules under which the enterprise must live", which means that there is no need to doubt the sincerity of the authorities in regard to their declared adherence to mixed economy. True, private enterprise has lately come in for some scathing criticism—often quite unmerited—but it is worth remembering that this has not led the Planning Commission to minimise the role of the private sector in the second Five-Year Plan, as it might have done if it was the intention of the Government to be vindictive and to relegate private enterprise to the background as a matter of policy. On the contrary, the percentage of the total outlay allotted to the private sector in this Plan (the second Five-Year Plan) is appreciably higher than that in the first Five-Year Plan. I do not deny that there may be some elements even in official circles who may be fondly hoping that the powers-that-be actually entertain such a concept, but, fortunately, these elements are still an ineffective minority with no more than a nuisance value. While it is difficult, if not impossible, to convert this section, attempts to make it shake off its prejudices by objective and intelligent propaganda about the valuable contribution of private enterprise must not be given up. At the same time, champions of private enterprise must lose no opportunity of telling the public what it is capable of, even as Mr. Sheppard did at the last meeting of Killick Industries, Ltd. Here is what he said:

"Yet I am increasingly convinced that India will realise her cherished aim of bringing about a Welfare State far more economically through the vigorously directed activities of companies such as ours than by State control, State organisation and bureaucratic re-production".

The full implications of this statement deserve to be enlarged upon. In the first place, it accepts the Government of India's goal of the Welfare State. In other words, it effectively dispels the suspicion in certain quarters that private enterprise is opposed to the Welfare State. Secondly, it makes the claim that, in order to achieve this both effectively and economically, private enterprise—the well-conducted units thereof—is any day better equipped than the Government. Is there any proof available to test the claim? Yes, and the Killick's chief adduced it too. He cited the example of Western Germany, where the post-war economic regeneration has been so remarkable as to elicit the spontaneous and unsolicited admiration of everyone who has visited that country in recent months. All this has been possible of achievement, as Mr. Sheppard points out, "through individual initiative and personal incentive and with the absolute minimum of government control". There is admittedly no dearth of individual initiative in this country too, but the scope for the exercise of its free play has been severely limited by curbs on personal incentives, on the one hand, and restrictive controls, on the other. But for these, one would perhaps be justified in drawing the inference—of course after making due allowance for certain differences in national character, outlook, etc.—that our progress on the economic front would at least have been very much more than now, if not as much as that of Western Germany. If this inference is permissible, it 'ipso facto' follows that free enterprise can deliver the goods, given the required freedom, incentive, and encouragement.

I am glad that, incidentally, Mr. Sheppard also debunked a widely held misconception, namely that, in order that people should own the weapons of production, the State must control them. Are not the people who have invested in shares of joint-stock companies producing a variety of good owners of the concerned companies in every sense of the term? This is not today accompanied by State control. Actually, where there is State control in respect of some industries, the people's ownership has tended to disappear altogether, as, for example, in the case of aviation companies. In the few instances where the people are allowed to continue to own a part of the share capital jointly with the Government, the operation of State control tends to discourage people's ownership rather than to encourage it, as one would expect, for the simple reason that Government control, more often than not, ends in conflict with the representatives of the shareholding public on the board of management, because of the fundamental differences in the approach towards problems that arise in the course of business. Bureaucratic regime is seldom both efficient and economic, and speedy disposal is wholly alien to it. If a nation is anxious to secure industrial and economic advancement, therefore, it must have more and more, and not less and less, recourse to free enterprise.

Sutlej Cotton Mills Limited, Delhi

FACTORY AT OKARA, PAKISTAN

Year Under Review Reveals Exceedingly Good Results

A LANDMARK IN THE INDO-PAKISTAN TEXTILE INDUSTRY

The Directors' Report and the audited accounts of the SUTLEJ COTTON MILLS LIMITED (Managing Agents: MESSRS BIRLA BROTHERS LIMITED) for the year ended 31st March, 1954 disclose the most excellent performance.

The profit in India and Pakistan after providing for Interest, Managing Agents' Commission and Depreciation stands at a gigantic figure of Rs. 2,19,55,446. Out of this Rs. 1,28,05,000 have been provided for Taxes in India and Pakistan, leaving a net profit of Rs. 91,50,446 as against Rs. 46,73,165 in the previous year showing an impressive improvement of Rs. 44,77,281 as compared with the preceding year. After transferring Rs. 75,00,000 to the General Reserve from the year's net profit there remains a sum of Rs. 16,50,446. This amount together with the sum of Rs. 32,22,470 brought in from the previous year makes a total of Rs. 48,72,917.

Out of this amount Rs. 7,50,000 have been apportioned for the payment of Dividend on Ordinary Shares at the rate of 50% per annum registering a rise of 10% as compared with the last four years. As a prudential financial step for the second time this year again a sum of Rs. 10,00,000 has been transferred to the Dividend Equalisation Fund.

The balance of Rs. 31,22,917 is proposed to be carried forward for the next year.

The results of the manufacturing and trading operations for the last year decidedly reflect the outstanding progress in performance and management.

The Board has recommended this year generous payment of Bonus equivalent to four and a half months basic earnings to the operatives as an appreciation of their efficiency and loyalty.

The progress of the Company during the last three years is outlined in the following table:

	1951-52	1952-53	1953-54
Sales (Less selling expenses)	2,41,44,198	2,66,70,428	4,11,09,801
Establishment, Manufacturing and other expenses	5,92,199	4,93,119	3,55,545
			(excluding selling Agents Commission amounting to Rs. 2,76,820).
Net Profit (after providing for India and Pakistan Taxes)	29,83,941	46,73,165	91,50,446
Provision for taxes in India and Pakistan	41,08,000	68,43,000	1,28,05,000
Provision for Depreciation	5,15,700	9,18,127	9,70,189
Transfer to General Reserve	..	55,00,000	75,00,000
Transfer to Dividend Equalisation Fund	..	12,00,000	10,00,000
Ordinary Dividend rate per cent per annum	40	40	50

BALANCE SHEET AS ON 31ST MARCH, 1954.

CAPITAL & LIABILITIES		PROPERTY & ASSETS	
Capital	Rs. 15,00,000	Gross Block	Rs. 87,38,169
Miscellaneous Reserve	" 22,73,984	Less:	
General Reserve	" 2,05,00,000	Depreciation	" 62,02,085
Dividend Equalisation Fund	" 12,00,000		Rs. 25,36,084
Reserve for Taxation	" 1,24,10,987	Liquid Assets	" 4,58,99,311
Sundry Liabilities	" 56,77,507		
Profit & Loss Account	" 48,72,917		
TOTAL	Rs. 4,84,35,395	TOTAL	Rs. 4,84,35,395

BUSINESS NOTES

SUGAR POLICY FOR 1954-55

The Government of India's policy for sugar during the coming season 1954-55 substantially retains the policy that is in force for the current season. It is a satisfaction to note that the Government did not yield to the consistent pressure for fixing the price of sugarcane at the level of Rs. 1-12 per maund for gate delivery—a price which is quite out of tune with the very—prices of other agricultural products. The price actually fixed for 1954-55 is Rs. 1-7 per maund for gate delivery and Rs. 1-5 per maund for delivery at rail centres. In maintaining the price at the level of the price of the current season in spite of a definite downward trend in agricultural prices in general, Government has acceded to the demand for providing incentive to larger cane supplies and this incentive should prove to be sufficient. The alternative is change-over to less remunerative crops.

Another important feature of the policy relates to the import of raw sugar for refining in this country. Sugar factories will be permitted to import raw sugar on their own account for the purpose of refining during the idle season. This concession will reduce the overall costs of sugar factory establishments. It sets at rest the apprehensions about permission to instal sugar refineries at Bombay.

For the rest, the new season's policy retains the useful features of the present policy. The quantity to be imported on Government account will be announced later—possibly in instalments. One-fourth of the factory output is to be earmarked for delivery to Government, on requisition, at fair ex-factory prices which will be fixed subsequently for controlled distribution. Except for this safety-valve, no control is to be imposed on prices or distribution. The formula for linking the price of sugarcane to the price actually realised for sugar (which has been introduced for this season) is to be extended to the next season on a voluntary basis. The voluntary basis rectifies the error of imposing it on areas where it is not wanted by the interests concerned.

INDIAN SHIPPING IN TRANSITION

In discussing the current problems of Indian shipping in the course of his presidential speech at the recent annual general meeting of the Great Eastern Shipping Company, Mr. A. H. Bhiwandiwalla assumed the role of the spokesman of the younger shipping companies. His concern for the progress of the younger companies in the near future, however, has not distorted his view of the problems of Indian shipping as a national asset. It is clear that these problems arise out of the strains of transition. Indian shipping has practically provided a satisfactory service for the coastal trade and the additional scope for expansion in the adjacent trade in the next seven years is small—an expansion of the share from 40 per cent to 50 per cent in the traffic offering. The principal direction of future development must now face the problems of more energetic participation in the overseas trade. Mr. Bhiwandiwalla argues that the big Indian shipping companies are cast for this role in view of their relative strength in resources. The problem of transition to overseas shipping, in his view, is essentially a problem of adjustment between the younger and older companies in regard to the coastal and adjacent trades as also of a new approach to the participation in the overseas trade. As for the latter, he suggests that India should not think purely in terms of liner trade which involves the uphill task of acquiring the concurrence of the conference lines, but she should exploit the field of tramp shipping simultaneously. This alter-

native is certainly not easy, but it deserves careful scrutiny. In any event, financial and other active help from the State is inescapable.

Mr. Bhiwandiwalla has voiced the grievance that the system of licensing for the companies on the coastal routes has become too rigid and it operates to the detriment of the younger companies. The principle of proportional apportionment on the basis of the owned tonnage, which is adopted in practice, assigns an inadequate share to the medium and smaller companies. He urges that the older and established companies need to concentrate more on other trades. For the adjacent trade, he proposes the system of pooling of tonnage of the participating companies, on the pattern of the Japanese system. This would give elbow room for the younger companies. These proposals are not free from complications and they need closer examination and planned implementation. Nevertheless, they amount to constructive suggestions to iron out the difficulties of transition.

His conception of co-ordination between railways and coastal shipping is as novel as it is curious. His grievance is that the railway freight rate structure is artificial and in places insufficient to cover more than one-third to one-half of the real transport costs. The implication is that railway freight rates should be raised. He makes no secret of the fact that he has in mind the case of coal which forms a staple item of coastal cargo at present. This is clearly against the demand of industry in general and can hardly be sustained. The current shortage of coal for the coastal shipping trade is due to the seasonal ability of railways to offer sufficient wagons. In so far as the shipping rates for the carriage of coal are concerned, their high incidence is borne out by the difficulties of many industrial consumers. The partial change-over of the Saurashtra railways to diesel engines is an extreme case typifying these difficulties.

PREMIUM ON KHADI

Sardar Swaran Singh's written statement placed before the Lok Sabha on November 18, regarding the purchases of Khadi for government requirements is interesting for the reason that it makes certain telling disclosures about the premium which has got to be put on Khadi. Wherever Khadi uniforms have been introduced in government departments, the assumption for making indents is that the life of a Khadi uniform should be reckoned as half of that of a mill-made cloth uniform. It means a supply of double the number of uniforms of what would be ordinarily required. Some measure of the incidence of the premium that has to be offered for Khadi can be gathered from the cases of two departments. In the P. & T. Department the extra cost of substituting Khadi for mill-made cloth would be Rs. 31.7 lakhs, excluding stitching and washing allowance, and in the Railway Department it would be Rs. 1 crore or 186.3 per cent of the cost of mill-made cloth. It is not clear what proportion of the total cost of substituting Khadi for mill cloth is represented in the two departments by the above costs. But the "operation Khadi substitution" is proceeding apace. In the financial year 1953-54, total purchases of Khadi for Central Government requirements were Rs. 3.75 lakhs. As against this small amount, the orders for contracts for the supply of Khadi placed by the DGS & D in the first five months of the current year 1954-55 were of the order of Rs. 14 lakhs and he had enquiries in hand for Khadi worth Rs. 15 lakhs.

The tolerance limits, fixed in consultation with the Indian Standards Institution and the All-India Spinners' Association, allow latitude in respect of width, weight and thread (warp and weft). The DGS & D takes special precaution to inform the departmental indenter

about the samples of Khadi substitutes in pursuance of the campaign of persuasion. Where substitutes are not readily available but they can be evolved, it is his task to contact the Khadi Board for the purpose of producing the requisite types, if possible. A closer liaison is being maintained between the Inspection and Purchase Wings of the DGS & D, on the one hand, and the Khadi Board, on the other.

All this solicitude is inspired by the object of providing sustenance to the handloom industry. Official patronage of small-scale industries may not be necessarily objectionable, but preferences and relaxations ought to be confined within strict rational limits. Considerations of cost and quality ought not to be cast aside. It needs to be recognized that the resuscitation of these industries is to be sought not in artificial respiration but in the rationalisation and modernisation of their production techniques.

POTENTIAL MARKET FOR TEA IN THE U.S.

F.A.O.'s analysis of the growing trends in the consumption of tea in the United States deserves far more attention than has been given to it in this country. Of the greatest interest to the tea industry in this country is F.A.O.'s major conclusion that the U.S. now absorbs as much as 10 per cent of the world's tea production. With this record, it stands second only to the U.K. This is a heartening revelation which should direct greater concentration of sales propaganda in that country. Tea is winning popularity there in the small towns and rural areas and it is here that the campaign should be directed purposefully. Between 1948 and now, tea consumption in the U.S. rose from 108 cups per person per annum to 137 cups. As for preference for specific varieties of tea in that country, black tea grown in India and Ceylon has now replaced green and long varieties. These findings clearly establish that Indian tea of higher qualities has a potential field for expansion in the U.S. The size of the population and its purchasing power are two powerful elements in the potential demand. This market needs to be developed with special attention.

It is believed that tea would become a more popular beverage in the United States, if restaurants and other public eating places improved their brewing methods. The report recommends the use of better tea making equipment in restaurants, industrial canteens, army messes, and other mass eating places. The F.A.O. study adds coffee is still a more popular beverage in the United States with about 700 cups consumed annually per person.

The Tea Council in America has been conducting a campaign to popularise the consumption of tea, with some good results. The Indian Central Tea Board would do well if it could conduct some consumer surveys in the different markets, with a view to studying preferences for various types of tea. Simultaneously with this, the Indian Tea Board could issue a brochure on the correct manner of brewing tea, and obtaining the maximum flavour and fragrance of the beverage. In line with the F.A.O. recommendation regarding the use of better tea-making equipment in the home and in cafes, restaurants, hotels and messes or canteens, the Indian Tea Board could arrange with the manufacturers of suitable equipment to conduct a wide publicity campaign and a series of 'tea exhibitions' which would go a long way to lower costs of such a campaign and enable it to be spread over a wider area. This technique could be extended to cover newer areas and expand markets for Indian tea.

SINDRI'S COKE OVEN PLANT

With the opening of its own coke oven plant on November 28, the position of the Sindri Fertilizer Factory has been made secure, in the first instance. In the next place, it has been armed with the equipment

and resources to bring about further reduction in its production costs. The provisional supply of coke—one of the two strategic starting materials along with gypsum for the production of ammonium sulphate—was threatened with serious reduction because of the sheer necessity for the suppliers to divert it to satisfy their requirements of coke for steel manufacture. This contingency primarily precipitated the decision to instal an independent plant at Sindri.

Reduction in the price of ammonium sulphate is now primarily dependent on the reduction in the cost of coke. The coke oven plant is accompanied by the by-product plants, for the recovery of important chemical materials, namely, tar, ammonia and benzol. The sale-profits of these by-products will determine the proportion in which it would be feasible to reduce the cost of producing ammonium sulphate. The actual quantum of reduction will be known after some time. Further, the large quantity of coke oven gas that will be produced at the new plant will provide hydrogen gas—a vital raw material for raising the production of ammonia at Sindri. The battery of sixty coke ovens that has been set up there will help conserve the supplies of metallurgical coal in the Jharia coalfields. The outlay on the plant which comes to Rs. 2.35 crores has been met out of the reserves built in a brief period of two years by Sindri. The total output of 600 tons of coke per day will be enough to satisfy the present requirements of Sindri.

Simultaneously with this inauguration, another important step has been taken for planning the increased production of coke and by-products for the chemical industries. On November 27, the Planning Commission appointed an expert committee, under the chairmanship of Mr. D. C. Driver, to examine in all its aspects the West Bengal Government's project of establishing a plant for the production of coke as well as chemical by-products with a proposal to use the surplus gas for a 60,000 k.w. power plant at Durgapur or alternatively at Calcutta or in the vicinity of Durgapur for industrial purposes. Before heavy investment is sunk in this costly project, it is essential to estimate the economics of the plant. A steel plant at Durgapur would assuredly make the coke plant an economic proposition.

OUTLOOK FOR EXPORTS

The broad survey of the progress of India's exports in the last six months made by Mr. Nityanand Kanungo, Deputy Minister for Commerce, last Sunday, before the Export Advisory Council, presents a reassuring picture of the trade emerging with a bright outlook after the set-back particularly in the months of April and May. No particular significance needs to be attached to the trends in these two months and even in the longer perspective evidence points to a positive pace of improvement. Our export trade has usually leaned heavily on a few selected staple articles and this year's improvement is clearly to be related to three articles, tea, jute and cotton. Tea has earned Rs. 9 crores more in the first three quarters of 1954 than in the corresponding period of 1953. The rising crest of the boom in this trade has helped not only to offset the disadvantage of relatively smaller volume but now with the allocation of an increased export quota the rate of earnings of foreign exchange can be expected to be stimulated to still higher levels. The price increase in the U.K., however, is not likely to be sustained for a long time.

Jute exports have brought an excess of Rs. 10 crores in the first three quarters of 1954 over the earnings in the same period of 1953 and the total stood at Rs. 89 crores. Stocks with mills in October last were lowest since the end of the war and the level of exports also registered a peak. It is to be expected that the introduction of the 48-hour week will be continued when the question comes up for review in January next.

Japan, however, is emerging as a potential competitor for the dollar market for jute and here she has the advantage of lower transport cost besides the advantage in respect of wages and volume of the labour force maintained. Exports of cotton textiles in the first three quarters of 1954 and 1953 were 640 million yards and 450 million yards and in terms of foreign currency Rs. 49 crores were earned in the current year. Our cotton piecegoods exports have received a windfall in the shape of Japan's decision, enforced on 19th November last, to cut her exports by 50 per cent for reasons of anticipations of short supplies of raw cotton. But her simultaneous decision to withdraw the export subsidy will raise the price of Japanese exports by about 30 per cent. Until the cut remains in force, therefore, Indian textiles have an opportunity to expand their position. It would be feasible now to reach the export target of 1,000 million yards. But the real object should be to consolidate our exports in the near markets. The Textile Export Promotion Council will have to address itself to this long-term goal.

But the drawbacks and vulnerable spots in the export trade must be given much greater attention. Barring textiles, Indian manufactures have generally failed to register any progress in exports. They account for over 15 per cent of the total. With the expeditious formulation of procedure for drawback of import duty on individual materials and products used in exported articles, which is under way now, some element of competitive strength will be added to them. Quality control, for which a start has been made with cotton cloth, is the primary need in a buyer's market. The faltering attitude of the Government on rationalisation must be ended soon if the lesson underlined by our rising production of these manufactures, unaccompanied by a rise in the exports, is to be correctly appreciated. Oils and oilseeds had a decline which may be attributable to short-term causes. But the fall in the exports of manganese ore and mica, to mention important items, is due to the emergence of new competitive exporters. The overall picture, therefore, calls for long-range remedies. The encouraging outlook in the immediate future must not be allowed to cloud this essential aspect of the export trade.

KILICK INDUSTRIES

Last year's experience of the Killick Industries has vindicated their capability to face up to the difficulties raised by external factors. This is because of the sound management which ensures high standards of efficiency. Mr. E. D. Sheppard's presidential review at the last general meeting, held on 26th November, gives a promising indication that the prospect for the industries in which they have a vital interest is reassuring. The cotton textile industry will no doubt receive a heartening stimulus from Japan's policy of withdrawal of export subsidies and reduction of the volume of exports by half. But the chairman rightly urges that a long-term view must be taken and the pressing demand for rationalisation must be faced with a realistic approach.

The justice of the claim for a higher return to the investor in the electricity supply industry has been recognized at long last and Government has now shown its readiness to amend the law. But actual relief will necessarily take time and it would be dogmatic to be too optimistic about the final shape of relief. Killick Industries are now shaping their policy to contribute their share to the ambitious expansion of the cement industry so as to achieve the 10 million ton target fixed for 1961. The removal of the export duty on manganese ore will enable the stagnation to be broken and the export trade will be facilitated. The steel filling project has its ground well prepared for progressive growth and production will be commenced in about six months hence. A significant development that has taken place is the permission granted for the

thermal station at Trombay. This intermediate measure, followed by the execution of the Koyna project, will remove the danger of the recurrence of power famine in Bombay.

In the larger context, Mr. Sheppard pleads for a basic change in official outlook on private enterprise. In essence, the official attitude is that private enterprise is allowed to exist on sufferance until the State takes over completely. He rightly argues that the goal of welfare State does not conflict with the existence of the private sector. The economy ought not to be handed over to State control wholesale.

STANDARDS FOR ENGINEERING AND BUILDING INDUSTRIES

The Engineering and Building Standards Convention at Calcutta from December 11 to 14, organised by ISI, is the first of its kind, and will study common specific problems of these industries relating to Indian Standards. Representatives of the Indian engineering and building industries are expected to discuss the implementation of Indian Standards, the scheme of certification marking, inspection of goods and a programme for the efficient production and use of steel. Among other subjects the discussion of functional requirements of buildings will be followed with interest by the lay man. The Convention is scheduled to consider the role of standards in the development of cottage and small-scale industries, which may prove an interesting topic in the light of the large Government allocations of grants to these industries.

Delegates representing chambers of commerce, associations of trade and industry, technical institutions, consumer organisations including government departments, and research laboratory workers are to attend and participate in the discussions. The ISI has during the last seven years published 500 Indian Standards covering a vast variety of items in the engineering, building, chemical and textile industries. The standards have been adopted by the Government as a basis for their purchase programmes, and have largely helped improve the quality of goods produced in the country. The ISI has recently set up a section to implement the scheme of marking goods with quality-indicating symbols under the ISI (Certification Marks) Act. The proposed Convention is a step in this general direction and it is to be hoped will help in evolving standards, which are both economical and useful, to the engineering and building trades.

ADDITIONAL QUOTA FOR OIL EXPORTS

The latest announcements permitting additional quotas for the export of castor oil and groundnut oil have had an enthusiastic reception in the oilseeds market. In the case of castor oil the fresh quota is of the order of 15,000 tons. Only a small quantity out of the previous quota of 22,000 tons of castor oil has been left unutilised and it would appear that together with the latest quota allowed, the total quantity available for shipments would be in the neighbourhood of 19,000 tons. The existing overseas demand is high and although importers from the Continent have chosen to mark time for a few weeks past, U.S. importers are eager to place orders for Indian supplies in view of the inadequate stocks with them. The maximum limit of 400 tons fixed for an individual shipper indicates that much of the American trade will be attracted by them. The groundnut quota has been related to 30 per cent of the shipments of the best year from among the four years, 1948-49 to 1951-52, and the trade's estimate puts the total quantity additionally allowed at about 26,000 tons. The unutilised portion of the last quota is not likely to exceed 500 tons. Failure of the groundnut crop in the U.S. will necessitate larger imports in that country. The two allotments, therefore, have coincided with a period of encouraging overseas demand which can be depended upon to absorb them.

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COMPANY MEETING

KILLICK INDUSTRIES LIMITED

Chairman's Speech: The Role of the Private Sector

Addressing the Seventh Ordinary General Meeting of Killick Industries Ltd. held in Bombay on November 26, 1954, Mr. E. D. Sheppard, the Chairman, said:

It is with some satisfaction that one can say now at the end of 1954, that though the threat of another World War has by no means been eliminated, yet it certainly is not nearer than when we last met a year ago, and indeed there is some reason to believe that it is somewhat more remote. Let us hope that during the coming year this process of the lessening of international tensions will be sustained and even accelerated, so that the time may not be far off when people everywhere can live their lives in an atmosphere of real peace based securely on individual freedom, on national independence and on international co-operation.

THE FOOD SITUATION

In our own country there is now enough food grown to ensure that no one need starve. This most vital achievement frees the National Government from the anxiety of famine, and thereby allows it to plan confidently for the future. Further the saving of Foreign Exchange which has hitherto had to be spent on overcoming the food deficiency, strengthens substantially the foundation for economic progress. I am sure you would like me on behalf of our Company to pay tribute to the great part which the late Mr. Rafi Ahmed Kidwai played in bringing about this very great improvement in the country's affairs.

Unhappily population increase in India continues to be as grave as ever and I sincerely trust that a solution of this first priority national problem will be vigorously sought.

I had hoped very much to be able to report to you this year that free enterprise was operating in a friendlier and more encouraging atmosphere. Every now and then some Ministerial pronouncement, or minor Government action, encourages the hope that better things are in store but basically I wonder whether there has been any real change. There seems to be still an underlying concept that Free Enterprise should only be tolerated as a necessary evil until it can be replaced by the "desirable ideal" of State ownership. Yet I am increasingly convinced that India will realise her cherished aim of bringing about a Welfare State far more effectively and very much more economically, through the vigorously directed activities of Companies such as ours than by State control, State regulation, and bureaucratic reproduction. The economic regeneration of the Federal Republic of Western Germany which has achieved the most remarkable results in the past few years precisely through individual initiative and personal incentive and with the absolute minimum of Government control provides a forceful object lesson as to the manner in which national well-being can be created. Also, to my mind, there is nothing more outmoded than the theory that in order that the people should own the weapons of production the State must control them. The people will most genuinely own and control the weapons of production by purchasing them in the form of Joint Stock shares. To achieve

this purchasing power by the rapid production and equitable distribution of national wealth through free enterprise is the best goal which a nation anxious to secure industrial and economic advancement can place before it.

THE COMPANIES BILL

The Select Committee, to which the Companies Bill has been referred, has yet to submit its report and it is to be hoped that this will be realistic and constructive.

Controls and Taxation are intimately tied in with this matter of a favourable climate of opinion within which the Private Sector can make its most effective contribution to the development of the country. In respect of the former I would only say that even the small degree of decontrol which has taken place during the past year has been most welcome and the restoration of an increased measure of initiative and freedom to industry during 1955 would yield further benefits. With regard to Taxation, the report of the Mathai Committee is expected at any moment and if the Committee has re-established that most noble and precious of all incentives in a free society—legitimate ambition—then indeed it will have struck a blow in favour of the country's rapid development. Let us hope that this incentive will be given to Industry and Industrialists so that rapid development and expansion may take place. Then the revenues therefrom and the employment created thereby would far more than compensate Government in the near future for any temporary fall in Taxation receipts at the outset.

A great deal has been achieved in India during the past few years. A great deal is planned to be done in the future. India, one senses, is standing on the threshold of greatness. There is an exciting feeling of a great country moving towards its destiny. In all this, Companies like Killick Industries, which, I submit, stand for all that is best in Indian Industry, have a vital role to play and a great contribution to make, if only Government policy permits them to do so. My appeal is that this permission should be readily forthcoming and not tardily be grudged.

POWER SUPPLY

I referred last year to the unsatisfactory position of the supply of power in and around Bombay. This has now changed for the better and with the licensing of the 100,000 K.W. Thermal Station at Trombay to look after the short-term position and with the long-term Koyna project moving forward—albeit slowly—the fear of power rationing has receded into the background.

The measure of your Company's progress is bound up with the expansion of the Managed Companies and although the Report summarises their position a brief review of developments affecting them may not be out of place.

Rationalisation is the basic problem affecting the cotton textile industry. Notwithstanding the rigid attitude of labour in this connection there appears to be a growing realisation that if the industry is to grow healthily and retain its competitive power, every attempt should be made to grapple with the problem. "Rationalisation without tears" appears to be the present attitude of Government but all concerned must face the issue squarely before long if the industry as a whole is to be placed on solid and lasting foundation.

The continuous urging of the Electricity Supply Industry for an enhancement of the return permitted to the investor has prompted Government to make proposals to liberalise the Electricity (Supply) Act, but I doubt if any finality will be reached in this connection until some months have elapsed.

The Manganese Mining Industry which was until recently in the doldrums appears slowly to be recovering following the withdrawal of the export duty on manganese ore.

As you know, your Company, as a member of Cement Agencies Ltd., is concerned with the management of the Associated Cement Cos., Ltd. A target of 10 million tons per year output has been laid down for the Cement Industry during the second Five-Year Plan, and this Company is now preparing to play its part in achieving this.

I have made a brief reference to these developments to indicate the prospects of some of the industries with the future of which your Company is vitally concerned, and these are not discouraging.

The Kachidana property has continued to make a useful contribution to the Company's profits.

Negotiations are proceeding with the Madhya Pradesh Government regarding the Korba Coalfield.

A reference has been made in the Report to the Steel Files project. Progress in implementing this project has been satisfactory, and unless unforeseen difficulties arise partial production is expected to be commenced about the middle of next year. This light industry is expected to yield a satisfactory return in the coming years and will further diversify the Company's operations.

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THE EASTERN ECONOMIST

ANNUAL NUMBER

1954

INDIA

IN

SOUTH EAST ASIA

AND

AN ANNUAL REVIEW OF CURRENT
ECONOMIC AND POLITICAL EVENTS

The central theme of Part I of the Annual Number 1954 of "The Eastern Economist" is 'India in South-East Asia'. Events during 1954 have underlined the tremendous economic and political significance of this area. The Truce in Viet Nam, the outcome of the Geneva Conference, and the Colombo Conference in April are indications of the great scope and urgency for co-operation between nations in South-East Asia. With SEATO in the background, economic co-operation is very much in the minds of nations in this region, and this provides a vast field for analysis both political and economic. "The Eastern Economist" Annual Number seeks to illuminate this theme through special studies in all its aspects.

In Part II the Annual Number will, as usual, deal with economic events in the Indian Union during 1954. An elaborate authoritative view will present the reader with a penetrating analysis of Indian economic affairs.

The Annual Number 1954 will be printed in not less than 8,000 copies. Of its 160 pages only 60 will be available for advertisements.

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December 3, 1954.

THE EASTERN ECONOMIST

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COMPANY AFFAIRS

KILLICK INDUSTRIES LTD.

Killick Industries Ltd., have done well. The directors' report for the year ended June 30, 1954, discloses a rise of nearly 14 per cent in gross profit from Rs. 30.34 lakhs to Rs. 34.57 lakhs. After providing Rs. 1.05 lakhs for depreciation and Rs. 15.00 lakhs for taxation, the net profit at Rs. 18.72 lakhs compares favourably with Rs. 16.29 lakhs in the preceding year. The ordinary dividend rate has been proposed at 11 per cent per annum—one per cent more than that of the last year. The paid-up capital having been increased from Rs. 89.98 lakhs to Rs. 95.00 lakhs, the amount absorbed by way of dividends would be Rs. 10.45 lakhs only.

The credit side of the Profit and Loss account shows that major gains have been made by "Commission and Office Allowance from the Managed Companies" and the "Kachidana Venture".

The three electricity companies, namely, Ahmedabad, Bombay Suburban and Surat have recorded sizeable rise in the sale of energy. Except for the Hingirampur Coal Co., Ltd., all other companies fare well during the year under review. Measures are in hand, report the directors, to improve the position in the coal company.

The salient features of the working of the company during the last three years are outlined in the table below:

Year ended June	1952	1953	1954
Gross Profit	28,66,486	30,34,371	34,56,538
Depreciation	90,411	1,05,169	1,04,880
Taxation	11,60,000	13,00,000	15,00,000
Net Profit*	16,16,075	16,29,202	18,51,658
Dividend Rate per cent per annum	10	10	11

* After providing for depreciation and taxation.

THE INDIAN CABLE CO., LTD.

The gross profit of the Indian Cable Co., Ltd., for the year ended March 31, 1954, stands reduced by nearly 33 per cent from Rs. 104.24 lakhs in 1953 to Rs. 69.50 lakhs in the year under report. The company was obliged to introduce substantial reductions in the selling prices from September, 1953, onwards because of fall in copper prices and the need to meet increased competition from foreign as well as indigenous manufacturers. The working results were also adversely affected by the stocks of high priced copper and other raw materials carried at the beginning of the accounting period.

After taking into account Rs. 15.94 lakhs being balance brought forward from the preceding year and Rs. 9.23 lakhs being reserve for taxation no longer required, and providing Rs. 8.49 lakhs for depreciation, transferring Rs. 5.00 lakhs to the general reserve and Rs. 10.20 lakhs to the taxation reserve, the net profit comes to Rs. 36.28 lakhs as compared with Rs. 64.63 lakhs in the last year. The directors have enhanced the provision for depreciation from Rs. 5.49 lakhs to Rs. 8.49 lakhs.

The ordinary as well as the preferential dividend has been maintained at 7½ per cent per annum, in

addition to a cash bonus of 2½ per cent, both free of income-tax. The ordinary dividend would absorb Rs. 15.29 lakhs as against Rs. 1.29 lakhs of the preferential dividend. The balance carried forward at Rs. 19.70 lakhs is higher than that of the balance brought in at Rs. 15.94 lakhs.

The expansion programme of the company is making steady progress in spite of occasional setbacks.

The salient features of the working of the company are brought out in the table below:

Year ended March	1952	1953	1954
	Rs.	Rs.	Rs.
Gross Profit	87,62,788	1,04,23,881	69,50,225
Taxation	27,04,170	36,40,000	10,20,000
Depreciation	1,64,443	5,40,439	8,49,402
Net Profit	61,07,686	64,62,592	26,30,130
Reserve Fund	12,50,000	5,00,000	5,00,000
Dividend Amount ordinary	15,28,922	15,28,922	15,28,922
Dividend Amount Pref.	1,28,775	1,28,775	1,28,775
Ordinary Dividend Rate per cent per annum	10	10	10

MCLEOD GROUP OF JUTE COMPANIES

The working results of three jute companies, namely, Presidency, Waverley and Nellimarla (Managing Agents: McLeod and Co., Ltd.) for the half-year ended June 30, 1954, reflect difficult trading conditions. Sales as well as net profits (after providing for depreciation and taxation) show a downward trend. Provisions for depreciation have declined while manufacturing expenses have gone up. Dividend rates of Presidency and Nellimarla have been maintained but that of Waverley has been stepped up to make up for the preceding half-years. It may be pointed out here that for four consecutive half-years from July 1951 to June 1953, Waverley had paid no dividend and has, in a way, compensated the shareholders during the half-year under review.

Presidency Jute Mills Co., Ltd.

During the period extremely unsettled labour conditions prevailed and the management had to close the mill. The lock-out was declared on April 20, 1954. The mill re-opened on May 5, 1954, and the mill is now working to normal efficiencies.

Waverley Jute Mills Company

Waverley experienced better labour relations, although there was a decline of nearly 17 per cent in sales. Manufacturing expenses showed a rise of Rs. 3.81 lakhs while the provision for depreciation and 'salaries and wages' showed a downward trend. Ordinary dividend has been proposed at 4 annas per share as against 1 anna per share in the preceding half-year. Nellimarla Jute Mills Co., Ltd.

Labour conditions were unsettled during the half-year under report and a number of departmental stoppages occurred. The sales, however, increased by Rs. 2.38 lakhs from Rs. 42.25 lakhs to Rs. 44.63 lakhs while the net profit dropped from Rs. 2.68 lakhs to Rs. 1.10 lakhs. Ordinary dividend rate was unchanged at 7½ per cent per annum.

The working results of the above companies for the last two half-years are tabulated below.

Half-year ended	(In lakhs of Rupees)					
	Presidency		Waverley		Nellimarla	
	31-12-53	30-6-54	31-12-53	30-6-54	31-12-53	30-6-54
Sales	41.78	34.17	56.45	47.12	42.25	44.63
Manufacturing Expenses	20.91	21.05	28.83	32.63	24.94	26.85
Salaries and Wages	8.51	7.87	11.82	11.78	11.04	10.47
Net Profit*	3.32	0.29	2.93	2.17	2.68	1.10
Provision for Depreciation	0.91	0.36	1.43	1.26	0.96	0.78
Provision for Taxation	Nil	Nil	Nil	Nil	1.80	0.80
Dividend Rate per cent per annum	5	5	12½	50	7½	7½

* After providing for depreciation and taxation.

COMMODITY NEWS AND NOTES

FINAL ESTIMATE OF INDIAN JUTE PRODUCTION

The Directorate of Economics and Statistics, Union Ministry of Food and Agriculture puts the area and production of jute for 1954-55 at 1,273 thousand acres and 3,153 thousand bales (of 400 lbs. each) respectively, as against the partially revised estimate for last year of 1,196 thousand acres and 3,129 thousand bales. This shows an increase of 77 thousand acres or 6.4 per cent in area and 24 thousand bales or less than one per cent in production. The increase in acreage under jute during the current year over the previous year has been reported by almost all the jute-growing States, particularly Orissa and Assam, due mainly to favourable weather conditions at the sowing time and to efforts made under the jute development scheme. Bihar has, however, reported an insignificant decrease in current year's acreage under the crop. The increase in production has mainly been shared by Orissa and Uttar Pradesh and has been attributed partly to increase in area and partly to better climatic conditions at the growing time. This increase in production has been offset to a great extent by decreases registered mainly in West Bengal and Assam due to floods at the growing time. The estimates of production of Assam (excluding the hilly districts) and West Bengal (excluding the Darjeeling district) for 1953-54 and 1954-55 are based on the results of random sample crop-cutting surveys.

COAL LOADINGS IN INDIA

During October this year the Indian Railways sent out daily an average of 4,162 wagons from all coalfields in India loaded with coal for internal consumption and for export to foreign countries. During the past four months coal loading has shown a marked improvement compared to the corresponding period in 1953, as the following table will show:

Daily Average Loading in All Coalfields

Month	1953	1954
July	3,720	4,130
August	3,732	4,345
September	4,022	4,407
October	4,164	4,162

The Bengal and Bihar coalfields accounted for a major portion of the loadings and recorded similar improvements.

Daily Average Loading in Bengal and Bihar Coalfields

Month	1953	1954
July	3,034	3,351
August	3,020	3,558
September	3,222	3,593
October	3,351	3,432

The pithead stocks of coal have also substantially come down this year, as the following figures would indicate:

On 30th	1953	1954
June	3,376,985	3,259,288
July	3,286,030	3,017,572
August	3,156,777	2,658,886
September	3,137,427	2,521,947

SUGAR PRODUCTION AND STOCKS

The opening stock of sugar with factories in India on October 18, 1954, was 0.96 lakh tons, as against 2.61 lakh tons on the corresponding date of the previous season, but the arrivals of imported sugar from November 1, 1953, to October 31, 1954, totalled 7.06 lakh tons. The total production of sugar for the season 1953-54, i.e. from November 1, 1953, to October 31, 1954, was 10.15 lakh tons, as against 12.98 lakh tons during the corresponding period of the previous season. The total quantity despatched from November 1, 1953, to October 31, 1954, was 11.55 lakh tons, as against 16.01 lakh tons during the same period of the last season. A quantity of 60,110 tons of raw sugar was received up to October 31, 1954, for refining.

JAPAN TO CUT COTTON CLOTH EXPORTS

Japan has decided to cut her export of cotton goods by nearly half with immediate effect. The Japanese Ministry of Trade is of the opinion that it will raise the price of Japanese cotton goods abroad by about a third. The decision to cut exports anticipates a raw cotton shortage, the allocation of which to textile mills would be cut to 40 thousand bales a month or to 140 thousand bales up to February 1955. As a result of a race for increased exports by mills, the export prices had declined from 16 cents per sq. yard earlier in the year to 12 cents, and domestic prices rose sharply.

Indian cotton textile exports were 1,270 million yards in 1950-51, and then declined to 424 million yards, 616 million yards and 765 million yards during 1951-52, 1952-53 and 1953-54 respectively. The trend of cotton textile exports during the current year is upwards and it may be hoped that Japan's this decision may further help in attaining the export target of 1000 million yards.

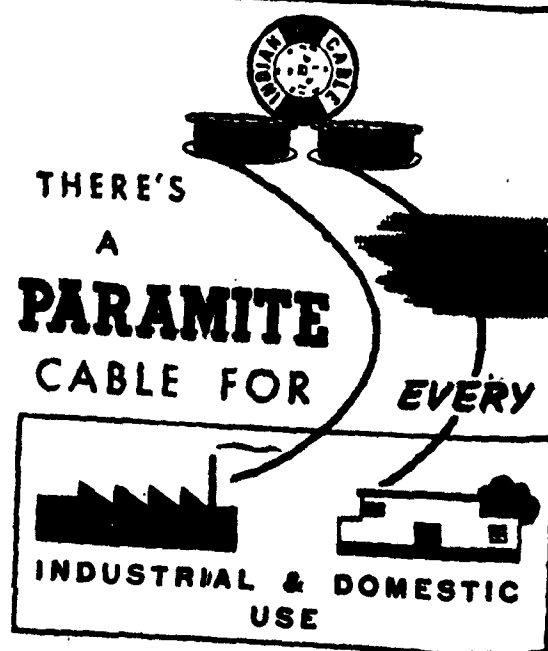
EXPORT COUNCIL FOR MANGANESE ORE

The Union Government proposes to set up an export council for manganese ore. The council will explore the possibilities of putting Indian manganese ore on a competitive level in the world market and also renew contact with former buyers by advising the industry to reduce the price.

U.S. IMPORTS MORE INDIAN BURLAP

India's share of the American burlap market has increased this year over last. Of the total U.S. imports of burlap during the first six months of 1954 Indian supplies accounted for 84.2 per cent against 77.2 per cent in the same period a year ago. Burlap's gains in recent months are directly linked with the improvement in its competitive position price-wise. An analysis of container prices in America shows that compared to 1949 level when a worldwide commodity inflation was witnessed, burlap bag prices have declined by 21 per cent against 5 per cent and 10 per cent respectively for cotton and paper bags.

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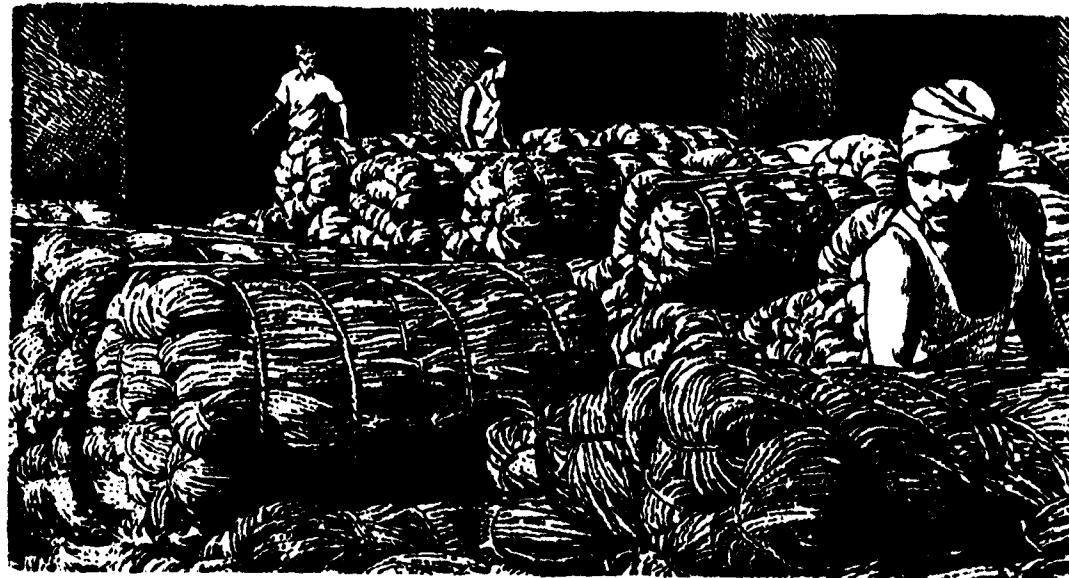
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CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

		Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
		Food Articles	Indus. Raw Materis.	Semi-ma- nufactured Articles	Manufac- tured Articles	Miscel- laneous	General Index	Govt. and Semi- Govt.	Deben- tures	Prefer- ence	V. D. I.
1947-48	..	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49	..	382.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50	..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51	..	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52	..	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53	..	357.8	436.9	343.8	371.2	614.1	380.6	..	..	..	..
1953-54	..	384.4	467.7	359.2	367.4	686.6	397.5	90.4	100.6	87.4	95.7
January	1954	381.5	481.1	361.5	364.8	709.8	398.5	90.3	101.7	87.7	98.2
February	"	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March	"	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
April	"	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May	"	366.2	464.6*	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0
June	"	343.2	441.0	355.6	378.7	647.3	381.6	90.3	100.9	88.5	106.9
July	"	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6
August	"	362.4	420.9	351.9	375.7	608.9	382.5	90.8	100.6	89.4	117.4
September	"	363.6	426.0	353.3	377.7*	607.8	384.4*	90.7	100.5	88.6	121.0
October	"	355.9	428.8	351.8	376.5	606.7	381.6	90.4	100.5	88.4	118.2
Week Ending											
16-10-1954	..	361.9	430.3	352.2	375.5	604.7	383.6	90.4	100.5	88.2	117.5
23-10-1954	..	355.8	434.3*	351.3	375.9	606.3	382.3*	90.3	100.5	88.4	116.9
30-10-1954	..	351.3	427.3	351.0	375.3*	604.3	379.2*	90.2	100.6	88.6	116.9
6-11-1954	..	347.2*	438.5	349.5	376.8	613.4	380.1*	90.3	100.6	88.4	117.4
13-11-1954	..	336.8	449.4	349.1	377.3	610.2	376.1	90.2	100.5	88.3	116.5

†Economic Adviser's Series.

c Average of weeks.
††Reserve Bank Series.

*Revised.

WORKING CLASS COST OF LIVING (August 1939=100)

Period	Bombay			Delhi	Bengal	U. P.	Central Provinces		Madras	E.P.	Bihar	All India†
	Bombay	Bombay June 1934 =100	Ahmeda- bad July 1937 = 100	Delhi†	Calcutta	Kanpur	Nagpur	Jubbulpore†	Madras June 1936 = 100	Ludhiana†	Jamshed pur†	
1939 (Aug.-Dec.)	103	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	138
1950	298	313	257	132	349	484	372	153	325	165	145	138
1951	314	330	261	142	370	451	391	168	334	167	160	144
1952	321	337	250	143	351	441	380	150	330	151	154	141
1953	346	363	275	140	349	453	387	151	351	147	156	145
1953 October	350	368	282	144	349	457	389	153	353	150	162	147
November	344	361	280	144	339	453	385	148	353	149	155	144
December	342	359	268	140	329	438	380	146	350	149	145	141
1954 January	346	363	269	139	325	442	377	144	353	151	142	142
February	331	348	257	139	316	432	375	144	352	151	141	139
March	332	349	257	138	319	416	374	143	345	150	136	137
April	338	355	255	141	323	426	377	144	341	151	138	139
May	338	355	251	142	339	415	374	142	341	150	142	139
June	350	367	240	135	332	396	375	141	342	149	143	139
July	349	366	241	134	331	400	373	141	339	145	140	138
August	345	362	237	135	330	408	372	—	336	145	—	—
September	347	364	236	137	332	406	—	—	—	—	—	—
October	—	—	—	141	336	404	—	—	—	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED											
	27-11-1954			20-11-1954			13-11-1954			6-11-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola)	89- 2	86- 15	88- 1	89- 5	88- 1	88-15	89- 8	87- 13	88- 7	88-15	87-15	88- 7
Silver (per 100 fine tolas)	158-14	164- 0	156-15	159-11	157- 8	158-14	160- 1	157- 12	158-14	160-10	158- 2	159- 2

RESERVE BANK OF INDIA
ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupce Coin	Rupce Securities	Total Assets
1938-39*	182.36	28.28	210.64	44.42	86.95	111.37	52.91	67.11	32.16	210.64
1947-48*	1,227.82	47.12	1,274.95	44.42	1,135.32	1,179.74	92.53	32.86	62.84	1,274.95
1948-49*	1,231.84	22.02	1,253.86	42.49	907.47	949.96	75.43	42.98	265.62	1,253.86
	(5.58)	(—)	(5.58)					(90)		(5.58)
1949-50*	1,128.94	24.00	1,152.94	40.02	647.04	687.06	59.59	50.53	415.36	1,152.94
1950-51*	1,163.21	17.19	1,180.40	40.02	624.70	664.72	56.31	57.21	458.47	1,180.40
1951-52*	1,189.84	27.78	1,217.62	40.02	625.27	665.29	54.64	63.98	488.36	1,217.62
1952-53*	1,114.84	27.87	1,142.72	40.02	684.40	724.42	63.40	80.22	458.08	1,142.72
1953-54*	1,133.95	23.03	1,156.97	40.02	594.02	634.04	54.80	92.83	430.11	1,156.97
Average of Fridays										
March 1954	1,190.15	12.48	1,202.63	40.02	648.15	688.17	57.22	93.12	421.34	1,202.63
April "	1,220.24	13.08	1,233.32	40.02	674.15	714.17	57.91	97.81	421.34	1,233.32
May "	1,220.26	25.62	1,245.88	40.02	688.15	728.17	58.45	96.49	421.22	1,245.88
June "	1,196.24	36.20	1,232.44	40.02	679.40	719.42	57.96	96.80	421.22	1,232.44
July "	1,163.71	35.99	1,199.50	40.02	638.15	678.17	56.52	100.31	421.22	1,199.50
August "	1,149.93	32.78	1,182.71	40.02	618.15	658.17	55.65	103.42	421.22	1,182.71
September "	1,152.24	26.51	1,178.74	40.02	613.15	653.17	55.41	105.22	420.35	1,178.74
October "	1,161.85	23.37	1,185.22	40.02	621.15	661.17	55.78	106.30	417.75	1,185.22
Week Ending										
15-10-1954	1,162.05	24.94	1,186.99	40.02	623.15	663.17	55.87	106.07	417.75	1,186.99
22-10-1954	1,157.01	30.58	1,187.59	40.02	623.15	663.17	55.84	106.07	417.75	1,187.59
29-10-1954	1,161.94	25.33	1,187.27	40.02	623.15	663.17	55.86	106.35	417.75	1,187.27
5-11-1954	1,168.62	17.62	1,186.25	40.02	623.15	663.17	55.90	105.33	417.75	1,186.25
12-11-1954	1,172.28	13.90	1,186.18	40.02	623.15	663.17	55.91	105.35	417.75	1,186.18
19-11-1954	1,166.06	21.06	1,187.12	40.02	623.15	663.17	55.86	106.20	417.75	1,187.12

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS*	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14.90	..	16.19	75	31.84	1.28	43.12	28.38	1.53	4.21	1.72	2	6.38	90
1947-48*	366.79	16.93	102.47	34.21	520.40	14.55	544.86	47.24	2.62	406.95	1.57	21	81.58	4.85
1948-49*	222.17 (14.33)	6.62 (3.04)	80.53	56.52	393.72	15.33	419.05	22.12	4.28	307.78	1.71	3.34	75.65	6.14
1949-50*	141.19	23.12	67.00	64.39	295.69	15.76	321.45	24.12	4.30	280.91	3.36	8.39	960.54	4.34
1950-51*	148.60	17.71	62.22	62.29	290.82	18.14	318.97	17.31	3.04	107.70	2.37	6.77	78.73	5.06
1951-52*	181.30	15.95	58.68	69.22	325.15	18.62	353.77	27.92	6.31	187.14	5.90	19.42	95.19	11.91
1952-53*	136.40	7.79	52.89	61.93	259.02	23.69	292.71	28.03	6.64	133.56	2.85	19.03	89.77	12.83
1953-54*	105.44	23.40	46.52	57.45	232.80	23.91	266.72	23.22	9.46	123.31	1.78	19.84	81.58	7.51
Average of Fridays														
March 1954	80.90	42.08	40.44	42.99	206.41	24.91	241.32	12.72	10.46	99.86	1.12	39.83	68.70	8.64
April "	64.51	30.52	42.16	45.21	182.41	27.95	220.36	13.35	12.98	78.55	1.21	40.01	65.17	9.09
May "	92.14	20.61	43.30	46.10	203.15	28.47	241.62	25.90	10.11	65.23	1.12	57.83	71.91	9.51
June "	110.59	18.52	43.21	43.79	216.04	28.28	254.47	36.44	9.07	171.44	1.29	39.09	85.31	9.84
July "	121.13	20.39	46.82	36.55	224.91	26.96	261.88	36.21	1.76	103.91	7	19.84	93.06	1.73
August "	126.46	14.64	55.51	35.01	232.60	23.98	266.60	33.02	3.02	112.99	1.41	16.86	93.11	6.20
September "	137.93	13.37	62.04	34.29	247.63	13.84	271.48	26.77	6.32	117.74	1.09	18.04	95.23	6.43
October "	102.43	28.36	65.38	34.25	230.41	16.90	257.31	23.63	4.21	107.08	67	17.94	96.31	6.97
Week Ending														
15-10-1954	98.27	30.18	68.74	34.00	231.18	16.74	257.91	25.22	4.76	105.50†	54	17.55	97.60	6.74
22-10-1954	98.98	26.02	70.54	34.31	229.85	17.59	257.44	26.90	8.94	103.04†	50	15.82	96.47	6.76
29-10-1954	103.46	22.51	66.30	34.29	226.55	17.26	253.81	25.67	3.50	102.24†	69	18.71	95.06	7.94
5-11-1954	93.17	17.93	68.77	34.01	213.89	16.67	240.56	17.81	1.98	103.16†	59	14.25	94.71	8.07
12-11-1954	93.53	17.65	67.35	34.64	213.16	17.17	240.33	14.16	3.68	103.83†	1.79	14.39	94.89	8.09
19-11-1954	82.74	14.39	78.55	34.76	210.44	19.83	240.28	21.35	3.43	103.60†	3.32	13.36	87.80	8.22

Note: Figures in brackets relate to Pakistan. *Includes Rs. 5 crores each on account of capital paid-up and Reserve Fund. *Average of Fridays. † Includes cash and short term securities.

SCHEDULED BANKS

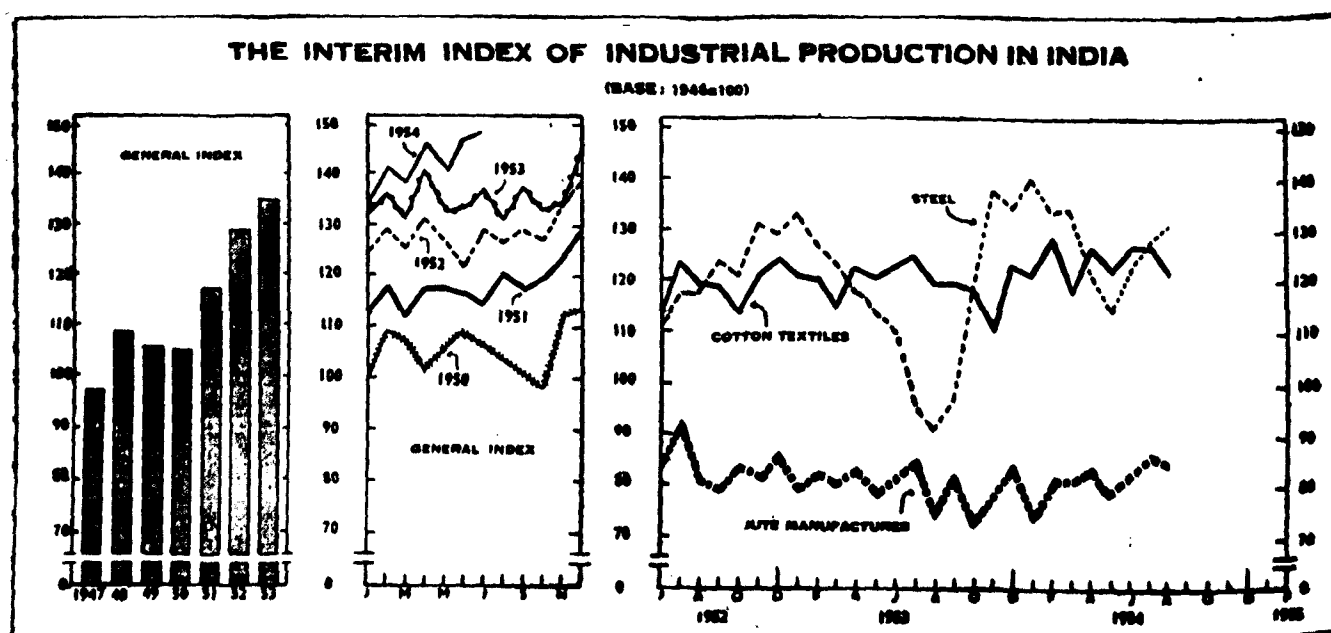
(Rs. in Lakhs)

PERIOD	LIABILITIES			Cash (Notes + Coins)	Balances with Reserve Bank	(5+6) as percent- age of (4)	Advances	Bills Discounted	(8+9) as percent- age of (4)	Invest- ments in Govt. Securities in India
	Demand	Time	Total (1+2)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1938-39*	123.81	108.30	227.11	6.38	15.88	9.80	111.34	480	51.05	...
1947-48*	706.65	343.89	1,050.54	39.92	100.81	13.40	427.54	16.82	42.30	...
1948-49*	674.66	303.88	978.44	37.61	79.40	11.05	424.85	18.44	45.10	...
1949-50*	667.79	272.59	940.38	34.47	65.85	11.53	426.74	15.35	50.79	...
1950-51*	599.13	278.45	877.59	34.68	60.78	10.88	447.03	11.87	52.29	...
1951-52*	593.73	290.82	884.55	37.83	57.29	10.70	523.59	22.81	61.77	303.49
1952-53*	546.23	309.26	855.49	33.33	51.82	9.95	461.64	38.47	58.46	306.34
1953-54*	526.75	328.26	855.00	31.97	44.48	8.98	442.79	51.40	57.80	321.29
Average of Fridays										
January 1954	556.29	313.64	869.92	32.81	61.28	10.82	448.58	38.18	55.95	302.30
February "	549.13	317.19	866.32	33.04	65.75	11.40	442.73	27.49	54.28	305.43
March "	546.05	316.42	862.48	33.95	61.88	11.11	439.48	25.62	53.95	312.63
April "	542.19	318.51	860.70	32.81	55.14	10.22	426.22	26.65	52.62	321.54
May "	535.07	317.85	852.92	33.42	44.65	9.15	432.43	28.08	53.99	327.66
June "	526.17	315.26	841.44	34.14	45.08	9.41	450.25	32.29	57.35	313.69
July "	520.03	315.32	835.35	32.64	43.06	9.00	459.73	40.96	59.51	303.13
August "	530.19	313.43	843.61	32.58	41.66	8.80	465.93	52.18	61.42	302.29
September "	541.81	317.11	858.91	32.94	44.49	9.01	469.89	58.62	61.53	301.43
October "	529.18	322.18	851.36	31.91	39.92	8.44	473.54	60.87	62.77	300.46
November "	527.17	324.95	852.11	33.22	39.94	8.59	464.10	58.38	61.32	309.77
December "	532.42	328.21	860.64	31.86	42.99	8.70	443.60	52.83	57.69	314.39
January 1955	527.25	329.39	856.64	30.56	44.55	8.77	430.70	49.09	56.01	323.14
February "	525.51	330.22	855.73	31.12	48.48	9.30	422.67	43.08	54.50	321.04
March "	527.00	332.50	859.50	31.11	53.01	9.78	417.26	39.55	53.15	336.85
April "	525.93	334.01	859.94	32.18	55.21	10.15	414.71	39.76	52.96	338.57
May "	523.72	332.41	856.13	31.83	51.10	9.68	412.87	42.06	53.15	337.21
June "	518.56	329.04	847.60	33.11	41.00	8.74	436.63	50.08	57.42	325.85
July "	514.30	330.81	845.11	31.99	38.41	8.34	460.45	56.11	60.85	320.55
August "	524.03	328.76	852.78	31.72	39.25	8.32	466.96	64.33	62.54	316.19
September "	541.21	327.70	868.91	32.30	43.11	8.68	480.05	75.08	63.89	316.86
October "	537.42	329.08	866.50	32.93	41.43	8.58	484.46	95.91	66.98	323.65
November "	542.87	332.10	874.97	33.01	41.75	8.64	472.41	87.61	64.01	326.97
December "	548.54	340.72	889.26	30.91	44.18	8.55	460.27	82.45	61.04	329.51
January 1956	553.09	349.08	902.17	30.43	54.43	9.41	444.12	82.07	58.33	338.22
February "	558.13	351.45	909.58	32.16	60.57	10.19	447.84	77.66	57.77	345.65
March "	558.45	354.40	912.85	34.15	63.65	10.71	450.47	77.35	57.82	

THE INTERIM INDEX OF INDUSTRIAL PRODUCTION

(Base: 1946=100)

Period	General Index	Cotton Textiles			Jute	Coal	Sugar	Paints and Varnishes	Cement	Paper	Matches	Sulphuric Acid	Steel Ingots and metal for castings	Diesel Engines
		Total	Yarn	Cloth										
1947	97.2	95.8	94.8	96.2	96.6	103.9	97.6	100.5	93.9	87.8	113.0	100.0	97.1	144.8
1948	108.4	109.0	105.9	110.5	100.2	103.2	116.5	93.0	100.7	92.4	129.4	133.3	97.1	216.7
1949	105.7	99.7	99.4	99.9	84.8	108.9	108.5	90.5	136.3	97.4	127.8	165.8	104.6	438.9
1950	105.0	91.1	85.9	93.8	76.8	110.8	105.8	72.8	169.6	102.7	127.0	170.8	111.2	971.7
1951	117.2	101.3	93.4	104.3	80.4	118.8	120.8	87.2	207.2	124.4	140.2	178.2	116.0	1,531.9
1952	128.9	113.8	106.0	117.7	87.4	125.4	161.9	93.9	229.3	129.7	147.6	180.1	122.0	897.9
1953	135.2	119.9	110.1	124.8	79.8	124.1	139.9	83.6	245.1	131.8	143.3	181.8	116.5	785.6
February 1952	129.0	107.4	102.4	110.0	97.1	140.6	121.9	89.7	202.5	128.8	148.4	125.6	122.2	1,631.5
March	125.5	101.8	96.7	104.4	89.9	125.4	163.9	79.1	222.0	123.6	139.4	129.9	124.9	1,440.5
April	131.7	110.3	103.2	113.9	91.6	134.5	488.6	87.1	235.4	133.8	155.3	122.2	127.6	912.4
May	126.8	112.3	100.6	118.1	89.3	129.7	1493.3	81.1	217.7	121.5	150.0	173.2	112.6	807.3
June	121.6	112.4	101.6	117.9	82.5	120.3	2445.5	80.6	218.1	118.6	150.6	174.6	111.1	362.4
July	128.9	123.3	113.9	128.0	91.0	116.9	..	75.8	246.3	130.8	152.6	149.0	117.6	809.8
August	126.7	119.2	109.4	124.1	80.6	115.8	..	74.8	236.0	131.2	146.3	141.5	117.2	1,188.2
September	129.1	118.5	110.3	122.5	78.6	116.8	431.3	81.7	244.6	136.5	137.8	194.8	123.9	487.5
October	127.6	113.3	105.6	117.1	83.4	121.6	183.7	85.4	223.4	132.7	142.8	167.6	120.5	552.5
November	134.6	120.1	112.6	123.9	80.9	121.8	137.0	97.9	242.5	130.7	154.7	174.8	130.5	500.5
December	138.6	124.0	117.1	127.5	85.5	131.9	127.4	91.5	244.3	133.1	155.5	183.8	129.1	527.3
January 1953	131.1	121.1	113.0	125.2	78.9	126.7	107.6	98.6	224.7	129.4	152.4	173.7	133.5	311.8
February	135.9	120.8	110.0	126.2	82.0	138.1	116.8	75.6	225.3	129.9	161.7	175.7	127.3	222.7
March	131.1	114.1	101.9	120.2	80.4	125.3	168.0	76.0	225.6	126.5	153.2	180.4	123.8	495.4
April	140.6	122.6	108.3	129.8	82.9	136.6	460.1	85.5	224.0	134.2	152.1	147.6	115.9	311.8
May	132.8	120.4	107.1	127.0	78.3	130.2	570.0	77.0	247.2	122.3	150.1	161.6	113.5	344.5
June	133.2	122.9	111.0	128.8	81.2	122.6	136.4	79.6	251.4	121.6	151.0	165.8	107.8	522.3
July	136.3	125.7	114.4	131.3	84.7	112.2	..	73.5	262.8	147.0	150.7	194.1	94.6	741.8
August	131.0	119.5	109.6	124.5	73.5	111.9	..	82.5	234.4	137.7	126.4	207.3	91.2	887.6
September	137.3	119.5	111.9	123.3	81.6	135.1	12.5	88.8	243.0	145.0	138.0	203.0	96.4	1,242.0
October	133.5	118.9	111.5	122.6	72.1	119.7	32.6	93.6	251.3	137.2	119.5	214.1	121.3	1,430.7
November	134.5	109.8	105.6	111.9	77.0	112.7	176.8	86.0	266.6	124.7	133.2	193.9	138.0	1,233.8
December	144.7	122.9	116.5	126.1	84.0	128.9	127.0	85.1	282.2	122.1	134.4	212.3	134.4	1,737.5
January 1954	133.2	121.7	113.4	125.8	72.7	118.3	105.9	97.5	276.9	114.7	130.4	218.4	140.3	1,672.1
February	141.6	127.1	116.4	133.5	81.7	137.8	100.2	83.0	297.3	115.6	130.4	260.6	133.9	1,517.2
March	138.0	117.2	107.9	121.9	81.6	135.1	97.7	95.5	296.9	127.4	130.7	225.8	134.2	1,807.9
April	145.7	126.6	114.8	132.5	83.7	127.9	127.2	83.6	283.7	158.3	114.3	232.7	121.0	1,766.8
May	140.9	122.7	111.1	128.6	77.0	121.3	43.3	81.7	285.0	141.0	125.5	234.4	116.2	1,664.6
June	146.7	127.6	113.9	134.4	83.3	121.5	..	94.2	278.0	145.8	100.7	231.4	123.1	2,008.5
July	149.3	127.6	117.1	132.8	87.2	120.8	..	77.7	278.6	147.1	132.4	235.0	128.6	1,770.3
August	..	121.4	113.6	125.3	84.5	120.5	..	..	261.4	..	..	..	130.4	..

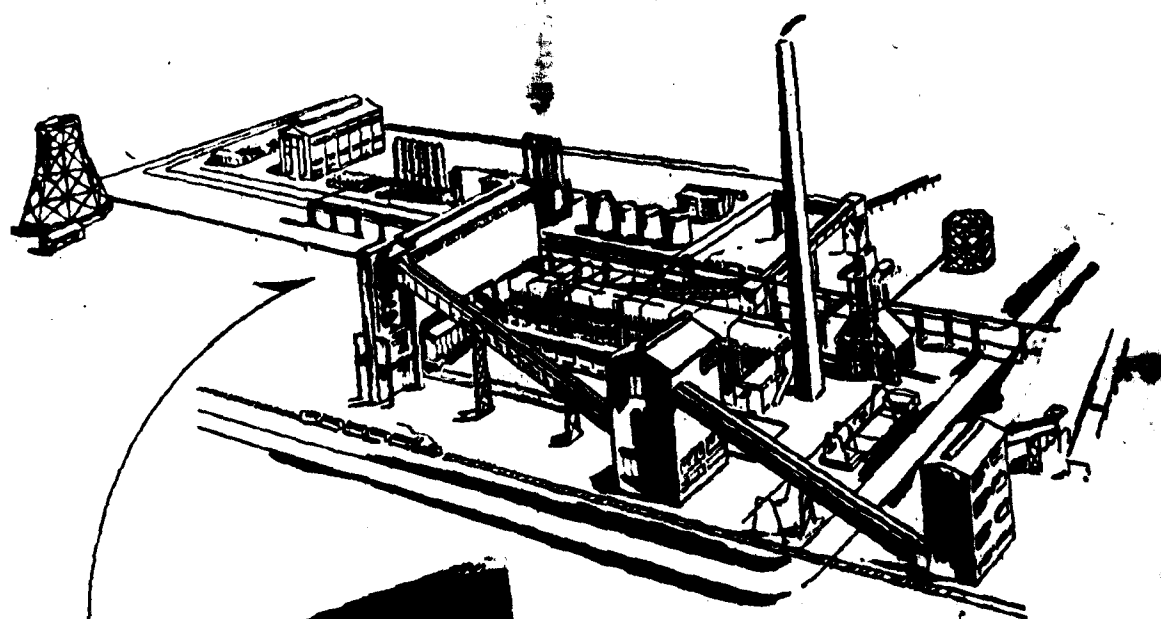


FOREIGN TRADE OF INDIA

SEA, AIR AND LAND

Year & Month	Imports Rs. Lakhs	Exports Rs. Lakhs	Index Nos. of Average Unit declared Value 1948-49=100		Index Nos. of Quantum of Foreign Trade 1948-49=100	
			Imports	Exports (Including re-exports)	Imports	Exports (including re-exports)
1950-51	610.36	624.65	109.0	114.6	93	124
1951-52	955.39	742.78	130.2	168.9	118	98
1952-53	880.65	578.36	128.7	118.9	88	109
1953-54	565.25	527.98	114.3	111.2	85	109
1950						
December	47.62	55.30	100.1	111.0	89	134
1951						
January	56.66	61.87	121.4	113.0	94	146
February	54.21	64.73	122.2	121.9	90	145
March	59.82	87.47	126.2	126.7	96	188
April	58.33	58.48	127.7	140.5	96	106
May	72.98	88.41	125.1	181.5	120	133
June	61.56	64.95	137.1	191.6	109	192
July	75.18	59.90	127.9	185.2	113	88
August	76.67	84.16	129.2	180.0	115	95
September	74.22	62.33	129.0	175.3	111	95
October	73.37	48.64	124.4	167.6	112	76
November	76.74	65.37	126.7	161.6	115	108
December	78.30	59.53	121.4	173.5	128	90
1952						
January	94.37	66.60	129.0	169.1	147	106
February	84.95	49.54	121.4	162.3	128	83
March	93.53	56.87	133.6	150.0	141	99
April	81.11	45.10	125.4	150.2	126	78
May	78.73	51.14	123.8	128.4	125	103
June	63.29	52.05	122.3	119.4	98	113
July	60.22	54.20	122.4	122.5	94	118
August	59.33	58.38	121.4	117.6	101	126
September	49.12	47.71	122.3	116.7	78	111
October	47.00	53.36	122.0	122.5	77	120
November	43.68	41.11	129.1	115.8	67	97
December	47.37	45.59	128.3	108.6	73	114
1953						
January	43.49	44.45	120.0	110.2	73	110
February	39.99	39.24	122.7	120.5	68	98
March	47.08	48.84	118.4	112.8	85	115
April	56.49	38.87	118.7	110.6	103	97
May	56.07	40.99	120.2	111.7	99	101
June	51.40	46.08	121.0	113.2	88	97
July	51.77	40.98	111.0	110.3	94	102
August	49.95	40.05	110.5	113.2	92	96
September	46.53	49.35	109.9	111.9	84	121
October	45.52	48.02	113.7	110.5	82	119
November	38.95	48.73	110.7	112.0	72	119
December	39.43	51.53	122.3	113.1	72	124
1954						
January	39.20	44.65	114.2	109.6	73	101
February	40.07	40.76	115.6	110.8	73	101
March	49.59	46.57	118.5	105.3	87	121
April	47.79	31.49	114.7	108.0	87	81
May	51.60	38.70	114.4	109.3	94	97
June	45.72	43.33	114.7	110.7	83	107
July	53.73	46.72	117.0	113.6	96	113
August	45.48	46.22	117.0	113.6	..	..

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THE Eastern Economist

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ONE RUPEE

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Social Reform and Group Tensions

THE causes of social tensions in India were investigated in 1950 by teams of Indian specialists under the leadership of Dr. Gardner Murphy, an American social psychologist, lent by UNESCO to the Government of India on the initiative of the Ministry of Education, in

New Delhi. While the official reports of these investigations have been submitted to Government, Dr. Murphy has published his own impressions: "In the Minds of Men" (Basic Books Inc., New York). He points out that the new ideas spreading from the cities

are among the most important sources of conflict between castes and communities in India.

Caste has in the past promoted co-operation and stability in the Indian social structure, enabling the Indian way of life to survive one foreign invader after another, until the arrival of the British. From the nineteenth century onwards, however, our social structure has been shaken by the Western industrial, and individualist political, theories that have taken root in India's cities, which have been centres of learning, culture, and innovation. It is the city dwellers who have framed India's Constitution, drawn up her laws, planned her economic development, decided what industrial techniques shall be used, launched new ideals, such as the rights of the individual as against those of the family, of women in equality to men, of small self-contained families as opposed to large joint families. In general, the dwellers in the cities keep up a steady bombardment of new ideas on the people who live in the villages, whose social structure can be adapted to them only slowly and with unavoidable difficulty and suffering.

Dr. Murphy notes that awareness of a man's background and of the duties and status associated with that background is still an elementary form of "placing" the man, in conversation or in other social dealings. "Social distance" between castes is represented by non-intermarriage, the refusal to others of a seat round the trays at meal time, a wide variety of restrictions on the use of the public water supply, the adoption of distinctive titles, deferential or depreciative; the mode of greeting; the sharing of the common tobacco pipe passed around those socially close to each other, and so on. The study reveals a widening scale of "social avoidance", against sitting on a common floor, against inter-dining, against admittance into the kitchen, against touching metal pots, against touching earthen pots, against mixing in social festivals and against any kind of physical contact. It reports, however, that on the whole the barriers to temple entry are crumbling today.

The rigidity of the caste system does not, of course, mean that it is wholly intolerable to the lower castes. Each individual has his duties and definite place in society. There is autonomy within the caste. The clientele of craftsmen is defined; no one may cut in upon their monopoly or challenge their right to their living. The caste panchayats defend against encroachments by other castes. The doctrine of karma often works to reconcile the individual to his caste in this life. This traditional situation was perfectly defensible in its own time as a solution of the problems arising out of the circumstances of Indian life. It could be maintained as long as economic specialisation existed in the villages; as long as each caste had a clear idea of its position and was not disturbed by the infiltration from the outside of new ideas. But the fundamental fact of the contemporary age, out of which rise so many conflicts in village life, is that infiltration of new ideas can no longer be prevented. Economic and political changes have been modifying the positions of the castes for decades and the independence of India has enabled vigorous social reformers to tilt against traditional privileges.

The changes and the types of social tension arising from them have been numerous. Changes in the distribution of land rights and of income have followed legislation giving permanent rights in land to those previously employed as landless workers. There is a distinction in India, as elsewhere, between land ownership and tenancy. Large numbers while not owning land have permanent tenant rights. Since these rights are not enjoyed by landless workers, a three-cornered conflict of interests persists among those who own, those

who have a permanent tenancy, and those who have no rights at all. There is a relative increase in the numbers of the lowest castes, which tends to force them off the land which they cultivate as it becomes increasingly insufficient to feed them. They may then wander in search of livelihood and appear among the migrants who seek employment in the towns. Here separated from the traditional safeguards of their caste rights and obligations, they are too easily led into the ranks of the rootless population of the terrible "underworld" of a great city like Calcutta.

The struggle between the upholders of privilege and those who would destroy it in the name of social reform and the secular State is not, as it is often represented, a struggle between right and wrong, but between rival conceptions of society. This recalls the distinction that the historian, Maine, noted between societies bound together by status, and by contract. Status in India is on its way out. This may not always be a matter for rejoicing; there is need for the conscious development of a sympathetic attitude towards those who are being dispossessed of an acknowledged static place in society in favour of a new conception of a shifting, competitive social organisation. The odds are against the caste system because it is incompatible with the industrial, political, and social system which, having grown up under the British, has been consecrated afresh by those who framed the Constitution of independent India.

With these powerful forces ranged against it, one is tempted to ask why caste does not fade away overnight. It is against the background of the joint family and arranged marriages that it persists. An individual may be dissatisfied with an institution but it is asking a great deal of him to behave as though it had already been abolished. What decent right-minded parents, looking to the welfare of their children, could afford to ignore it? Political revolutions flare up dramatically, but social revolutions work themselves out slowly and often painfully over the decades.

The tensions arising from this conflict of conceptions of social structure will increase rather than decrease in the years ahead. In general, Dr. Murphy observes that the entire struggle of the lower castes to improve their lot in changing circumstances has led to developments with which Western historians have long been familiar. The privileged groups feel that these people "do not know their place"; these "upstarts" are demanding things that are "too good for them". Just as the British factory owners of the early nineteenth century resisted the struggle of their employees for improved conditions, just as a similar struggle took place in the United States, so today the economic struggle gathers momentum in India. The tensions that arise are between those who demand the rapid and dramatic improvement of their lot and those who think that "too much is being demanded too fast". The Gandhian tradition may help both the reformer and his victims to adapt themselves as shown in the Bhodan experiment to reduce tensions. But not all reform is strictly in that tradition.

The reformer should spread greater understanding for the difficulties of the lower castes, who are struggling to win something, and the higher castes struggling to hold on to familiar ways. Hitherto, the attitude that right was all on one side, and wrong on the other, has prevailed. If you are of the Left, you have scorned the upholders of caste as reactionaries. If you are of the Right, you have resented innovations as "Westernisation" destructive of India's culture. The constructive attitude then, is neither to hasten on the process with brutal disregard of the old ways, nor to fight the inevitable but to study how to make the transformation as tolerable as possible.

December 10, 1954.

The Law Commission

IN accepting in principle the private member's resolution on the desirability of the establishment of a Law Commission, the Prime Minister and Home Minister did not appear to be guided by clear ideas about the objectives of such a Commission. In the House itself there were as many opinions on these objectives as there were speakers on the resolution. Much of the confusion over the work and the constitution of the Commission shown in the debate could easily have been dispelled. Many of the members seem to have supported the suggestion because of their desire that the Commission should give a lead in bold new substantive legislation. Others viewed it only as a body that could provide variety and relief from the drab monotony of procedural laws sponsored by the Ministries from time to time due to departmental necessity. It appears that most departments are not reconciled to the prospect of a new body either initiating by itself, or sitting in judgment over, future legislation for which individual Ministries would like to take the responsibility as well as credit. A great deal of care would be necessary to ensure that the constitution and powers of the Law Commission are such as not to make it a fifth wheel in the coach of legislation. There would, however, be little difficulty in defining what the Commission would not attempt to be or to do.

It is essential to bear in mind that in a system of parliamentary democracy, a Law Commission cannot in any sense assume the powers, even by delegation, of the sovereign law-making body, the legislature. Delegation of these powers can be made only to committees of the legislature. Permanent Committees, like the Committee on Delegated Legislation of the Lower House, will have an important place in the legislative process; and in due course when the programme of legislation becomes unduly heavy, other bodies like the Future Legislation Committee and the Legislation Committee set up by the Labour Government in Britain, may be needed to reduce the strain on Parliament. Select Committees on particular bills will also continue to fulfil their present role by shaping proposed laws according to the prevailing trends in public opinion at any particular time. The Select Committee's handling of the defamation clause in the Code of Criminal Procedure (Amendment) Bill is a leading example of how the legislation, however well-conceived it may be in the cloistered atmosphere of high-level discussions, should suffer pruning finally at the hands of the laymen who, as the peoples' representatives, have the final voice.

Thus there are numerous opportunities available for public opinion of all shades to express itself and for legislators, with their contacts with the people whom they represent, to decide how much ahead of or in keeping with popular wishes legislation should be enacted. There would be little need for the creation of more bodies representing laymen or special interests. This aspect was not clearly realised by most of the supporters of the private member's resolution in the House of the People last week, with the result that the suggestions for the constitution of a Law Commission ranged over a wide field, stressing representation on this body for various kinds of experts and interests. The private members seemed, as it were, willing, in an excess of enthusiasm, to sign away even their own role in sponsoring social and other legislation. They overlooked the fact that in formulating progressive legislation for a changing social structure there will always be differences of approach and emphasis in any democratic society. These will be expressed in the approval or otherwise of the programmes of parties and candidates at the elections. A permanent Law Commission should, therefore, be able to function effectively under

Governments with different complexions or under personalities who as leaders differ strongly from one another. This it can do only when, like the Courts, it is not by itself too strongly opinionated about particular directions of reform.

The constitution of the Law Commission would, therefore, entirely depend on the functions to be assigned. A large body of law and custom has grown up both in the Centre and in the major States, a considerable portion of which is either out of date and could be easily scrapped or is in need of drastic revision to suit the changed conditions. The constitutional provision that all laws repugnant to the Indian Constitution are void is too general in its scope. It has not yet put a stop to actions being taken under outmoded laws until they are boldly challenged by the affected citizens. There are other less offensive, but none the less archaic, laws and rules which now encumber the Statute books. Judicial interpretation has added to uncertainties in many branches of law and some of the conflicting rulings still remain to be settled conclusively by legislation. Not the least of the reasons for introducing simplicity, tidiness and precision in this legal jungle would be the need for preparation for the transition to the national language, so that the subtleties of interpretation may not be made more complex than is absolutely necessary. We should not overlook the fact that much of the nineteenth century legislation which survives was quite simple, following the precedent established by Macaulay and later reiterated by Ilbert and Thring. But subsequent trends and the effect of time provided enormous scope for complexity which now needs revision.

This process of scrutiny is an immense task. The work of the Law Commission can be facilitated best only by the organisation of a very competent Secretariat, with personnel trained for the purpose. The training can only be imparted by experience; even in a country which seems to have lawyers in unwanted numbers, it would be as difficult to find suitable men as it is to secure competent draftsmen. These considerations would point to the necessity of establishing a permanent Commission with a permanent Secretariat; the latter can become a very valuable recruiting ground for parliamentary draftsmen. The members of the Law Commission need not be engaged wholtime, though some of them may provide a permanent nucleus. The Planning Commission as now constituted would be a suitable model. In this case, the part-time members would be drawn from the Judges of the Supreme Court and the High Courts and from among leading advocates in special branches of the law. A small group of retired judges with a Chairman from among them can easily direct the work of the Secretariat and prepare for periodical meetings of the full Commission in which final recommendations could be made to the Governments concerned.

It must be clearly realised that the task before the Commission is essentially a work for experts. That does not necessarily mean that the Commission is condemned to function in isolation from current trends in public opinion. No experienced judge or lawyer worth the name can remain ignorant of the patterns of human motives and desires and of the social trends which mould them. The work of the industrial tribunals, presided over in most cases by retired members of the judiciary, would illustrate this fact. The popular impression that judges and lawyers only indulge in airy legalisms and in logic chopping dies hard. They are in the best position to listen to constructive suggestions for change, irrespective of whether the crusading reformer or the pressure-ridden politician gets the better of Parliament.

Status Quo in Railway Finance

THE Railway Convention Committee, appointed by Parliament at the end of the last budget session, has found no justification for making any substantial departure from the terms of the present financial convention. This conclusion is in accordance with our expectations on this matter. The convention now in force had struck a reasonable balance between the liability of railway finance to make a steady contribution to general finance, on the one side, and the claims of railway rehabilitation and expansion, on the other. The modifications suggested by the Committee in the convention for the next five-year period are modest and even these are intended to impart an element of flexibility to the allocation of funds during a phase of development planning.

The primary purpose of the convention which is to secure a definite contribution by the railways to general finance has been ensured in an adequate measure by the change introduced in the present convention in the allocation of the surplus on commercial lines between general finance and railway reserves. The uniform payment of a dividend of 4 per cent on the capital-at-charge of the railways has brought stability and continuity in the contribution. During the period of the existing convention ending March 1955, an aggregate amount of Rs. 169.87 crores will have been paid by the railways to general finances by way of dividend at the stipulated rate. The first charge on the receipts of the exchequer—interest on the loan capital of the railways—leaves a net contribution of an average of Rs. 7.5 crores per annum. It is by any fair criterion an adequate contribution. Net appropriations of the order of Rs. 32 crores to the general finance, as in 1944-45 or 1945-46, constituted exceptional allocations, facilitated by the unrestricted discretion in terms of the 1943 Convention Resolution and they could be made available only in disregard of the more urgent claims of replacement and renewals. The payment ensured by the present convention has the virtue of obtaining a fair net revenue for general finance, while the priority claims on railway earnings and reserves for rehabilitation are reasonably provided for. The Convention Committee has taken the right decision in retaining this rate of dividend.

The terms of the convention for the next five-year period, however, are based on an appreciation of the pressing need for relief to railway finance, when the demands of developmental expenditure cannot be under-rated. The fresh convention suggests a modification in the payment of the dividend at two important points. Over-capitalisation on the railways has proved something of a strain on the structure of railway finances and the forthright solution of writing it down has been shelved for a considerable time past. Under the new convention payment on the amount of over-capitalisation will be made at a lower rate, equivalent to the average borrowing rate of the Union Government charged to the commercial departments which works currently at 3.17 per cent. This concession will secure a permanent saving of about one crore of rupees, the tentative estimate of over-capitalisation being about Rs. 100 crores.

Still another modification recommended by the Committee also helps the solution of the problem of resources for outlay on expansion. A moratorium is to be declared on the loan capital advanced for the construction of new lines and simultaneously with it the rate of dividend payable on it is to be fixed at the lower point of the prevailing borrowing rates of the Government during the period of construction and the initial phase of five years after the lines are thrown open for traffic. The arrears of dividend are to be

paid after this period of five years in addition to the current liability accruing on this score, subject to the reservation that the net income on the individual lines is adequate to discharge the deferred obligation. A saving of Rs. 2 crores is estimated on the assumption of investment of approximately Rs. 80 crores on new construction of the order of 1,500 miles in the second Five-Year Plan. The Railway Board's conservative assumption need not be accepted as necessarily indicating the real magnitude of extension of new line capacity. But it indicates the quantum of relief made available to the railways on a lower estimate.

These concessions have perhaps diverted attention from a vital change proposed by the Committee in the appropriations to the Depreciation Reserve Fund. The prevailing rules of allocation entail a sizable depletion of the Depreciation Fund in view of the obligation to charge the full actual cost of the replacement or renewal of existing assets to the Fund. The magnitude of the backlog of rehabilitation certainly cannot be overlooked. Even at the end of the current Five-Year Plan, 40 per cent of the locomotives, 50 per cent of the passenger coaches and 35 per cent of the wagon stock will remain overaged and await early replacement. The emergency allocation of a fixed usual amount of Rs. 30 crores to the Depreciation Fund, in pursuance of the present arrangement, has rightly been raised to Rs. 35 crores for the next convention period. Its direct impact on the appropriations to the two reserve funds should not be missed. With a marginal relief in the payment of the dividend, the net surplus to be left over for the reserves will be reduced appreciably by the extra allocation of Rs. 5 crores to the Depreciation Fund. In the result, the contingency seems inescapable that the Revenue Reserve Fund, which had to go without any appropriations whatsoever in the last two years of the existing convention, will be frozen at the level of Rs. 38 crores representing the probable balance on March 31, 1955. This result need not be viewed with any feeling of concern. Appropriations to this Fund can wait when there is a clear certainty of no defaults in the payment of the dividend in the coming years. There will be no cause to invoke this reserve which has been specifically set up as an insurance for this purpose.

In the five years ending in March 1955, appropriations to the Development Fund from the net surplus will approximate Rs. 35.50 crores, while the pressure of delayed outlay on staff and passenger welfare projects will push the aggregate expenditure during the period much higher at Rs. 44 crores. The rate of expenditure on the schemes for development out of this Fund has been below legitimate expectations and this outlay will have to be raised from the current annual average of Rs. 8.5 crores to something like Rs. 16 crores per year. It involves an inevitable overdraft from the exchequer as recommended by the Convention Committee.

These implications of the modified convention conform to the general character of railway developmental expenditure. Even while an added impetus will be given to the development of the railways, the accumulations of deferred rehabilitation will require priority on expenditure. These arrears must be cleared in the initial phase of the next Plan. This is certainly not the appropriate time to add to the strain on railway finances. The Convention Committee, therefore, has acted wisely in providing some positive relief, on the other hand. Railway expansion on a scale that must provide a reasonable guarantee against transport inadequacy retarding the rate of progress of the next Plan can be achieved only with liberal contribution from the general finance.



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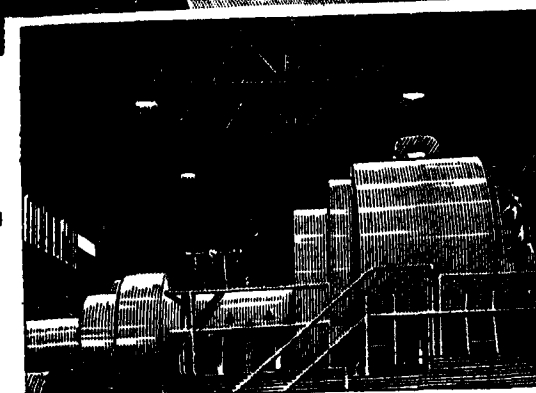
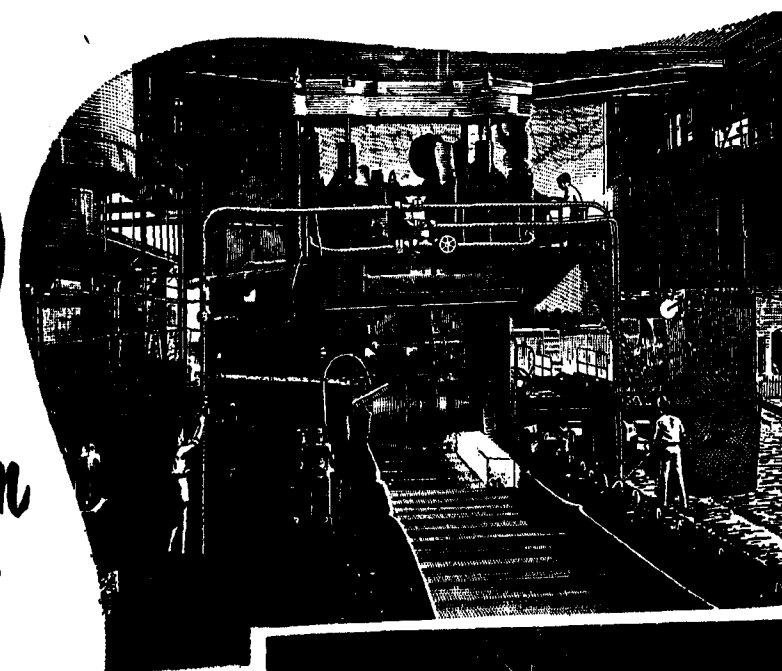
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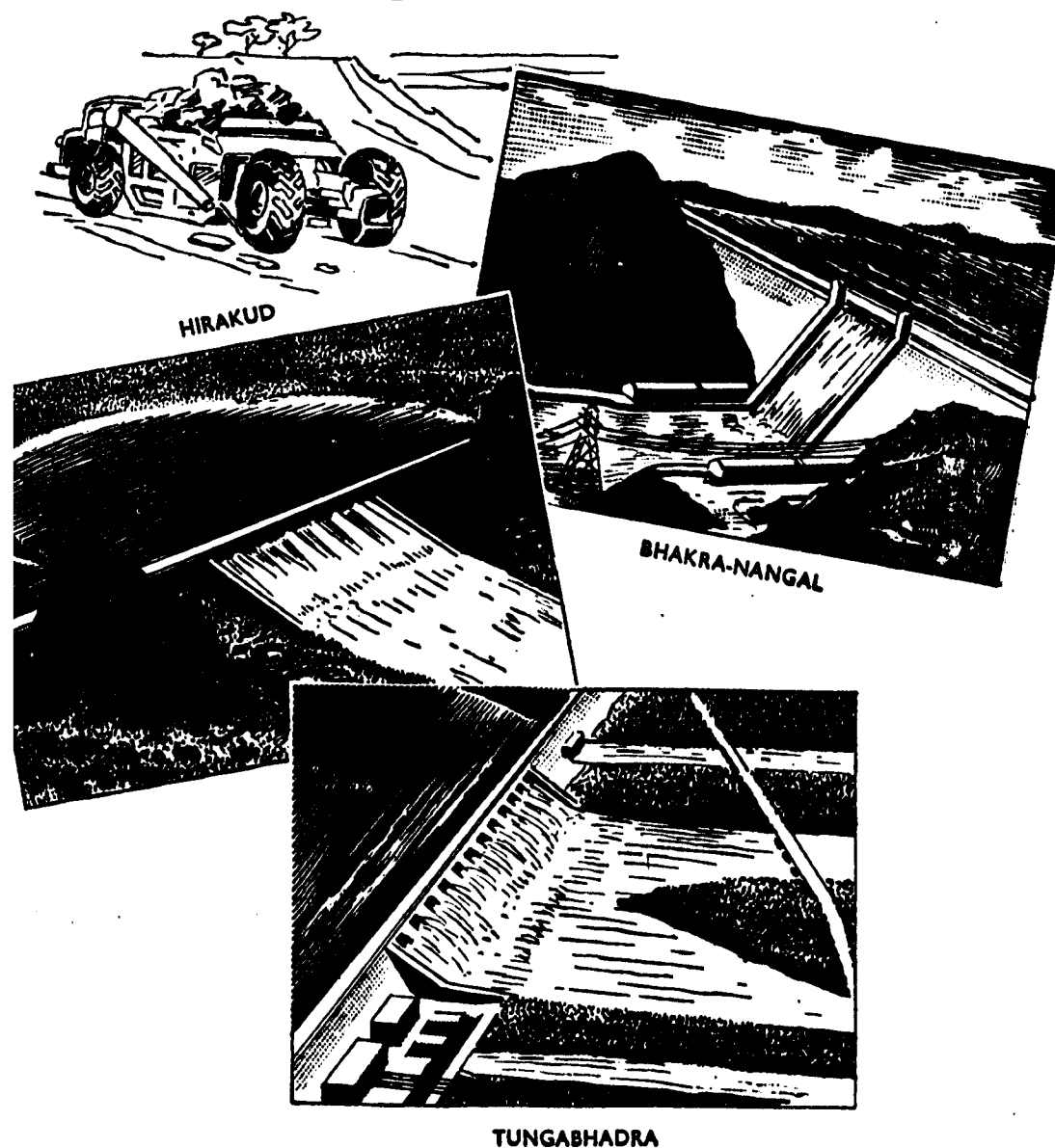
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December 10, 1954.

THE EASTERN ECONOMIST

931

THE WEEK'S NOTES

MINISTERIAL APPOINTMENTS

The long-awaited ministerial appointments have now been made without causing a lifting of eyebrows. The choice of Pandit Govind Ballabh Pant is both inevitable and unexceptionable but the announcement did not cause as much enthusiasm as it should have for the reason that it provided no solution to the problem of choosing men for the future. The subsequent additions by the appointment of three new Ministers and the promotion of three Deputy Ministers makes the position look even worse. The premium now placed on age looks strange. The appointments are understandable as rewards for party men but all the appointments coming together create the impression that many other considerations have been very much overlooked. It is probably good to establish that no regional considerations will be allowed to influence the choice of Ministers, in the sense that there should always be adequate representation for all States. There should be no inflexible rule of selection in any definite proportions. But if the net effect is to create the impression that this would result only in limiting the field to a few States which are more than adequately represented all the time, there can be no satisfaction to the others. If the movement for the merger of the identities of States should gain strength, this is hardly a fitting prelude.

In a country where there are many distinct regions because of language and geography, and where linguistic movements are strong, they can be ignored only where the choice of outstanding personalities is concerned. Once that field is exhausted, and the selection has to go down to many mediocres in the party, there can be no defence for overlooking any major area permanently. This aspect of the Cabinet appointments is bound to cause suppressed comment if not open criticism even within the party ranks. Outside, it strengthens movements for linguistic States which cannot be deprecated because they are based on some legitimate grievances. Some more additions are obviously indicated and it would be good to bear in mind that age, region and ability are also vital for raising the prestige of the Central Government as much as for enhancing its efficiency of operation.

EXIT YOSHIDA

Mr. Yoshida's exit, after seven years of office as Prime Minister of Japan has the appearance of finality. At 76, he is unlikely to make a fresh effort to regain sufficient popularity to resume his leadership. His period of office has been full of vicissitudes and the difficult Japanese economic situation was only partly to blame. As the leader of a Right Centre Liberal group, he was neither able to carry the Right wing Socialists nor the extreme Right with him. His personal qualities have been largely responsible for the incapacity to secure the support of other political groups, and this in due course became a serious defect of his leadership in a multi-party system. Every general election in Japan has shown moderate gains for the Left at the expense of the extreme Right. Even the prospect of reduction in numbers had not induced the Liberal splinter group under Hatoyama and the Progressives under Shigemitsu to make common cause against the Socialists. After the last general election there was a faint hope that the Progressive Party would offer constructive co-operation long enough to keep the Liberal Ministry in power. This might still be possible, without Yoshida at the head of the Liberals.

His exit, even before a no-confidence vote was taken, is unlikely to become an act of stooping to conquer. He was regarded as too autocratic. The Yoshida

Government has also to bear the political consequences of the declining economic activity after the Korean boom. In this context, a shipping scandal, involving large-scale corruption of officials, has rocked the foundations of the Yoshida Government. Since Mr. Yoshida was known as an ardent pro-American, his exit will be viewed as something of a reverse for American policy in a vital area. But if his resignation should now pave the way for a Rightist Coalition under any of the other leaders, much of the old policy would yet be salvaged. But no leader would, in the present mood of the Japanese, be able to agree to resist the blandishments of China on trade or otherwise adopt a too strongly pro-Western line. When much of the hostility against Mr. Yoshida declines, he will perhaps be remembered as one of the architects of the Japanese Peace Treaty.

WEIGHTAGE IN WEST PAKISTAN

For the moment the distrust and hostility to the unification of West Pakistan shown in Sind and in the Frontier Province appear to have declined. In a broadcast last week, Prime Minister Mohammed Ali spoke of the "magnanimous gesture" by the leaders of West Punjab, who had agreed that their Province should have 40 per cent of the seats in the unified West Pakistan Legislature, for a population which would be 56 per cent of the total. But unless all the other units combine together to defeat any particular unified move by the Punjab section, it is not likely that the interests of Punjab would suffer seriously as a result. This gesture itself is not more magnanimous than the similar one required of East Pakistan by which the latter must accept practical parity with the West in spite of a very much larger population; in effect, the East has been accepting much else besides. The trouble about basing large plans of unity on nicely balanced proportions of seats is that they fail to achieve their larger purposes. It is not the formula but the general response to the one-unit plan which is now important.

The occasion has been useful for setting in motion the process of integration of the Pakistan States on the same basis as in India, illustrating the inevitability of the process of the merger. Bahawalpur, Khairpur and the Baluchistan States Union have now acceded to the new demand, realising its force. Inevitably, 'Azad Kashmir' has been accorded a separate status. The special weightage to be given to these smaller units is intended only for the duration of the proposed transitional period of ten years.

Very little is yet known about the substance in the various statements recently made about improving Pakistan's relations with India. Obviously a beginning would be possible only with the canal waters dispute, which is today the most amenable to a negotiated settlement. There is much reliance on the presence of Dr. Khan Sahib in the Pakistan Cabinet but it is not possible to know how far the hard core of Indo-Pakistan differences on issues like Kashmir can be changed substantially, to help even the reopening of the negotiations, apart from the question of settlement.

SOLIDITY OR DEFICIT PREFERENCE?

While speaking on the debate on the resolution for the creation of a Law Commission, the Prime Minister doubted whether most lawyers would agree with the view that the Commission should go deeply into social and other matters. "I find," he added, "that the more learned a person grows, the greater his tendency to be rather conservative in his approach. A certain weight of learning prevents him from moving too fast." There seems, prima facie, some truth in this statement, though it would contradict the general lesson of all history

that the progress of learning in many fields, and not the lack of it, has been the sole factor in modern societies responsible even for creating the urge for moving fast and for providing the means of satisfying that urge. It is possible that our learning—and the wisdom that is occasionally derived therefrom—cannot always catch up with the requirements of the merely half-learned and their vivid day-dreams. The social and cultural problems of our times could have been greatly simplified if the zealous reformer's flights of fancy were left uninterrupted by the insistence on means and methods by those who wish to tether themselves to terra firma.

From another quarter comes a different appraisal of the "intellectuals," who probably are not the same as those in the category of learned persons referred to by Mr. Nehru. A quotation from Bertrand De Jouvenal throws light on this widely held view. It is as follows:

"A convenient gateway into the intellectual's inner courtyard where his judgments are rendered is afforded by his 'deficit preference'. It has been observed that his sympathy goes to institutions which run at a loss, nationalized industries supported by the treasury, colleges dependent on grants and subsidies, newspapers which never get out of the red. Why is this? Because he knows from personal experience that, whenever he acts as he feels he should, there is unbalance between his effort and its reception: to put it in economic jargon, the market value of the intellectual's output is far below factor input. That is because a really good thing in the intellectual realm is a thing which can be recognized as good by only a few."

Judged by this description of the attraction to public enterprise, particularly if it can be run at a deficit, it is the "intellectual" and not the typical slow moving learned person who is in ascendance today!

ECONOMY AND THE INFORMATION MINISTRY

The Eleventh Report of the Estimates Committee deals with the departments of Ministry of Information and Broadcasting, excluding the All India Radio, which is the most intriguing of them all, and perhaps also the most controversial. The Committee has rightly stressed that the Films Division should be organised on a commercial basis and as far as possible made self-supporting. It is possible that the trade may not always be interested in certain types of documentaries, unless some special incentive is offered, but the proposal should not be ruled out as not feasible as the Ministry has now done. The Ministry can always lay down standards and specifications required for documentaries and accept the lowest tenders offered consistent with quality. The danger of an unwieldy Films Division developing without any regard to deficits in expenditure is real. The Estimates Committee has pointed out other defects in the working of the Division like improper accounting methods, which arise out of the fact that it is exempt from the obligation to earn its way.

A similar unwieldy organisation which is also costly is revealed in the Publications Division, though like the Films Division, its work has been stepped up. There is too much repetition in the publications and the various versions of the Plan in different kinds of jackets appear to have been produced with a view to spending the funds allocated for publicity. Actually, the best results could have been secured if publicity material had been selected under a competitive test, leaving, if necessary, printing, illustration and get-up alone to be undertaken by the Publications Division.

The Press Information Bureau has shown the maximum return for the expenditure though the Estimates Committee found scope for economies. If the suggestions for economy are carried out and there is better co-ordination of work among these three limbs Information Ministry, there would be no need

to press the Estimates Committee's suggestion for the amalgamation, the benefits of which will not be appreciable.

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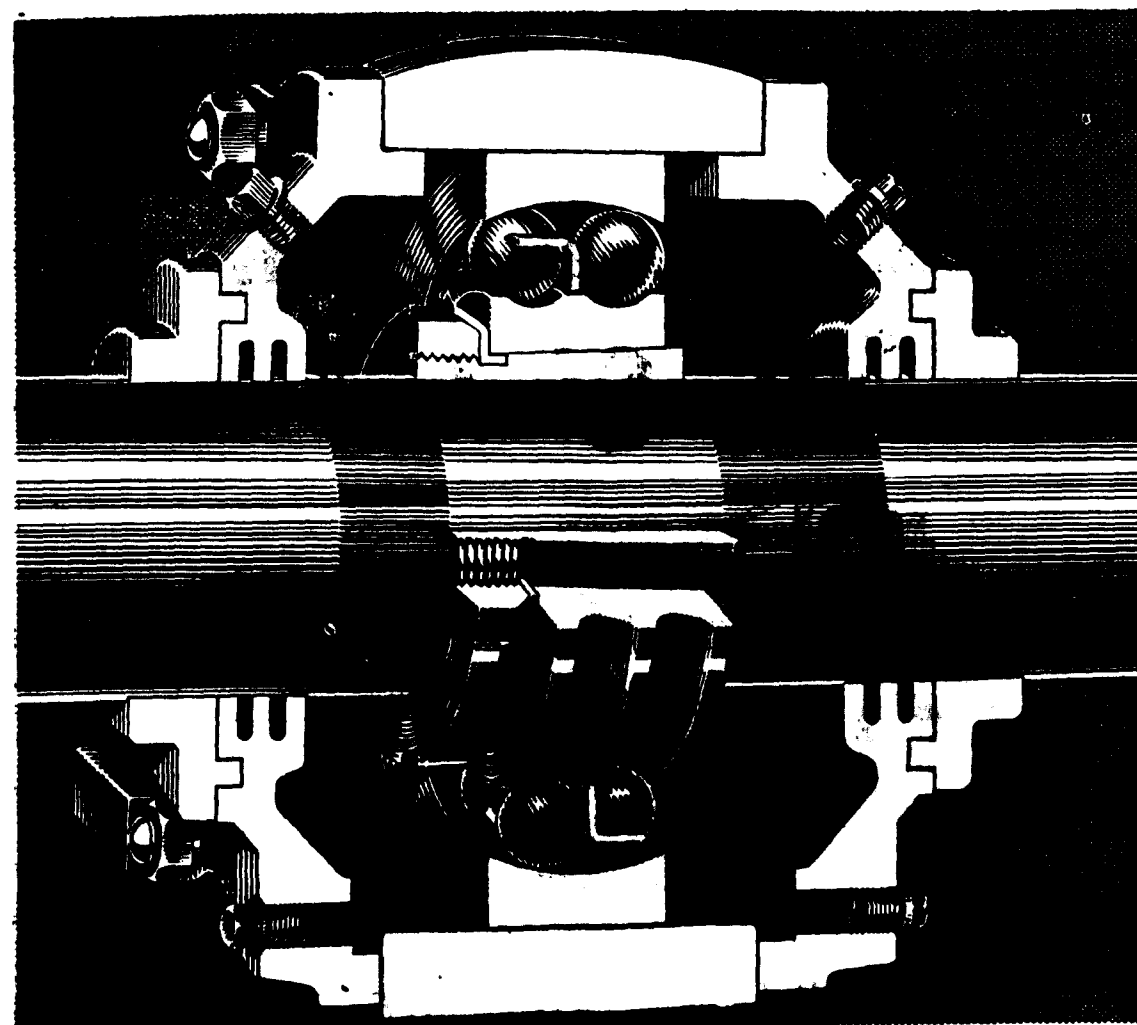


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V. 56

WORLDGRAM

AGRICULTURE

Improving African Agriculture in Kenya: The British Government gave Kenya, for disbursement over five years, the sum of £5,000,000 towards improving African agricultural conditions. The further payment of £1.25 million to meet supplementary estimates for the first 15 months of the Swynnerton Plan—named after its author—until the end of June next year is sought by the Agriculture Ministry. The basic principle of the current Plan is that 600 African families be given farming units of approximately 10 acres each, to raise their average productive capacity in cash sales from £10 to £100 a year, after providing for the family's needs. This would help raise Kenya's present national income of £107 million a year by some £45 million.

INDUSTRY

Another Rs. 57 Lakhs for Khadi and Village Industries: The Government of India have further sanctioned Rs. 57,34,875 to the All-India Khadi and Village Industries Board for the development of khadi and village industries. Some Rs. 40 lakhs are to be given as loans to registered societies or other institutions recognised by the Board to facilitate further production of khadi. A sum of Rs. 15 lakhs is for payment of rebate at three annas per rupee on all sales of cotton and woollen khadi. The Board gets Rs. 1,83,500 in connection with the holding of Khadi and Village Industries Exhibitions. The Government sanctioned Rs. 1 lakh to Madras State for holding an Exhibition in Madras City at the time of the Congress Session next January. The Board will utilise Rs. 30,000 for the rehabilitation of weavers in spinning centres and Rs. 21,375 for the development of soap-making industry with non-edible oils.

Jute Mill for Assam Makes 113 in India: Contrary to normal Government policy relating to the establishment of more jute mills in India, due to the existing idle capacity the Union Government have decided to establish a jute mill in Assam as a special case. The proposed 300-loom mill will have modern equipment obtained either by the IJMA and the West Bengal Government or through import of necessary machinery. There are 112 jute mills in India: 101 in West Bengal, 4 in Madras, 3 each in Bihar and U.P., and one in Madhya Pradesh. Their total productive capacity is 1.2 million tons and actual production is about 950,000 tons.

New Goods Wagons for Indian Railways: During September the Indian Railways received 1,182 new goods wagons, raising the total number so far received during the present financial year to more than 4,300 wagons. About 76 per cent of the wagons delivered during September were manufactured in India and the balance came from Europe. Orders have been placed by the Railway Board for a total of 28,800 goods wagons to be delivered in the present and the next financial years. Out of this number, Indian manufacturers will deliver more than 24,000 wagons.

Indian Requirements of Railway Wagons: It is estimated that about 250,000 (four wheeler) wagons would be required by the Indian Railways by the end of the first Five-Year Plan to meet their requirements. About 12,000 to 13,000 wagons will be required annually by the end of the second Plan period to meet the needs of the railways. The country is practically self-sufficient for normal replacements and additions and within about two years the necessity for orders placed abroad is likely to be obviated except in regard to some special type of stocks.

Indian Plant for Rare Earths: The construction of the Thorium and Uranium plant in India is progressing satisfactorily, all buildings are complete except the main process buildings, which will be completed within two months. Most of the equipment required has arrived, and the workshop is in operation. It is expected that the plant will go into production during May 1955. The personnel engaged in the construction are four officers, five other supervisory staff and 60 workmen. The running of the factory will require possibly five officers, four supervisory personnel and 25 workers.

Four States Submit Proposals for Second Five-Year Plan: Proposals regarding new large-scale industrial projects or the expansion of existing undertakings for inclusion in the second Five-Year Plan include: **MADRAS:** Exploitation and utilisation of South Arcot Lignite; setting up of iron and steel plant in Madras State; setting up of aluminium plant to utilise the Shevaroy bauxite; setting up of paper mill at Papanasam; setting up of D.D.T. factory at Mettur; setting up of soda ash plant at Tuticorin. **MYSORE:** Expansion of Mysore Iron and Steel Works; expansion of Government Electric Factory; expansion of Government Soap Factory; setting up of a fruit preservation and canning factory; mechanisation of Mysore Implements Factory; expansion of Government Silk Weaving Factory; establishment of raw film industry; establishment of ferro-manganese industry; establishment of fertiliser industry; establishment of aluminium industry at Honnali or Harihar; establishment of sugar factories at Sandur and Bhadravati; establishment of paper mill in Kabbini Reservoir area; establishment of forest industries. **HYDERABAD:** Establishment of fertiliser factory; establishment of gas plant for supply of town gas to Hyderabad and Secunderabad cities; establishment of 2,000 KW pilot power plant at Central Laboratories for the utilisation of low grade high ash content coals. **RAJASTHAN:** Establishment of Zawar Mines Corporation; establishment of fertiliser plant at Zawar (Super-phosphate making use of sulphuric acid from zinc smelter in Zawar Mines Corporation); establishment of Copper Corporation at Khetri to exploit Dagana workings; establishment of Tungsten Corporation; open cast mining of lignite and establishment of bricketting plant; establishment of cement-sulphur plant to exploit gypsum reserves; establishment of modern glass factories at Bikaner and Jaipur; establishment of pottery works at Alwar and Bikaner.

New Oil Well in Assam: Crude oil from a new oilfield in India began flowing through a pipeline eight inches in diameter and 23 miles long, running through thick jungle and forest to connect the newly discovered Nahorkatiya oilfield with the AOC refinery at Digboi. The Assam Oil Company announce that their newest well at Nahorkatiya (No. 4) completed at a depth of 10,697 feet earlier this month, had been successfully tested for production. Output of crude oil from the new well, which has been awaiting the opening of the pipeline, was expected to equal that of the previous three Nahorkatiya wells, each of which is capable of daily yielding 500 or more barrels of crude oil.

Sugar Industry in East Pakistan: In East Pakistan improved varieties of American and Indian sugarcane seeds have been successfully grown. They are now being multiplied for issue to cultivators. This was stated at the second meeting of the Sugar Development Advisory Committee at Dacca on November 23. The East Bengal Government are also starting aerial spraying of insecticides to prevent damage to crops. The Pakistan Industrial Development Corporation is

reported to be setting up two sugar mills in East Pakistan.

FINANCE

Rs. Two-Crore Development Plan for Sikkim: A Rs. 2-crore development plan for Sikkim for the period 1954-61 lays emphasis on the improvement of communications, development of agriculture through minor irrigation schemes, horticulture, growing seed potatoes, oranges and apples, the organisation of co-operative societies and the building up of a National Extension Service. A factory is to be established for the preservation and canning of fruit. The Geological Survey of India will assist in exploring the possibility of exploiting copper and coal mines in the State, and a project to generate hydel power is being investigated. The plan also envisages the extension of posts and telegraphs, education, veterinary aid, medical and public health facilities, and the development of cottage industries. Financial and technical assistance is to be given by India, the development plan for Sikkim having been phased to fit in with India's Five-Year Plan.

Committee on Finance for Private Sector: The Committee appointed by the Reserve Bank of India to suggest ways and means for implementing the suggestions of the Shroff Committee for establishing a Consortium of Banks and Insurance Companies, has already submitted its report to the Reserve Bank of India. The Committee did not consider it necessary to issue any formal questionnaire since the basic problems connected with the Committee's enquiry had already been investigated by the Shroff Committee and the principal task before it was to make specific proposals for the formation of the Consortium. The terms of reference of the Committee were: (i) to consider in detail the proposal made by the Shroff Committee regarding the formation of a Consortium or syndicate for underwriting or investing in new issues of shares and debentures of industrial companies, and (ii) to make specific recommendations for the formation of a Consortium or syndicate for the purpose indicated by the Shroff Committee, viz., to facilitate larger indirect participation by banks and insurance companies in long-term industrial finance.

MISCELLANEOUS

Indian Himalayan Mountaineering Institute: The Himalayan Mountaineering Institute at Darjeeling was inaugurated by the Prime Minister on November 4, 1954. The Institute is managed by an independent Executive Council on which both the Government of India and the Government of West Bengal, who contribute towards the expenditure on the Institute, are represented. The Executive Council has approved a capital expenditure of Rs. 6.50 lakhs, which is to be shared between the Centre and the West Bengal Government in the ratio of 70:30. A sum of Rs. 1 lakh towards the Centre's share of capital expenditure has so far been sanctioned. The courses which will be run have not been finalised; the basic courses being run at present will normally have 24 trainees in each.

Quarters For Railway Staff in India: The Indian Railways have constructed approximately 4,865 quarters for the staff during the current year up till September 1954, and of these 4,853 were for Class III and IV employees. About 600,000 railway employees are still not housed in railway quarters. The Railways' policy is to provide quarters for essential staff who are likely to be called out for duty at any time, and for staff at stations facing a serious shortage of private accommodation. With the provision of 100,000 quarters in the next ten years the position is expected to be substantially relieved.

Village Panchayats in India: According to information received by the Planning Commission, up to March 31, 1954 some 98,256 village Panchayats have been set up, against 83,093 on March 31, 1951, i.e., in the first three years of the Plan 15,163 new Panchayats were constituted. Out of 5,81,814 villages in the country some 2,94,460 villages are now covered by these Panchayats. All Part 'A' States (excluding West Bengal) and all Part 'B' States and six Part 'C' States—Ajmer, Bhopal, Coorg, Himachal Pradesh, Kutch and Vindhya Pradesh—have enacted Panchayat legislation. A separate department of Gram Panchayats, attached to the State Departments of Local Self-Government, Public Health Departments etc., has been created in some States. The main functions of the Panchayat organisations at the State level is to administer the State Panchayat Raj Act, arrange for the formation of Panchayats, control expenditure, control and supervise the work of field staff and arrange for the training of Panchayat staff. In some States the Department has also the responsibility for distribution of grants to Panchayats and for administering self-help activities. Eleven State Governments have also made arrangements for training Panchayat functionaries.

Regional Research Committees in India: Two committees for the northern and the southern regions have been instituted under the Research Programmes Committee of the Planning Commission, so as to supervise generally the working of schemes sanctioned by the Research Programmes Committee in their region, and to give such technical guidance as might be needed. The question of setting up two more regional Committees is under consideration.

All-India Radio to Increase Coverage by 20 Million: Under the Extension Schemes of the Five-Year Development Plan for Broadcasting, an additional population of 20 million will come under the coverage of the medium wave services of All India Radio. This plan will cost about Rs. 3.5 crores and when completed about 52 per cent of the population will be covered by the broadcasting service. Certain urgent requirements are given priority as Extension Schemes of the overall plan and will cost Rs. 50 lakhs, the other elements of which will be implemented in due course. The Extension Plan includes two 20 KWSW transmitters at Delhi for the home news services, one 20 KWMW transmitter each for Ajmer and Cochin-Trichur, replacement of the present 5 KWMW transmitter at Patna by a 20 KWMW transmitter and of the 1 KWMW transmitter at Cuttack by a 10 KWMW transmitter. The extension plan also provides one 10 KWMW transmitter at Gauhati and one 2.5 KWSW transmitter at Simla with additional studio facilities at both places. The implementation of this plan will bring in an additional area of 30,000 square miles under the medium wave service coverage, and improve the service in Rajasthan, Travancore-Cochin, Bihar, Orissa, Assam and Himachal Pradesh.

The Special Marriage Act, 1954: The Special Marriage Act, 1954, comes into force from January 1, 1955, repealing the Special Marriage Act of 1872. Meanwhile necessary preliminaries such as the selection of Marriage Officers, framing of rules by the State Governments and High Courts, printing of forms, etc., are being completed. This Act provides for a special form of marriage which can be taken advantage of by all persons in India and by Indian nationals in foreign countries, irrespective of the faith which either party to the marriage may profess. The Act provides for the appointment of Marriage Officers to solemnise and register such marriages abroad. Persons married under other forms of marriage can also register their marriages under the Act so as to be governed by the provisions of this Act.

NEWS IN BRIEF

INDIAN

The outstanding balance of the 3½ per cent Rupee Loan 1954-59, will be repaid on December 15, 1954, and no interest will accrue thereon from that date.

The Indian Railways spent approximately Rs. 8.44 lakhs between January 1 and October 31, 1954, on special drives for the detection of ticketless travellers on the various Railways. The amount collected as a result of these drives was Rs. 15.48 lakhs.

The Government of India proposes to carry out surveys for extending the line from Madhopur to Lakhanpur in the first instance, and later to Kathua on the proposed rail link between Kashmir State and the rest of India.

The Government of India intends to set up a reactor at Trombay for research purposes in regard to atomic energy. The cost would depend upon its final design. A plan for designing and setting up a reactor for utilising Thorium at the second stage in research, and another for the production of heavy water in the Bhakra-Nangal region is also under consideration.

The number of registered foreign missionaries in India on December 31, 1953 was 5,783. The State-wise distribution of missionaries is: Madras 1,034; Bombay 790; U.P. 631; Bihar 563; Andhra 379; Assam 330; Travancore-Cochin 300, and Jammu and Kashmir 24.

To relieve unemployment among educated persons the Education Ministry employed additional teachers in the past two years at the rate of 100 per day.

The Central Vegetable Breeding Station which examines self-fertilised seeds and practices to secure increased production is in Kulu, Punjab.

The Second All-India Conference on Family Planning is to be held from January 1 to 4, 1955, at the University Campus, Lucknow. The agenda includes discussion of population control, techniques of contraception, fertility and sterility, sterilization, sex education and marriage guidance.

Dining cars (including restaurant cars) provided on 40 trains on the Indian Railways are now available for the use of third class passengers. No additional cars have been provided.

Approximately Rs. 12.11 lakhs were spent on repairs done to bridges and Rs. 11.77 lakhs for repairs on the Assam Link line. Approximately Rs. 73 lakhs are expected to be spent on permanent restoration works for damages caused by floods.

With a view to increasing the nutritive value of vanaspati, the Government have decided that all vanaspati manufactured on or after May 1, 1955, shall contain not less than 700 I.U. of synthetic Vitamin-A per ounce instead of 300 I.U. per ounce as at present.

The Planning Commission has made suggestions to the West Bengal Government for fixation of fair and moderate rentals, conferment of permanent rights on bargadars and sub-tenants and for enabling them to acquire ownership on payment of a multiple of the rent.

FOREIGN

The Fourth World Forestry Congress opens in Dehra Dun, India, on December 11, 1954, and will be inaugurated by the President of India. This conference is combined with the first World Tropical Silviculture Congress.

The British Government has raised its Welfare State Benefits by £120 million a year, by increasing pensions to the aged, the war-disabled and others. This decision follows many months of political controversy on the subject.

The Metal Bulletin published in France, announces that during 1953, France supplied 17 per cent of the Steel imports into the region of South-East Asia, thus increasing her quota by 6 per cent as compared with that during 1952.

The Second Colombo Powers Conference of the Prime Ministers of India, Burma, Ceylon, Pakistan and Indonesia is expected to be held at Bogar (West Java) from December 28 to 30. The main item for discussion is the proposed Afro-Asian Conference.

Prague Radio reports that 99.1 per cent of the eligible voters participated in Czechoslovakia's first general election since 1948. Prague Radio claims that 97.8 per cent of the valid votes were cast for National Front candidates.

It is announced by Dunlop Rubber Co., Ltd., in London that a 4 per cent interim dividend (less tax) will be paid on December 18 next, on the Ordinary Share Capital as increased by the issue of bonus shares at the beginning of this year and which now amounts to £19.28 million.

The latest information regarding the normal period of whole-time compulsory service in the Soviet Navy is 48 months, and about 36 months in the Soviet Army and Air Force. NCO's and certain technicians, however, sometimes have to serve an additional 12 months.

The sharp decline in Canada's foreign trade during 1953 has been arrested. During the first half of 1954 Canada ranked fourth in total value of trade behind U.S., U.K., and Western Germany. Exports stood at \$1,872 million and imports at \$2,050 million.

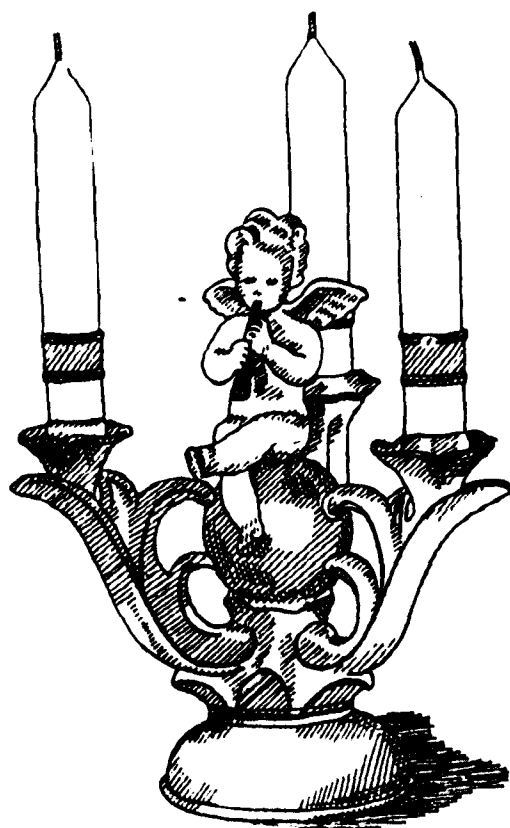
U.S. businesses and individuals have invested about \$10,000 million since the last war in foreign business enterprises which they control. Investment in the petroleum industry accounts for over one-third of this total, centering mainly in Canada, the Middle East and Latin America. Some \$1,250 million are invested in stocks and bonds of foreign-controlled businesses.

Total interest and dividends paid by companies and public corporations in Britain rose by 50 per cent between 1946-53, compared with a 64 per cent increase in the average weekly income of wage-earners. It is estimated that over the same period, retail prices of all consumer goods and services rose by 43 per cent.



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A Window On The World

SOCIAL TENSIONS IN INDIA

BY
ODYSSEUS

THE United Nations Organisation impinges on the consciousness of the ordinary citizen, if it does at all, as some vague, distant, idealist machine, which has been captured by the power blocs of the west. (When it comes to talking of power blocs, the USSR gets lumped together with the west and does not seem to be thought of as a neighbouring Asian power). These power blocs, many of us believe, distort and exploit the UNO for their own purposes—which seem mainly to be to disturb our peace. Most average citizens in all countries would stare if you told them that the UNO can and does reach, from its far-off heights, right down into their lives.

One of the most striking examples of impingement on the daily lives of ordinary citizens by the UNO has occurred here in India. When independence came, the government found itself confronted with urgent problems; mass killings and riots had occurred between members of different communities; destitute refugees totalled millions; and the Harijans were challenging the caste system itself. National leaders had exhorted everyone to be more sensible, humane, and rational, but such exhortations by themselves offered no final remedy for animosities between caste Hindus and Harijans, and between the Hindu majority of 800,000,000 and the Muslim minority of 35,000,000. To Maulana Azad, it seems, must go the credit of seeking the help of UNESCO. He asked for a technical consultant who would organise, in accordance with modern methods, teams of Indian social workers to investigate the causes of, and to suggest remedies for, "social tensions". UNESCO sent an American psychologist, Dr. Gardner Murphy. The technical reports that resulted from his team work have been submitted to the Government of India; but in addition Dr. Murphy has now published a non-technical report of his personal impressions, entitled "In the Minds of Men" (published at \$4.50 by Basic Books of New York). This is one of the most remarkable studies of Indian life ever made, and in its own special sphere of "social tensions", it is, I believe, unique. At any rate in the course of fairly wide reading on India's social problems, I have not yet met a book that resembles it. I have no hesitation in asserting that no thoughtful Indian, anxious to fulfil his duties as a good citizen, can afford to ignore Dr. Murphy's analysis. In hopes of inducing you to read the original, I offer here an outline of some parts of Dr. Murphy's study.

Dr. Murphy begins by showing that "social tensions" are not peculiar to India but are a world problem—"World Dislocation and Social Science" is the title of his first chapter, with subheads on "Economic Waste" and "Untried Approach through National and International Research". Next, he describes the setting up of six research teams in India under Professor C. N. Vakil of Bombay; Professor Kali Prasad of Lucknow; Professor H. P. Maiti of Patna; the late Professor Pars Ram of Delhi; Dr. B. S. Guha of Calcutta; and Dr. Vikram Sarabhai of the Ahmedabad Textile Industry's Research Association. The first four teams were financed solely by the UNESCO.

NEW LIGHT ON FAMILIAR FACTS

Before you can prescribe a cure for an illness, you need to understand the functioning of the body—to know how it should work "normally". Dr. Murphy's third chapter therefore describes the background of

village life. Caste and Hindu-Muslim friction cannot be understood without some knowledge of the Indian joint family system, and of human relations between castes and communities in a village. The facts that Dr. Murphy enumerates will be familiar to every reader of this column, but because he is (1) a detached but sympathetic foreign observer, and (2) a psychologist, he sees these facts in new ways that should make us pause to ask ourselves whether we can be so familiar with a system that we have ceased to be aware of its significance. Since in the course of his investigation, Dr. Murphy shows in what way the caste and family system make for animosity between one group and another, he is at pains first to devote a whole chapter to demonstrating the positive and constructive elements in the system. In contrast with too many other foreign social observers who judge it solely in the light of its weaknesses, Dr. Murphy shows how the system provides protection and security for the individual, and how it has, in the past, made for social co-operation rather than for animosity. What has come to throw grit into the cogs of the system has been (1) the rise of western methods of industrialisation which demand, for their success, a wholly different social organisation, in which progress is achieved by stimulating competition; (2) western education with its emphasis on the rights of the individual man (and woman)—the conception that society exists for the protection of the individual as an end in himself rather than the conception that the individual receives protection from society essentially for its own social ends; (3) the slow relinquishment of power by the British which for a variety of historical reasons let loose a struggle between Hindu and Muslim to become the successors of that power. Those who uphold the traditional, orthodox Hindu way, and who would resist all change, are engaged in the vain task of trying to sweep the ocean waves back in a rising tide; industrialism, mass-production, mass communications (newspapers, trains, buses, telephones, radios, films, etc.) are on their way in. Nothing can stop them. The constructively minded will therefore not seek to aggravate the gigantic problems of social adjustment involved, by denouncing and breaking up the Hindu system lock, stock, and barrel, but to modify it to meet the "shocks and shivers" of the times.

That the system is now being put to strains which it was never evolved to meet is clear. The relatively isolated life of India's 600,000 villages has within the last few decades been penetrated by strange and only half understood influences from the mechanised twentieth century.

While the village physically remains comparatively isolated, newspapers, the radio, trains, buses, and lorries, have brought more and more into the imaginations of the puzzled and increasingly troubled villagers the strange westernised, industrialised, competitive, individualist world of Delhi, Bombay, Madras, and of fantastically incredible London, Moscow, Peking, Washington, Korea, Indo-China, and South Africa. When you and I, who went to High School, and graduated with honours from Bombay, or Oxford, or M.I.T., and who know something about politics, psychology, economics, Karl Marx, and Habeas Corpus, more often than not read our daily paper with feelings of indignation, rage, or with the resigned indifference of the bewildered and helpless, how do you expect villagers to react with greater ease, competence, or social co-operation?

COMMUNAL SOURCES OF INFORMATION

But the crux of the problem is that the complications of the modern world do not reach Indian villagers through a single all-India medium of communication which of itself to some extent in other countries takes the edge off the individual's feelings of insecurity and isolation. On the contrary, news of the outer world reach our villagers along the lines of communication of differing languages, castes, and communities. Since the Muslim press is independent of the Hindu press, it is not surprising that stories relating to Hindu-Muslim strife take on two essentially different forms, one of which is circulated through Hindu sources and the other through Muslim sources. Supposedly authentic and factually well-documented news therefore becomes accepted by all members of one religious group but not by the other. The basic facts and interpretations are unknown to the other group, which through its own system of communication provides a totally different picture of the same events.

In order better to grasp the contrast that this state of affairs presents with what goes on in Britain and America, remember that Roman Catholics and Jews read the press that is conducted primarily by Protestants, and that even periodicals that cater for one particular religious group are restrained in their presentation of the news by the thought that any "communal" view will be read by eyes other than those for whom it is primarily intended, and that it must be prepared to run the immediate gauntlet of reporting, discussion, and criticism in the "non-communal" press. Western people mingle; they conduct their daily affairs in a common language, with a common social outlook, moulded to a considerable extent by the national outlook presented by the national radio which is at pains to avoid sources of conflict and to emphasise points in common; or where it is reporting points in conflict it does so with the studied dissipation to which the BBC has accustomed the world. In Britain and America, Dr. Murphy points out, you can listen to a political discussion for a long time before you can identify the sources from which the speakers obtained their facts and views. All this is in contrast with what goes on

among Indian villagers whose information and views tend to come from well-defined and mutually contradictory sources.

Dr. Murphy is at pains to point out the importance of India's great cities, the centres of culture and progress, which have been the fundamental nerve centres in the military, economic, and political, unification of India. These cities are of the first importance when problems of social integration or disintegration are under discussion. In countless instances, the cities have been the focal points from which movements towards unification or dissension have emerged. The great disturbances in Calcutta in 1946 had a typical influence in crystallising communal hostility in the countryside. Dr. Murphy reminds us that large-scale group hostilities are often quickly aroused in cities, and he instances the race riots in Detroit and the outrages in Miami in recent years. He might also have instanced the almost continuous riots that were instigated by the extreme right wing "Action Française" group in Paris in the years immediately preceding the war which played their part in paralysing France's national will to resist the enemy when war came in 1939. Old divisions among citizens had been so built up that common loyalties had been dimmed and common action rendered more difficult.

Another fact to be borne in mind in any study of social tensions in India is that innovations in almost every type of institutional practice are first thought up in the cities. Scientific and engineering enterprises, new ideas in art, religion, and philosophy, are typically city products. In the city is the money which makes possible the development of productive enterprises such as new industries. The village is inevitably conservative, the bastion of traditional stability and reverence for the past. It follows, Dr. Murphy notes, that the movement of villagers into the cities in response to industrial opportunities, or to economic forces that have driven them off the land, are among the factors making for rapid social change and—let it not be overlooked—for bitterness, hostility, and inter-group tensions.

We will continue our diagnosis of the causes of social tensions next week.

THE WORLD ABROAD

DETAILS OF CHINA'S FIRST CENSUS

The details of China's first nationwide census were made public on November 1, in an official release by the State Statistical Bureau of China. China's total population as on June 30, 1953, was 601,938,035. Of this total, the figure of 574,205,940 was gained through direct census while the remainder, 27,732,095, was arrived at by indirect census, and includes the figure of 7,590,298 for Taiwan Province, which has "yet to be liberated," 11,743,320 Chinese residing or studying abroad and 8,397,477 in very remote border regions where local elections have not taken place or where transport facilities were exceptionally bad.

Of the total counted directly 51.82 per cent were males and 48.18 per cent females. Of the same total, over 338,000,000 had reached the age of 18 or over. The oldest person in China was 155 years old at the time of the census. There were 3,384 centenarians and over 1.8 million persons between 80 and 99 years of age.

The Han nationality made up some 94 per cent of the total population, excluding Taiwan Province and Chinese residing or studying abroad; the national minorities amount to over 35,000,000, or 6.06 per cent of the total. Besides the Hans, there were ten other nationalities with over one million population each—the Mongolians, Huis, Tibetans, Uighurs, Miaos, Yis, Chuangs, Puyis, Koreans and Manchus. Szechuan Province having over 62,000,000 people, has the biggest population and Chinghai Province, though more than twice as big in area, had the least, with only 1.67 million.

The official releases also reveal that over two and a half million people had helped in the work of the census and that in order to check the accuracy of the census a careful sample re-check had been made in different areas with a total population of some 53,000,000. The results of this showed that duplicated registration was 0.139 per cent and omissions 0.255 per cent.

The distribution of population among the three biggest cities and provinces is as follows:

Peking	2,768,149
Tientsin	2,693,831
Shanghai	6,204,417

Hopei Province	35,984,644
Shansi Province	14,314,485
Inner Mongolian Autonomous Region	6,100,104
Liaoning Province	18,545,147
Kirin Province	11,290,073
Heilungkiang Province	11,897,309
Jehol Province	5,160,822
Shensi Province	15,881,281
Kansu Province	12,928,102
Chinghai Province	1,676,534
Sinkiang Province	4,873,608
Shantung Province	48,876,548
Kiangsu Province	41,252,192
Anhui Province	30,343,637
Chekiang Province	22,865,747
Fukien Province	13,142,721
Taiwan Province	7,591,298
Honan Province	44,214,594
Hupeh Province	27,789,693
Hunan Province	33,236,954
Kiangsi Province	16,772,865
Kwangtung Province	34,770,059
Kwangsi Province	19,560,832
Szechuan Province	62,303,999
Kweichow Province	15,037,310
Yunnan Province	17,472,737

Sikang Province	3,381,064
Tibet Region and Changtu Area	1,273,969
Chinese residing or studying abroad	11,743,320

TOTAL 601,938,035

POPULATION BY VARIOUS NATIONALITIES

Nationality	Population
Han	547,283,057
Mongolian	1,462,956
Hui	3,559,350
Tibetan	2,775,622
Uighur	3,640,125
Miao	2,511,339
Yi	3,254,269
Chuang	6,611,455
Puyi	1,247,883
Korean	1,120,405
Manchu	2,418,931
Other nationalities	6,718,025

According to Pai Chien-hua of the Census Department of the Ministry of Internal Affairs in an article in the 'People's Daily' of November 1, these "six hundred million people are China's great force for Socialist construction."

He states the publication of the 1953 census data is an event of historic significance and goes on to add that "the overall and accurate registration of our country's population is the foundation for calculating our country's assets and also a basis for organising Socialist construction. In our country, like the Soviet Union and the People's Democracies, 'people' are the most precious of all the categories of capital."

China's population constitutes one-fourth of the total world population. "These more than six hundred million hard-working and courageous Chinese people," Pai Chien-hua writes, "are now constructing and defending their motherland with unparalleled enthusiasm under the leadership of the Communist Party of China. This not only shows that China has a powerful force to build Socialism but also demonstrates that she has the power to defend peace in Asia and the world."

Pai Chien-hua notes that the rate of China's population growth was around 10 per thousand before 1937, and observes that the rate has shown a marked rise in the few years since liberation because of the sharp decline in the death rate. According to him: "This is due to restoration and development of production, promotion of the people's living standards and improvement of medical and public health services." Vital statistics prepared by the Ministry of Internal Affairs based on a census survey of over 30 million people show that the birth rate in China now averages 37 and the death rate 17, which make the rate of natural increase 20 per thousand. Pai Chien-hua declares that urban population has increased considerably since liberation as a result of the rapid restoration and development of industry and commerce. Permanent city dwellers in 1953 were 40 per cent more than in 1950. In some industrial and mining cities such as Anshan, Fushun, Tangshan and Talyuan the percentage of population increase ranges from 100 to 300 as compared with 1950 which "shows the rapid growth of urban population following the start of China's large-scale Socialist construction."

According to the census statistics, children below the age of four represent 15.6 per cent of the total

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population as against 13.5 in India showing that China is in an earlier phase of expansion; the sex ratio is nearly one to one.

Just as India had a general election in the census year, China also conducted elections in 1953. Whereas India's total adult voters numbered about 175 million, or just under 50 per cent, China's registered voters numbered 323,809,684, i.e., more than half of the population. The difference seems to be due to the grant of franchise to all persons above 18, instead of 21 as in India.

"The bourgeois economists, who cling to bankrupt Malthusian theories of population, are astonished at hearing that China has more than six hundred million people. They allege that China cannot feed her six hundred million mouths and they even throw out such absurd slanders as the inevitability of China's 'agres-

sion'," Pai Chien-hua writes. Refuting this, he points out that China has a vast amount of virgin land and there are rich natural resources to be explored. The growth of China's industrial and agricultural production, according to Pai Chien-hua, far exceeds the rate of population increase thanks to the superiority of New China's social system. "Therefore the gradual improvement of the people's living standards can be fully ensured. By the time when our Socialist construction is completed, China, like the Soviet Union, will completely eliminate unemployment and partial unemployment and ensure to all people enjoyment of a happy life."

INDUSTRIAL FINANCE CORPORATION OF INDIA,

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Dated the 1st Day of December, 1954.

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BOOK REVIEWS

INDIAN INDEPENDENCE

The Transfer of Power in India: E. W. R. Lumby:
George Allen and Unwin Ltd., London: (Price
18sh. Pages 274).

"The transfer of British power to India and Pakistan is still too recent an event for the historian to be able to pass anything like a definite judgment upon it. He can be certain only that it was an event of the greatest moment." This statement at the end of the book under review would have been appropriate as its preface; it proves that the objectivity claimed for the description of the negotiations leading up to the transfer of British power in India and the commentary on the events between June 1945 and the end of 1947 can only be relative. Mr. Lumby does not claim first-hand knowledge of the country and its people. His material has been gathered from White Papers, parliamentary debates, resolutions of Indian political parties, speeches and statements made by Indian leaders and press comments.

Mr. Lumby has gone far to justify his claim for impartiality. At the same time, he succeeds in maintaining the reader's interest in his running commentary on the Indian events of these two years mainly by the forceful style of his narration. Within seven years of that major surgical operation of 1947 in this subcontinent, it is remarkable how firmly India and Pakistan have become established as separate entities. The developments in free India in the last seven years have largely overshadowed those events. Political integration, rehabilitation, gradual overcoming of the economic difficulties of partition, a stable foreign policy and the growth of democratic government have settled many issues which might otherwise have caused perpetual questioning about the wisdom or otherwise of the steps taken in 1947, making any objectivity almost difficult to attain. Prof. Coupland's account of the earlier phase of the Indian Constitutional Problem, which was also claimed as objective, appeared in a more troubled context than does Mr. Lumby's book, which is essentially its sequel.

The account is balanced on the whole and this makes Mr. Lumby's book stand somewhat apart from the several other recent publications by British authors, who knew India so closely that they could not resist becoming partisans. There are, however, some rash conclusions in this book. Like this, on page 258: "And while the economy of Pakistan as has been shown and as the future was to prove stood on the firm foundations afforded by her raw material crops and her surplus of food grains, India, despite her size and resources, was suffering from acute shortages of food, cloth and foreign exchange." The future only proved the contrary. Later: "The Muslims of India had passed the only really valid test of nationality—they were a nation because they profoundly believed themselves to be one. The best proof of this is the energy, enthusiasm and sense of mission with which the Indian Muslims, particularly those of the younger generation, have tackled the vast difficulties involved in building their new State". Contemporary developments in Pakistan provide a fitting commentary on these statements. On Hyderabad, the author stops with the standstill agreement of November 1947 and, without any account of the subsequent events, proceeds to the conclusion that "India's final coup was a forcible taking of the law into her own hands which is difficult to justify; yet though her methods were reprehensible, the result was inevitable....."

Such judgments of which there are a few others, might well have been avoided in a book which seeks to provide impartial history. But one is constantly faced with the fact that the works of foreign commentators tend to establish their claims to impartiality only by praising or blaming both India and Pakistan with equal force on most issues. This is often irritating to a reader in this sub-continent. For example, after recounting Gandhiji's Noakhali's experience and the Calcutta 'miracle,' the author proceeds to say, as if in detraction with a view to recovering quickly his lost objectivity that "even Gandhi allowed himself to be so swayed by the prevailing bitterness as to speak of Pakistan's persistence in doing wrong and in refusing to see her proved error".

ALL ABOUT INDIA

India at a Glance: By G. D. Binani and T. V. Rama Rao: Orients Longmans Ltd., Bombay, Calcutta, Madras: Price Rs. 40: Pages: 1756.

It is rarely that a comprehensive book of information of this size gets published in a second edition within a period of a year. This edition is not merely a reprint incorporating changes since the first edition. The classification of the information about the various aspects of India's national life has been revised and improved. More than half the volume is devoted to economic matters. The first half deals with the constitutional and administrative system and certain cultural aspects of Indian life. Very little seems to be missing in these aspects dealt with here but it would have enhanced the value of this encyclopaedia if some space had been devoted to the legal system besides labour laws, including personal and procedural laws in force, and to a more detailed chapter on the historical periods than is found here (on page 52). But the wealth of material incorporated here, however, more than offsets any deficiency in particular matters in which a reader may be disappointed. It is the best reference guide, published so far, on Indian affairs, especially economic affairs.

BUSINESS REFERENCE

Commercial Directory: 1954-55: Compiled and Published on behalf of "Vyapar", Vyapar Karyalaya, Janmabhumi Bhawan, Bombay-1: Second Edition: Price Rs. 20.

The second edition into which this Commercial Directory compiled in Gujarathi has run in a short period demonstrates its practical utility and also popularity in the business community conversant with the language. The scheme of the Directory is comprehensive and includes not only valuable information on subjects pertaining to business, industry, agriculture, banking and finance but also important matters touching communications, law and all subjects which are of direct or indirect value to the business man. Copious information on the economies of individual States is also incorporated in the volume. International trade constitutes an outstanding feature of the Directory. Official statistics which have been furnished in each section enhance its value as a ready reference book. This enterprise in Gujarathi may be emulated with profit by publishers in other Indian languages.

SPECIAL ARTICLES:

COMMUNAL PROPORTIONS IN THE SERVICES

[This is the fourth in a series of reports on a Public Opinion Survey of Student Opinion in Madras made by Dr. B. Kuppaswamy in 1951. The earlier articles were published in these pages on Oct. 1, Oct. 29 and November 26.—Ed.]

WE can now take up questions which deal with the recruitment for government posts. In a land where the only successful career for centuries has been appointment in Government this problem is a very important one. Political, social, economic and educational problems hinge on this all-important question of jobs in an enslaved country. The aim of education till recently was to obtain a post in the government. The only method to attain power, prestige and economic success was to secure a government job. The Hindu-Muslim problem and the Brahmin-Non-Brahmin problem are both based on the opportunity to get government jobs. It is only recently that other careers are coming into their own.

The question for the survey was framed as follows: "The principle of communal proportion in Government Employment is necessary, ruinous." The following table gives the responses of the group as a whole and those of the men and women.

Communal Proportion in Government Jobs

	Whole Group	Men	Women
Number	591	397	194
Necessary	30.8	28.2	26.1
Necessary for some time	5.9	8.5	1.0
Ruinous	58.0	59.6	54.6
Unnecessary	1.4	2.0	0.0
No opinion	3.8	1.7	8.3
TOTAL	100.0	100.0	100.0

We find that a large majority of 58.0 per cent assert that communal proportion is a ruinous principle. But 36.7 per cent feel that is necessary. Because of differences in the educational attainment of the different groups only certain classes were being recruited to government posts since they were duly qualified for them. The other groups felt that they cannot succeed in open competition. So they worked out a scheme according to which social justice is rendered by giving a chance to the other groups to be appointed.

We do not find any sex differences regarding this problem. The following table shows the difference between the city college students and mofussil college students.

Communal Proportion in Government Jobs

	City colleges	Mofussil colleges
Number	320	271
Necessary	39.7	33.2
Ruinous	54.0	62.7
Unnecessary	1.6	1.1
No opinion	4.7	3.0
TOTAL	100.0	100.0

There is a slight difference between the two groups. A larger percentage of city college students feel that

communal proportion is necessary than mofussil college students. On the other hand, the latter are more vehement against it than the former.

The next table gives the breakdown in terms of caste and creed.

Communal Proportion in government jobs

Group	No.	Necessary	Ruinous	Unnecessary	No opinion
Brahmins	188	18.3	82.5	1.0	3.2
Non-Brahmins	290	47.5	49.7	1.7	3.1
Christians	77	57.2	33.7	1.3	7.8
Muslims	36	44.5	50.0	0.0	5.5

We find that Brahmins are absolutely against the communal proportion in government jobs (82.5 per cent). But the other groups are not so decisively against it. Since Brahmins took up to western education very early and since a large number of them are qualified for the posts they are now finding that communal proportion is hindering the chances of their obtaining government posts. Though nearly 50 per cent of the other groups accept the principle that government posts should be filled irrespective of caste or creed the rest feel that communal proportion is necessary.

The next question ran as follows: "Government posts should be filled on the basis of good academic qualifications, all-round efficiency." Greater emphasis has been placed on book learning and educational qualifications in the recruitment to government posts. A large number of students enter the colleges so that they can qualify themselves for these posts. There is neither love of learning nor preparation for a career.

The following table gives the distribution of responses for the group as a whole and for men and women.

Government posts should be filled on the basis of

	Whole Group	Men	Women
Number	591	397	194
Good Academic qualifications	19.5	21.9	14.4
All-round efficiency	62.4	59.7	68.1
Both	15.1	15.6	18.9
No opinion	3.0	2.8	3.6
TOTAL	100.0	100.0	100.0

All-round efficiency is emphasised by 77.5 per cent of the whole group. Women are, if anything, more insistent on this. They are less keen on mere academic qualifications than men.

The following table gives the distribution of the responses of the students in the city and mofussil colleges.

Posts should be filled on the basis of	City Colleges	Mofussil Colleges	Posts should be filled on the basis of				
			Group	No.	Academic qualifications	All-round efficiency	Both
Number	320	271					
Academic qualifications	16.25	23.3	Brahmin	188	16.5	59.6	20.7
All-round efficiency	64.7	59.7	Non-Brahmin	290	20.0	66.2	11.4
Both	16.25	13.7	Christian	77	19.5	61.0	15.6
No opinion	2.8	3.3	Muslim	36	30.6	50.0	13.9
TOTAL	100.0	100.0					

We find that mofussil college students are more keen on academic qualifications than the city college students. The following table gives the distribution of responses according to caste and creed.

We find that there is not much difference between the various groups. Brahmins insist upon the academic qualification the least and the Muslims most. It would have been interesting if the questionnaire had ascertained the components of all-round efficiency.

TRADING WITH THE MIDDLE EAST

A TRADE delegation composed of leading Indian business men, is expected to leave this week for the Middle East to survey the scope for Indian products in the Middle East market. The delegation will visit Bahrain Islands, Kuwait, Iran, Iraq, Syria, Lebanon, Turkey and Egypt.

The Middle East has assumed importance in world trade because of mineral oil exports which give these countries sufficient purchasing power to import manufactured goods from other countries. Their prosperity has been increasing of late because of rising oil revenues in the last five years. There are also, at the same time, new plans under execution for social welfare and improvement of the standard of life of the backward sections of the population. India's interest in this area must arise out of both these factors. As an exporter of manufactured goods of the types required in these countries for consumption or development, a much greater Indian interest is justified.

In the table below are set out figures for India's trade with the leading Middle East countries. One fact which emerges very clearly on a perusal of this table is that India's balance of trade in merchandise with this region has always been unfavourable because

of the trade in oil. In 1938-39 undivided India had an adverse balance of trade of more than Rs. 30 million. In 1953-54, the value of imports exceeded exports by Rs. 326.56 million. In the first five months of the fiscal year 1954-55, the balance of trade has been against the Indian Union by Rs. 116.10 million.

Raw cotton ranked first (petroleum products being second) in our list of imports from this region in 1953-54. Out of total imports of raw cotton from this region valued at Rs. 345.4 million, Egypt supplied the major share costing Rs. 274.8 million. Anglo-Egyptian Sudan followed with Rs. 70.6 million. Dried fruits valued at Rs. 39.0 million were imported in the same year from Iran, Iraq and Muscat and Oman.

There is a long list of exports to this region numbering more than two dozen items which, despite its length, fails to equal the value of our imports. Tea topped the list in 1953-54 with Rs. 52.95 million out of which Egypt's purchases amounted to Rs. 21.60 million. Turkey and Anglo-Egyptian Sudan followed with Rs. 13.83 million and Rs. 10.00 million respectively. Exports of mill-made piece-goods declined from Rs. 67.29 million in 1952-53 to Rs. 49.91 million in 1953-54. Our biggest customers are Anglo-Egyptian

INDIA'S TRADE WITH MIDDLE EAST COUNTRIES

	1946-47		1951-52		1952-53		1953-54		April-August 1954	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
Bahrain Islands	20.07	7.00	109.18	14.13	185.14	18.04	179.62	22.01	92.20	7.35
Kuwait	..	..	1.10	38.02	0.68	46.19	0.88	42.34	0.12	10.43
Syria	..	..	5.66	0.46	6.81	0.05	7.59	0.01	10.21	0.10
Lebanon	..	..	1.50	2.29	0.15	2.89	0.89	1.82	0.09	3.32
Iraq	..	..	18.77	42.11	36.12	31.92	20.48	21.08	25.61	24.43
Iran	..	..	235.72	28.30	289.08	41.50	24.96	20.67	20.37	15.29
Turkey	..	..	18.20	1.28	35.59	0.08	49.51	0.03	25.83	0.03
Egypt	..	..	140.46	35.45	405.28	64.68	151.22	56.89	276.63	35.33
TOTAL	445.20	107.95	644.00	234.94	882.76	222.80	503.92	177.26	200.29	84.19

Sudan, Kuwait and Iraq. Egypt is showing no interest in Indian piece-goods because the plans of rehabilitating the textile industry in that country are slowly materialising. The textile spindlage has been more than doubled as compared with the pre-war era. Indian trade in gunny bags and cloth received a setback in 1953-54. As against jute manufactures of Rs. 54.11 million in 1952-53, the exports in 1953-54 fell to Rs. 33.53 million. Substantial reductions were made by Turkey, Syria, Iraq, Egypt and Iran.

Here is a list of other items which are being exported in very small quantities.

Hardware
Sandalwood
Spices (Cardamoms, Pepper and Turmeric)
Hosiery
Silk (Artificial)
Tobacco (Unmanufactured)
Exports of coal and coffee have totally faded out.

There are vast possibilities of India pushing up her exports to this region; reliance may not be wholly placed on traditional lines like tea, spices, oil and oil-seeds and raw materials in general. India is now manufacturing a wide range of items which can find a good market in these countries. Cycles, sewing machines, rubber goods of various kinds, pharmaceutical and medicinal products, electric goods, etc., can stand the competition of those made in any other country. India produces excellent leather manufactures including shoes, travelling bags, ladies' handbags, portfolios, etc., which will find a ready market in this region. India should definitely enter the soap, toilet and washing, goods market for which there is a sizable demand.

There is a growing demand for electrical machinery and parts in Iraq and Iran. Considerable importance is attached to exposed films in the Arab countries. In addition to commercial possibilities, there is a long-term cultural value as well. At present only American or Egyptian films control the market (though occasionally, other European films are also shown). If Indian films could be dubbed in Arabic, India could get a good start.

If earnest attempts are made to introduce the items listed above, there is no reason why India should not be able to get her share in these lines.

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THE BUSINESS WORLD

SEWING MACHINES WITHOUT PROTECTION

The emphatic tone of the Tariff Commission's recommendations in its report on the recent enquiry into the claim of the sewing machine industry for extension of protection after December 1954, shows that in a brief period of intensive development over seven years, protection has been put to good account and the industry has been enabled to stand on its legs. The Commission's clear finding to the effect that there is no need for any further extension of protection to this industry from January 1, 1955, has been accepted by the Government. In effect, the industry will now start a new phase in its career. The basic ground on which the finding of the Commission is based is that the fair ex-works prices of the indigenous domestic machines are considerably below the landed cost of imported machines even without the addition of import duty. Manufacture of sewing machines in this country at the present time is concentrated on domestic machines, including both the types, namely, hand machines and treadle machines. Industrial machines are being produced on an experimental stage and therefore they have not figured in any mentionable degree in the claim for protection.

The history of this industry shows a spectacular rate of progress. It is pertinent to recall here that all opportunities of expansion available during the war, owing to the restricted availability of imported machines, were withheld from this industry because it had to switch over to the manufacture of munitions. Nevertheless, in the last seven years of protection, the industry consolidated its ground and by successive stages of improvement in efficiency and productivity it reached a stage of development in which it could make reductions in the selling prices of its products. In July 1953 for instance, the price of Jay Engineering's Usha machine was reduced by Rs. 20 per unit. The industry has achieved the confidence to stabilise its modest share in the export market in the neighbouring countries. It is also optimistic about raising the level of exports.

The Tariff Commission's investigation into the cost data of indigenous sewing machines was primarily based on the data furnished by the Jay Engineering works. In the absence of any other data, Jay Engineering's working results could legitimately be taken as representative of the home industry. In making the estimates of the production costs, an output at the rate of 120,000 machines per year was assumed as the basis for the calculations. This is the target which this unit has fixed for 1955 and in 1956 it expects to raise its production still higher at 150,000 machines per year. Among other vital factors entering into the production costs, the return on the gross bloc naturally constituted an important item. A reasonable allowance was made for a higher outlay on fixed assets necessary for the production of 120,000 machines. On this increased outlay a return of 10 per cent per annum was estimated. The results of the examination of cost data have disclosed that the fair ex-works price for 1953-54 in the case of a hand machine worked at Rs. 112 per unit and

in the case of treadle machine it worked at Rs. 141 per unit. The estimate of the future fair ex-works prices has been placed respectively at Rs. 105 and Rs. 132 per unit. As against this, the landed cost (without duty) of recent imports of the Japanese hand machines (Juki-HA-1) showed an excess of Rs. 41 above the fair ex-works price of the corresponding type of the Usha machine. If the current rate of import duty is taken into account, the difference will be raised to Rs. 96 per unit. The plea put forward in earnest on behalf of the indigenous industry for an allowance on account of prejudice against the home product was not accepted by the Commission in view of the evidence placed before it by official as well as non-official purchasing interests. In the light of this crucial conclusion, protection to the sewing machine industry is now being withdrawn after expiry of the present period at the end of 1954.

The present protective duty will continue to be in operation after the withdrawal of protection in January 1955, but it will assume the character of revenue duty. The revenue duty will always be there, although at a reduced rate. Even so, it will have the effect of widening the difference between the prices of imported and indigenous sewing machines.

The Tariff Commission, nevertheless, has found it expedient to take appropriate action to safeguard the interests particularly of the smaller units. Its secondary recommendations in this behalf merit brief mention. The State Governments, within whose jurisdiction small producers are located, have been asked to conduct annual census of the production of these units. They have also been requested to prepare schemes for the provision of technical advice to them. The provision of certain facilities which are beyond their individual means is also recommended to be made available to them. Heat treatment and facilities for electroplating and testing of products are included in this recommendation. Small producers had made a strong plea for liberal imports of Japanese parts and components. In case restrictions on imports of sewing machines and parts will be indicated on the ground of balance of payments, Government has been requested to consider sympathetically the issue of granting special treatment to imports from Japan.

The industry as a whole has been asked to take greater interest in encouraging the development of organised ancillary units in order that a continuous flow of home-made parts of the necessary quality may be made available to it at cheaper prices. Jay Engineering have been asked to examine in collaboration with the Central Labour Research Institute, Madras, the feasibility of manufacturing leather belts of the type required by this industry. The only major part which is not manufactured in India at present is needles required for the machines. The premier unit has been exhorted to instal a plant for the manufacture of needles. The Indian Standards Institution has been asked to consider the formulation of indigenous specifications for Indian sewing machines to replace British specifications which are followed at present.

SUGAR POLICY REVIEWED

BY
CROESUS

Speaking at the 35th Ordinary General Meeting of the Belapur Company, Ltd. on Monday, Sir Joseph Kay, Chairman of the Company, expressed the view that "Government's efforts, both in regard to the development of the output of finished sugar and the limitations of selling prices, have so far proved a failure."

This is as correct as it is mild. The very fact that the country had to import white sugar on an increased scale—8.76 lakh tons in 1953-54 as against only 52,000 tons in the previous year—provides a glaring proof of the Government's failure to achieve higher output. Similarly, despite all the efforts of the Government to fix

selling prices, the consumer has not been able to get his sugar at anything like a reasonable rate based on the cane price of Rs. 1-7 per maund, which would work out to Rs. 27-28 per maund of sugar. Actually, the consumer has been paying anywhere between Rs. 30 and Rs. 35 per maund. I must point out here that it is not only the sugar sold by the factories that is selling at a higher price thus, but even the 25 per cent of the country's production which is requisitioned by the authorities at a fixed rate and distributed by them directly, has been selling at an unduly high price.

So long as there is a wide disparity between the total demand for white sugar in the country and the total production (or total supplies, that is, production plus imports), it will not be possible to prevent a rise in sugar prices. The only way in which sugar prices in this country can be brought down is by increasing the production of sugar within the country and, as a necessary prerequisite to that, by raising the output of sugarcane, both qualitatively and quantitatively. It is true that the Central Government has decided to grant licences for the setting up of 23 new sugar factories, including two refineries, with a total production of 3 lakh tons of sugar per annum. But the mere decision to increase the number of factories or even the putting up of new factories provides no solution unless such is also accompanied by measures to increase the area under, and output of, sugarcane. Viewed from this context, it is unfortunate that the All India Sugarcane Crop for 1953-54 should have shown a decline both in acreage and total yield (of 13.4 per cent and 8 per cent, respectively, as compared to the previous year) although the per-acre yield was one ton higher. In Bombay State, where some of the very good sugar factories are located, on the other hand, there was an increase of 3.9 per cent in the area under sugarcane and also an increase of 2 per cent in the final yield, but the per-acre yield declined by one ton as compared to the previous year. Thus, we are faced with an anomalous situation where, while, in one case, there has been an increase in the area under sugarcane accompanied by a decline in the per-acre yield, in another, there has been an increase in the per-acre yield, but a decrease in the area under sugarcane, so that the net benefit to the country as a whole is negligible, if not nil.

In the course of his speech, Sir Joseph did well, therefore, to examine the causes for the fall in sugar output. According to him, three things have contributed to the fall in sugar output in India, namely, (i) damage caused by floods in Bihar and parts of the U.P., (ii) diversion of cane in factory zones to gur production owing to the relatively higher prices commanded by gur, and (iii) retention of control on release and the keeping of a reserve of 25 per cent of the season's output as a buffer-stock by the Government. Of these three, it is to be hoped the country will be spared yet another year of damage by floods. There is not the same danger of diversion of cane to gur production this year, thanks to the low prices that gur has been commanding in the terminal markets, but, unfortunately, the retention of control on release as well as keeping of a reserve of 25 per cent of the output still continue to be part of the Government's sugar policy. It remains to be seen how far this will affect sugar output adversely during the current season. The sugar policy for the current season, that is 1954-55, has imported a further compli-

cation into the affairs of the industry by introducing the formula for linking the prices of sugarcane to that of sugar. Theoretically, according to the Government's notification itself, this would mean, assuming that the price of finished sugar remains at today's rates, an increase of approximately 5 annas per maund of sugarcane delivered at the factory gates. In other words, the Government has indirectly accepted even for the 1954-55 season the resolution passed by the Joint Sugar Control Board (U.P. and Bihar) held in October which recommended that the price of cane for the 1955-56 season should be fixed at Rs. 1-12 per maund, and this despite the known anxiety of the late Mr. Rafi Ahmed Kidwai to bring about a reduction in the price of cane to Rs. 1-5 per maund. The prospect of lower sugar prices, therefore, seems to be still a distant one. So much for the industry.

About the Company meeting itself, I feel I must refer to certain features which are becoming rather common to shareholders' meetings generally these days. The first is the larger attendance at these meetings. There was perhaps the largest attendance at this year's meeting of the Belapur Company that I have seen in any year for nearly two decades now. Secondly, the speakers at these meetings are invariably the same shareholders, who have to be really complimented on the pains they take in studying the balance sheets and reports, raising, sometimes, very pertinent points, and also offering good suggestions. One would, however, like more and more and, as far as possible, different shareholders to come forward for speaking on such occasions. I am afraid that, unless shareholders cast off their apathy and take their responsibilities a little more seriously, they will themselves be hitting at their position as owners of joint-stock companies. Slowly but surely, their rights and powers will be taken over by the Government itself, as is, indeed, happening already, on some pretext or the other. For example, by stages, shareholders have lost, or rather surrendered to the Government, their rights in respect of their control over managing agents, and I have no doubt that, "in the interests of the shareholders themselves," the authorities will carry this process further, that is if shareholders still fail to take note of the trend and resist it, wherever it is found necessary.

A third feature is the presence amongst shareholders of certain persons, often with a stake in rival companies, who deliberately raise such questions as might lead an unwary chairman to give out information which may not always be in the best interests of his company. This is a situation which is at once so delicate and difficult that only a veteran can handle it properly. For one thing it is very difficult on such occasions to determine where exactly the line has to be drawn, but sound and well-managed companies should have no difficulty to meet the situation, for they have nothing relevant to hide from their shareholders. All the same, it is worthwhile for our law-makers, now that the Company Law (Amendment) Bill is before Parliament, to examine whether there is need to incorporate in the Law itself a provision which, while not unduly restricting the rights of a shareholder to elicit as much information as he requires on the results of working of a company, would, at the same time, save company chairmen from such avoidable predicaments.

CONSULTING IN A CLUB

By
CROESUS

A few days ago, I was reading an American weekly—I forget its name now—at a friend's place, in which I found this simple but striking explanation for the remarkable degree of co-operation between the Socialist

Government of Sweden and the Swedish industrialists—the "Thursday Club". This Club, I understand, was founded in 1948 and holds occasional meetings on Thursday, when the Swedish Finance Secretary is present

December 10, 1954.

and lunches informally with leaders of industry, commerce, and labour and, incidentally, avails himself of the occasion to discuss freely the economic issues facing the country. It is said that, invariably, Government policies are shaped on the basis of the discussions at these meetings. Long before even the Government makes an announcement on any important issue, the vitally concerned interests in the country will thus have had the satisfaction of making known their views fully, freely, and frankly to the spokesmen of Government, unlike, in some cases, even in our own country, where the Government seems to delight in facing these interests with a 'fait accompli,' e.g. the reported proposal for change in the clauses relating to Managing Agents in the Indian Companies Act (Amendment) Bill.

Presently, Sweden is faced with a round of wage-increase demands and business men there are naturally uncertain as to whether their Government, being a Socialist Government, will try to appease labour by forcing employers to concede labour demands, or they will resort to other means of holding down costs of living and thus knock off the bottom of the demand for higher wages because of alleged inflation. The "Thursday Club" forum may be expected to be taken advantage of by these interests to put forward their views before official spokesmen informally. Already they are said to be preparing their brief, which may be expected to include all the familiar arguments, such as the effect of a rise in wages on prices, the loss in competitive ability of Swedish products in world markets, and so on. Of course, these interests, except perhaps labour, will question the very existence of inflationary conditions and point to the effect on internal prices of the increased level of imports allowed lately,

and also suggest alternatives such as an increase in the Bank Rate which, by the way, is wholly in conformity with the latest policy of the Government in making a new bond issue at 4 per cent. They may, however, be confronted by the arguments to the contrary of labour leaders who will doubtless make the most of the improved economic trend in America which may force prices and wages in other countries—especially European countries like Sweden—also to rise.

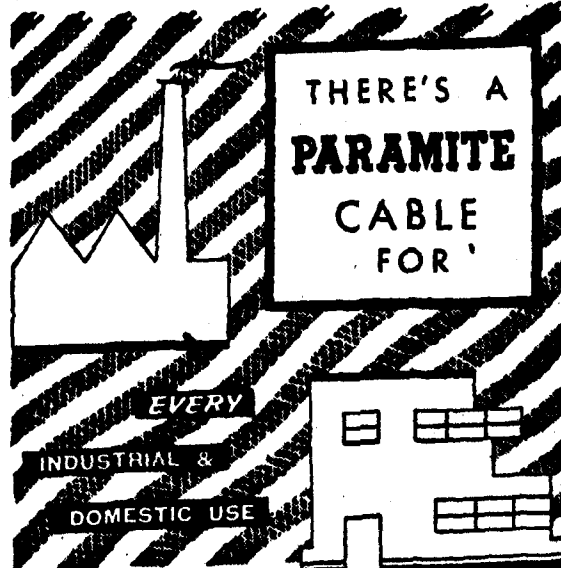
I am not, however, concerned, here, with how Sweden will tackle her higher wage demands issue but with the simple informal yet effective machinery which that country has devised. True, we have also in India bodies on which Government, business men and industrialists and labour are all represented, and discussions at meetings of these bodies too influence, at times, Government policy but today all these meetings suffer from an excessive degree of official routine formality to be able to yield the same fruitful results as do the informal lunch meetings of the Swedish "Thursday Club". My only objection to the Swedish version is that it excludes members of my fraternity—the Press. I refuse to believe that the Press is totally devoid of a responsible element which can be trusted to keep things secret. If this responsible element in the Press is taken into confidence, the Government may be sure of its policies being examined in the right perspective and commented upon quite objectively. It is my earnest request to the powers-that-be in our country, if they should want to emulate the "Thursday Club" tradition of Sweden, to improve upon it by making the meetings even more fully representative by throwing open these informal meetings to a few invitees from the Press or at least that section of it as may be expected to take a keen interest in the issue under discussion.



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BUSINESS NOTES

DECISION ON JUTE

Government's decision on the recommendations of the Jute Enquiry Commission proceeds on the appreciation of the basic fact that a fair deal for all the interests concerned can be secured primarily by internal organisation and disciplined adherence to healthy practices in trade. It has wisely recognized the inefficacy of statutory controls in normal conditions and because of this it has rejected out of hand the Commission's recommendation for setting up a Jute Board to advise on measures to secure fair prices for the grower. The reservation of power to appoint a control authority is specifically intended to meet abnormal situations. But in so far as normal conditions are concerned, the suggested machinery of a Jute Commissioner acting in consultation with the Jute Board has rightly been adjudged incapable of achieving potential results.

Fair prices cannot be ensured by any prescribed formulae. This is necessarily a long-term function of rationalisation and enlarging production of better quality jute and revitalising the jute industry by restoring its competitive strength. Order and regulation in jute trading and marketing practices are to be secured through the medium of an organisation analogous to the East Indian Cotton Association. A futures market will be absolutely essential for bringing stability in prices, but since this problem has been complicated by the prevalence of unhealthy speculation and malpractices, positive decision on its establishment with proper and effective safeguards must await the verdict of the Forward Markets Commission.

The emphasis on self-sufficiency in raw jute in terms of quantity has been discarded and the new direction of policy is to aim at greater production of quality jute. The set-back in jute production after the first two years of the Five-Year Plan has dictated the urgency of concentrating attention on measures for the promotion of better quality, along with greater output, by appropriate remedies, including a wider provision of retting tanks, establishment of the nuclear seed farm and the eight seed multiplication farms for larger supply of better quality seed and introduction of a Jute Seed Act by the State Governments for reservation of specified areas for sowing better quality seed.

The normal ban on the establishment of any more jute mills was a foregone conclusion in the light of the sealing off of one-eighth of the looms and the necessity over longer periods of the year for abstaining from the 48-hour week. The incentive for fuller utilisation of capacity with 48-hour week must come from the overseas market. But in exhorting the industry to achieve it, Government has done no more than giving expression to a cherished hope. It is significant that while increasing competition from other sources of jute supplies as well as substitutes is operating to depress the home industry, Government has chosen to observe complete silence on the question of introducing automatic equipment in the mills.

DIVERSIFICATION FOR MACHINE TOOLS

The Planning Commission's findings, in its latest Progress Report, about the achievement of progress by the machine tools industry in certain new and better types of tools must be interpreted in the limited context of the restricted expansion of the industry. The stark truth about this industry is that, on a basis of value of products at a total of Rs. 145 lakhs per year 60 per cent of the installed capacity goes unutilised at present. Its impact on production costs can easily be seen. The reason for this inadequate utilisation of capacity is the necessity for the industry to confine its output to a limited range of types. Mr. M. B. Jambhekar, Presi-

dent of the Indian Machine Tool Manufacturers' Association, in his address at last Tuesday's annual meeting, made a fervent plea for giving a strong impetus to this key industry so that expanding industrialisation may not develop a vulnerable dependence on imports for its requirements in a strategic sector. At our present level of growth of industries, there is bound to be a small demand for each type of tools. An expanding machine tools industry must, therefore, be broad-based on diversification of production. This would involve outlay for which the private sector of the industry is entitled to assistance from the Government. On behalf of the Association, Mr. Jambhekar reiterates the demand that this financial assistance should be partly in the form of an outright grant (for defraying the high cost of preparing designs, drawings, patterns, jigs and fixtures for new improved types) and partly in the form of interest-free loans (for procuring the balancing plant and equipment). The total cost estimated by the Association at Rs. 30 lakhs is not high and this request deserves sympathetic consideration.

Patronage for products is another pressing requirement of the industry and here again the Government ought to extend help. The large-scale State industrial enterprises, both the expanding old ones as well as new ones, constitute the bulk of buyers of machine tools. It is certainly not equitable that their requirements should be sought to be met straightaway by means of global tenders invited at London. The Association makes the reasonable suggestion that the requirements of the State factories should be circulated among Grade I machine tool factories, through its medium, to ascertain production capacity, delivery dates, prices, and so forth, as a matter of priority, and indigenous producers should be offered opportunity to quote tenders with foreign suppliers. Marginal limits of tolerance should be allowed to home producers in respect of specifications and prices. These proposals can hardly be considered to be exceptional. The Machine Tool Panel of the Engineering Capacity Survey Committee, which has gone into a thorough examination of the problems of this industry, has advanced elaborate suggestions to promote its expansion. One such suggestion which will bring immediate concrete help to the industry is that the Defence and Railway Departments, two of the big consumers, should standardise their requirements by reducing them to a few selected types and sizes.

PAY SCALES IN AIRLINES CORPORATION

The question of the rationalisation of the pay scales of the staff of the Indian Airlines Corporation taxed the energy of the Purank Committee for one full year. If a satisfactory solution is arrived at in the course of the next few days, a ticklish issue in the initial history of this nationalised undertaking will have been closed. The Corporation has gone out of its way and invited comments from the staff on the recommendations of the Purank Committee's report tendered to it in August last. The Corporation's decision on the rationalisation of the emoluments and other terms of service is not going to be based only on the recommendations of the Committee, but cognizance is also being taken of the suggestions of the staff organisations on those recommendations. This is a novel procedure, but it is obviously adopted with the desire of going the farthest limit in eliminating all causes of discontent.

The Press Note issued by the Corporation gives an indication of the modification which it intends to make in the recommendations of the Committee. The contemplated departures from these recommendations can only mean that more liberal conditions are being prescribed, specially in the matter of pay, than those suggested by the Committee. Out of 7,000 employees,

nearly 4,500 will be entitled to immediate increases in their total emoluments, 2,050 will find their position unchanged, while the number of those whose income will suffer some decline is restricted to 450. Of these 450, about half will reach the present level of their emoluments in the course of a year or two. Many of these cases are said to be the result of sudden increases awarded on the eve of nationalisation. The Corporation intends to consider individual cases of genuine hardship. But rationalised and uniform grades according to specific categories to which the employees belong have undoubtedly meant higher income for the generality of the employees and periodic increments for all.

While the scheme of rationalisation of pay scales has been conceived on the principle of equitable treatment for all the employees, its financial implications are most vital to the structure of the Corporation and no less vital to the future of the employees themselves. The immediate net addition to the Corporation's wage-bill, consequent on the revision of the pay of staff, is estimated to be Rs. 10 lakhs. In addition to this, another Rs. 10 lakhs are estimated to arise in the form of recurring liabilities in the near future on account of the introduction of incremental grades. This is quite a substantial addition to the Corporation's present wage-bill of the order of Rs. 1.85 crores and particularly so at a time when its operation since nationalisation has shown a far greater loss than before. The demands pressed by the employees' organizations would cast a new burden of Rs. 1.25 crores on the current wage-bill of Rs. 1.85 crores which the Corporation's finances clearly cannot bear. A commonsense view, it is to be trusted, will prevail and employees will respond to the Corporation's conciliatory attitude.

HOPE FOR MANGANESE

After a long spell of complete stagnation, India's manganese industry and export trade have begun to revive. Relief has come at long last from the Government at home as well as from the consumers overseas. Madhya Pradesh manganese interests which account for the bulk of the Indian industry had to wage a protracted and persistent struggle before they could prevail upon the Government to abolish the export duty. Foreign demand showed no signs of attracting Indian exports at that time, but this could not be any justification for clinging to an export levy which had lost its *raison d'être* in a receding market. The export duty of 15 per cent *ad valorem* now goes. This has improved the competitive strength of Indian manganese. Russian prices are currently ranging at the levels which Indian exporters can offer. The real factor in the higher demand, however, is the programme of increased steel production on the Continent and especially in the United States. Brazil, which had elbowed out the Indian trade from the U.S. recently, has limited export potential at present. The combined effect of these recent developments in the world market for manganese has, however, been offset partially by the sudden increase in shipping freight rates. Provided they do not assume an abnormal proportion, it should be possible for Indian manganese to find its way abroad. They may even prove to be a passing phase.

COFFEE BOARD POSITION BRIGHTENS

Addressing its 35th meeting the Chairman of the Indian Coffee Board, Mr. H. Siddaveerappa, reported that while coffee production during 1953-54 was at the record level of over 29,400 tons, internal consumption was expected to touch 21,000 tons. The average consumption for the three years ending 1953 was 17,083 tons. The increase in consumption and the peak coffee export allocations at 10,650 tons, coupled with the stability attained in regard to record pool-auction prices, are some of the remarkable improvements during 1954. The monthly average pool-auction prices for Plantation

'A' ranged from Rs. 197-14 to Rs. 210-3 per cwt. this year up to the end of October. In the light of violent fluctuations in the world market prices of coffee, and rising labour and welfare expenditure initiated under the Plantations Labour Act, the reasonable levels of domestic prices are matters of which the Board can be truly proud. Total payment on pool dividends on the 1953-54 crop will be Rs. 2-7 per point to the big grower and Rs. 2-8 to the small grower, and compares favourably with payments during 1952 at Rs. 2-7 to the big grower and Rs. 2-6 to the small grower yielding a final payment on that crop of Rs. 2-12 per point. In view of the substantial exports at prices ranging from 50 per cent to 100 per cent above domestic price levels, this year's final payment is expected to beat all previous records. The ill-effects of the heavy carry-over of 7,525 tons of 1952-53 crop to 1954 and the consequent retardation in the rate of pool payments to growers have largely been overcome.

The reduction in the hot coffee prices in Coffee Houses in North India since December last year has resulted in an increase of consumption from 52.19 lakh cups during January-September 1953 to 54.06 lakh cups in the same period of 1954. The deficit for the Propaganda Department in the revised budget for 1954-55 at Rs. 3,61,645 is partly due to reduction in prices of coffee beans, powder and coffee in the cup, and upon the decreased difference between the prices for propaganda units and the open market. These propaganda units, acting as fair price shops have largely put a brake on speculative tendencies in the coffee market. An 'ad hoc' committee is to examine the problem of deficits in the budgetary position and to report to the Propaganda Committee. It is suggested on behalf of the Board that considering the industry's contribution to Central revenues through excise duty the Board is justified in demanding an annual grant from the Union Government for its Liaison Service, that seeks to equip and finance its zonal officers working on the small demonstration plots in each zone.

NO MORE PROTECTION FOR PICKERS

The Tariff Commission's principal recommendation on the discontinuance of protection for the pickers industry has been accepted by the Government. The reason for this decision is quite obvious. When the ex-works prices of indigenous pickers are proved to be lower than the landed cost of imported pickers ex-duty, there is no need for extension of protection. The protective duty as such will, therefore, be allowed to lapse after the end of 1954.

This does not in the least imply that the home industry has developed in every other respect sufficiently to compete with its foreign counterpart. The higher cost of the latter removes the necessity of protection. The basic weakness of home pickers is their sub-standard quality and it is in raising it to requisite levels that the efforts of the All-India Picker and Leather Manufacturers' Association as well as the policy of the Government must be directed. A number of specific secondary recommendations have been made by the Tariff Commission to this end. But decision on them has been deferred by the Government on grounds of further consideration. However, it ought not to be postponed long. Since hides constitute the chief raw material for pickers and the domestic supply of heavy hides is inadequate, the Commission has recommended putting heavy hides on the O.G.L. This course will ensure sufficiency in supply and also better attention to quality of domestic hides. State Governments have been asked to take measures to improve flaying of hides at the slaughter houses and in the villages. The next step will be preparation of a scheme by the Agricultural Marketing Adviser to the Central Government and manufacturers of pickers for ensuring regular supply of hides of required quality. The Association has

been exhorted to tighten up its control over its member units by enforcing compliance with ISI standards and picker producers are asked to purchase only from approved factories. Suggestions have been made for facilities for inspection of member factories and for performance tests in specified institutions. Finally, insistence on manufacturers' trade mark is urged.

GRINDING WHEELS—NEW UNITS

Mr. B. N. Adarkar's opening speech in October last at the Tariff Commission's enquiry into the claim of the grinding wheels industry for extension of protection referred to the addition of two units in this industry. One of them is Carborundum Universal Ltd., who propose to set up a factory at Madras for the manufacture of bonded abrasives and bonded abrasives. They are expected to have a capacity of 800 tons per year for the manufacture of grinding wheels. This year for the manufacture of grinding wheels, the company's share capital will be divided in the proportions of 51 per cent to be owned by Indian shareholders and 49 per cent to be owned by Carborundum Company of the U.S. and Universal Grinding Wheel Co. of the U.K. The second unit is General Abrasives, a partnership firm registered in Bombay in 1954, which has erected its plant in Goregaon in Bombay with a capacity of 120 tons per year. The Universal Grinding Wheel Co. of U.K. which is a participant in the first unit, was referred to erroneously as the Universal Wheel Grinding Co., U.K. constituting the second unit (instead of General Abrasives) in these columns in the issue of November 5 last.

HOW INDUSTRIAL PROTECTION OPERATES

The Tariff Commission's report on the operation of the policy of industrial protection in 1953-54 should serve to emphasize the fact that grant or extension of protection is subject to a close scrutiny and not a readily accessible aid for the applying industries. In certain cases like pencils, fountain pen ink and buttons (other than plastic buttons) protection was recommended to be discontinued. Out of 28 enquiries referred to it, 22 cases related to protection and 6 to price fixation. New enquiries for protection related to four industries, namely, dyestuffs, caustic soda and bleaching powder, titanium dioxide and automobile leaf spring industry. The rest were for extension of protection. In regard to this latter category, it was noticeable that while subsisting protection had enabled several of them to expand production, they found it hard to consolidate their position in relation to improvement in quality and reduction in costs. The re-emergence of the buyer's market and impact of foreign competition caused upsets on the score of prices. Many industries had to continue reduction of their output and leave part of their capacity unutilized. This course added to the difficulties of the cost factor. Government policy of raising certain import duties, as a result of the policy of import liberalisation through removal or relaxation of quantitative controls, gave an added measure of relief to some industries. The Commission recommended lower duties in certain cases out of these.

A significant point in the policy of protection needs special attention. The Commission clarified the position on the keen competition from foreign-owned factories established in this country and stated in positive terms that internal competition from such units cannot be brought within the scope of the Commission's enquiries. It must be met generally on merits.

Reference for price fixation involved the vital policy issue of the return on the gross block and here the Government did not see eye to eye with the Commission. Out of the six references for price determination, the two relating to steel and cement involved this issue. In the case of TISCO's retention prices, the Commission suggested 10 per cent return on the gross block, including the colliery block to attract investment and

facilitate building up of reserves. Government included the colliery block for the year 1952-53 prices and for the rest referred it for further investigation by the Commission. As for the rate, Government declined to fix it at 10 per cent and retained the rate at 8 per cent on the ground that it had promised a loan to the company on favourable terms. The 10 per cent rate of return on gross block recommended by the Commission in fixing the revised cement prices and the basic price at Rs. 72 per ton included Rs. 3.88 per ton as a provision for rehabilitation and expansion. In this instance also, the Government stuck to a return of 8 per cent.

FIRESTONE'S EARTHMOVER TYRE PRODUCTION IN INDIA

The need to employ a large number of earthmoving vehicles in the river valley, road, bridge and similar projects under the development plan focused attention on the manufacture of the giant earthmover tyres for these vehicles in India in order to save the expenditure of foreign currency in their import. The Firestone Tyre and Rubber Company of India Ltd. in collaboration with the Government of India installed a new plant and equipment in their factory in Bombay and production of these tyres was started at the plant a year ago. The rate of output has now reached a level at which a surplus, after satisfying the home demand in full, is available for export to the neighbouring countries for their development projects. The first shipment of Firestone's earthmover tyres manufactured in this country left Bombay for Singapore quite recently.

DEVELOPMENTAL FINANCE FOR ISCO

Mr. T. Leslie Martin's presidential speech at the annual general meeting of the shareholders of the Indian Iron and Steel Company, held on December 6th last, provides ample particulars of the loan capital procured to finance the expansion programme of the company. Out of the total sum of Rs. 31.47 crores required for expansion, exclusive of land and housing, the World Bank has sanctioned a loan of Rs. 13 crores with interest at 4½ per cent, the Government of India has granted a loan of Rs. 2.9 crores at 4½ per cent and a special advance from the Steel Equalisation Fund of Rs. 10 crores without interest during the construction period and without a specified maturity date. The Government of India's fresh loan of Rs. 2.9 crores has been merged with the existing sanctioned loans of Rs. 5 crores adding up to an aggregate loan of Rs. 7.9 crores. The balance is to be procured by the company from its own resources.

The expansion programme was originally scheduled to extend over five years, 1953-57, during which interest on the two loans is not to be paid in cash but is to be merged with the capital amounts, in view of which the ultimate loans for repayment are estimated at—World Bank's loan Rs. 15 crores and Government of India's consolidated loan Rs. 9.15 crores. These principal amounts including accumulated interest will be repayable over nine years in half-yearly instalments, commencing in the case of the World Bank from 15th April 1959 and in the case of the Government of India from 30th June 1959. Owing to the delays involved in the preliminaries, the World Bank loan is made effective from 29th October, 1954.

The estimate of the finances to be provided by the Company out of its own resources to cover the gap is now placed at Rs. 7.5 crores and it is to be found by reservation of profits as supplemented by utilization of not more than 60 per cent of allotments for depreciation during the construction period. It is of the utmost significance that the Directors are pledged to a policy of maintaining the dividend on the ordinary share capital at a rate in no case below the current rate.

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BRITISH OVERSEAS AIRWAYS CORPORATION

COMPANY AFFAIRS

AHMEDABAD ADVANCE MILLS LTD.

In line with the working results of a number of other spinning and weaving mills in Ahmedabad, the Ahmedabad Advance Mills (Managing Agents: Tata Industries Ltd.) show a total operating loss of Rs. 7.98 lakhs for the year ended June 30, 1954. As compared with the preceding year, the figure for cloth sales shows little variation as sales had to be made during the year at sacrificial prices in order to avoid accumulation of stocks. Shri A. D. Shroff, the Chairman of the mills, stated in his annual report that the loss in the year was mainly due to the following additional items of expenditure:

	Rs.
(1) Increase in dearness allowance	93,000
(2) Silver Jubilee Expenses	1,11,000
(3) Increase in Provident Fund Contribution	93,000
(4) Part of Welfare expenses debited to Revenue	82,000
(5) Increase in Interest Charges	1,30,000
(6) Increase in Insurance	15,000
TOTAL	5,24,000

An increase of Rs. 2,00,000 in repairs and renewals, coupled with the expenditure tabulated above, nearly makes up the total increased loss.

The directors have transferred Rs. 5,00,000 to the credit side of the profit and loss account and have also taken credit of Rs. 3,00,000, being the surplus provision for taxes made in the previous years. Ordinary dividend rate has been proposed at 5 per cent per annum as against 10 per cent in the last year.

The salient features of the working of the mills during the last three years are outlined below:

	(In Lakhs of Rupees)		
Year ended	30-6-52	30-6-53	30-6-54
Cloth Sales	226.91	179.87	179.42
Stocks	31.76	44.24	46.35
Salaries and Wages	60.38	58.46	60.95
Net Profit*	+ 2.48	+ 1.55	- 4.89
Provision for Taxation	Nil	Nil	Nil
Provision for Depreciation	1.45	1.75	Nil
Ordinary Dividend rate per cent per annum	10	10	5

* After providing for depreciation but not for taxation.

THE HOOGHLY FLOUR MILLS COMPANY, LTD.

The audited accounts of the above Company (Managing Agents: Shaw Wallace & Co., Ltd.) for the half-year ended June 30, 1954, show a profit of Rs. 1,32,119 after including Rs. 17,642 brought forward and Rs. 1,01,616 adjustments relating to previous periods. Out of this amount, the directors have provided Rs. 16,000 for taxation and Rs. 25,000 to Dividend Equalisation Reserve. Also, the directors have proposed a dividend of 25 per cent per annum, absorbing Rs. 75,000. The balance carried forward is Rs. 16,119 as against Rs. 17,642 brought in.

The trading profit during the half-year was disappointingly low because of Government's sudden reduction of the issue price of wheat without any warning during the month of June which reduced the profit otherwise earned by approximately Rs. 90,000.

WATERFALL ESTATES LIMITED

The working of the Waterfall Estates, Ltd. (Managing Agents: Kothari Mehta & Co., Ltd.) for the year ended June 30, 1954, shows very encouraging results. The figure for sales has gone up by 35 per cent from Rs. 17.48 lakhs in 1952-53 to Rs. 23.57 lakhs in the year under report. The harvest for tea has far exceeded

the all-time record of the previous year while the harvested coffee is a bumper crop, being 1,264 cwt. The figure for tea crop stands at 10,60,000 lbs., 1,34,848 lbs. more than that of the preceding year.

The net profit (after providing for depreciation) shows a rise of more than 72 per cent from a figure of Rs. 6.28 lakhs to Rs. 10.82 lakhs. The Directors have provided Rs. 45,067 for depreciation and Rs. 1,50,000 (Rs. 90,000 in the previous year) for taxation. Rs. 3.0 lakhs go to General Reserve and Rs. 1.50 lakhs to "Estate Development Reserve."

The dividend on the ordinary shares has been maintained at 12½ per cent per annum. The progress of the estates during the last three years is summarised in the table below:

	1951-52	1952-53	1953-54
Tea Crop (lbs.)	8,22,734	9,25,152	10,60,000
Coffee Crop (Cwts.)	704	117	1,264
Net Profit after providing for depreciation (Rs.)	5,32,206	6,28,452	10,81,754
Depreciation (Rs.)	36,000	40,870	45,067
Taxation (Rs.)	1,00,000	60,000	1,50,000
Reserve Fund (Rs.)	2,00,000	4,00,000	4,50,000
Ordinary Dividend rate per cent per annum	10	12½	12½

REWA COALFIELDS, LTD.

The working of the above Company (Managing Agents: Shaw Wallace & Co., Ltd.) for the half-year ended June 30, 1954, has resulted in a net profit (after providing for depreciation and taxation) of Rs. 1,13,695. The figure for sales of coal has moved up from Rs. 22.88 lakhs in the previous half-year to Rs. 23.10 lakhs in the half-year under review. The stocks have also increased from Rs. 67,831 to Rs. 77,355. The directors have set aside Rs. 65,000 for taxation, Rs. 50,000 for development reserve and Rs. 90,880 for depreciation. The ordinary dividend has been scaled down from 20 per cent to 15 per cent per annum in the half-year under report.

Output and despatches of steam and other grades of coal for the last three half-years are tabulated below:

Half-year ended	Raisings (Tons)	Despatches (Tons)
30th June, 1954	1,61,005	1,60,064
31st December, 1953	1,59,034	1,57,021
30th June, 1953	1,45,493	1,42,358

RYAM SUGAR CO., LTD.

The audited accounts of the above Company (Managing Agents: Begg, Sutherland & Co., Ltd.) for the year ended June 30, 1954, show a profit of Rs. 1,93,347 after making the usual provisions and including provision for taxation no longer required amounting to Rs. 50,000 each.

The directors have proposed an ordinary dividend of 8 annas per share, free of income-tax, which would absorb Rs. 40,000. Preference dividend at 6 per cent per annum would take up a further sum of Rs. 48,000.

The cane crushed during the year at 10,28,767 maunds was the lowest recorded.

The working results during the last three years are summarised in the table below:

	1951-52	1952-53	1953-54
Duration of season days	112	114	64
Total cane crushed (million maunds)	1.9	2.4	1.0
Total Sugar manufactured (lakh maunds)	2.1	2.4	1.1
Recovery per cent	11.28	10.20	11.08
Net Surplus to price allocations (Rs.)	2,12,727	91,853	93,798
Ordinary dividend rate per cent per annum	10	5	5

COMMODITY NEWS AND NOTES

ARGENTINA'S CROPS

Wheat crop of Argentina has been estimated at 7 million tons for 1954. As compared with last year's production of 6.2 million tons, it is higher by 0.8 million tons. The trade circles, however, consider this estimate to be a little on the lower side, and place the production at 7.5 million tons. It was expected that the exportable surplus on December 1, when the new commercial year starts, would be about 3.2 million tons. This excludes 1 million tons which is kept as a reserve. The export of wheat during the year, which has been maintained as a result of a vigorous export sales policy, approximates closely to the exportable surplus of this year.

The area sown for the maize crop for the year 1954-55 which will be harvested in April 1955 is estimated at 3.5 million hectares. This is higher by 6 per cent over the area sown for maize last year, but is still considered below expectations.

The linseed crop for the current year is estimated at 470 thousand tons. It is 15 per cent higher than the last year's production, but this too is considered low as compared to the needs of the country.

COAL-STEEL OUTPUT OF EUROPEAN COMMUNITY

The European Coal and Steel Community has fared better than U.S.A. and U.K. in steel and coal production in 1954. Coal production in the Community countries in the first ten months of this year was 1.5 per cent higher than in the corresponding period of 1953. This compares well with a rise of only 0.5 per cent in Britain and a fall of 17.4 per cent in U.S.A. In steel the rise was 7.9 per cent, which again is much higher than a rise of 4.1 per cent in Britain and a fall of 22.4 per cent in the U.S.A.

The yield of coal in the Community region rose from 1,386 tons per underground man in the fourth quarter of 1953 to 1,451 tons in the third quarter of this year. The current activity in the steel industry is largely due to an increased consumption inside the Pool countries and the inter-trade between these countries has this year been 75 per cent greater than in 1952. Total steel production for 1954 is estimated at 43 million tons, as compared with the previous peak of 41.8 million tons in 1952.

U.K. RAYON OUTPUT

The rayon output of U.K. in October was 3 per cent higher than the last month, and is placed at 38.9 million lb. It is the highest since the peak achieved in March this year, which was 1.3 million lb. still higher up. Staple fibre output rose in October this year by 800 thousand lb. over the month to 20.5 million lb. and was slightly below the record level of 20.8 million lb. in July. It was 8 per cent higher than in October 1953.

EXPORT OF INDIAN RICE

The Union Food Minister told the Lok Sabha that the recent Sino-Indian trade agreement envisaged the grant by the two governments of facilities for the export and import of certain commodities including rice. There was no undertaking on the part of India to supply any specific quantity of rice to China. It had, however, recently agreed to supply 4,500 tons of rice to Tibet at £50-15-0 per ton for which China had agreed to pay cash. India was in a position to export up to 300 thousand tons of rice. The overall food position in the country was stated to be sound.

A SCHEME FOR TOBACCO RESEARCH

The Indian Central Tobacco Committee has prepared schemes costing Rs. 114.5 lakhs for tobacco re-

search, development and marketing to be included in the second Five-Year Plan. The President of the Committee stated recently that the tobacco industry, giving profitable employment and contributing more than one-third of the total excise revenue of Rs. 93.6 crores, was entitled to fullest attention by the authorities. The Committee has sanctioned three extension schemes for the Hyderabad State, a scheme for the improvement of the Meenampalayam tobacco in Madras State and a scheme for experimental cultivation of chewing and bidi tobacco in Orissa.

The construction of the laboratory building at the Central Institute at Rajamundry was expected to be started shortly by the Central Public Works Department. The West Bengal Government has agreed to contribute Rs. 1 lakh towards capital expenditure for the development of the tobacco research station at Dinahata.

The Committee was having regular contacts with the higher executive officers-in-charge of tobacco promotion work in the High Commission of India in the U.K. and the Indian Government Trade Commissioners in other countries and was doing its best to create interest in those countries in Indian tobacco by supplying samples and propaganda literature. The Government of India had suggested to the committee to evolve better arrangements for publicity and distribution work.

SECOND ESTIMATE OF COTTON

According to the Directorate of Economics and Statistics, Union Ministry of Food and Agriculture, the all-India second estimate of cotton for 1954-55 puts the current year's acreage at 14,080,000 acres, as against 13,102,000 acres of the adjusted second estimate of 1953-54. This shows an increase of 978,000 acres or 7.5 per cent in area.

Details according to Staple-Lengths of the current and previous years' estimate are given below:

Staple	Area (Thousand Acres)		
	1954-55 (Second Estimate)	1953-54 (Adjusted Estimate)	Increase (+) or Decrease (-) of Col. (2) over Col. (3)
(1)	(2)	(3)	(4)
Long Staple	3,816	3,597	(+)219
Medium	6,393	6,143	(+)250
Short Staple	3,871	3,362	(+)509
TOTAL	14,080	13,102	(+)978

The increase in acreage under cotton during the current year has been reported mainly by Madhya Pradesh, Hyderabad, Bombay and Saurashtra and has been attributed to favourable weather conditions at the sowing time and to efforts made under the cotton extension schemes during the current year. The high prices of cotton at the time of sowing also contributed towards the increase in area in some States, especially in the case of Madhya Pradesh. Slight decrease in acreage has, however, been reported by Mysore. The information given in this estimate generally relates to the period up to the end of September 1954. Till then, the condition of the crop was, on the whole, reported to be satisfactory. In parts of Bombay and Madhya Pradesh, however, the crop suffered due to 'aphid' and other crop diseases. This estimate does not cover the entire area sown to this crop during 1954-55. Past experience shows that the area at the second estimate stage forms roughly 75 per cent of the area under the crop finally reported.

COMPANY MEETING

THE INDIAN IRON AND STEEL COMPANY LIMITED

Speech delivered by Mr. T. Leslie Martin, Chairman of the Indian Iron and Steel Company, Limited, at the Annual General Meeting of the Shareholders of the Company, held on 6th December, 1954, dealing with the year ended March 31, 1954.

Gentlemen,

The working of the year under review was fraught with many difficulties due to the abnormal conditions that prevailed at Burnpur during the first six months. A heavy strain during this first period of the year was thrown on the financial resources of the Company by the loss of revenue to which I referred in my last speech to you, and the position would indeed have been grave had not the admirable response of the Company's workers in the latter half of the year, coupled with the sympathetic consideration accorded by Government and the Tariff Commission, enabled the position to a great extent to be retrieved by reason of the high level of production following upon the restoration of normal labour conditions.

Although the greatly increased volume of production on the resumption of normal working resulted in the total despatches of finished steel at 286,615 tons being little below the average sales tonnage of 290,000 tons per annum assumed by Government for the purpose of the current fixation of selling prices, the displacement of work in all sections of the plant during the year inevitably resulted in an increase in the cost of steel produced with a consequent reduction in the margin of profit. It is necessary and important to remember that trading profits are dependent not only on a low manufacturing cost per ton but are, in addition, greatly influenced by the product mix, that is to say the break up of the total tonnage over the individual categories of steel produced, since the margin of gross profit differs very considerably between various items, this being the lowest in the case of billets and highest in the case of sheets and rails. As you will remember, the main impact of the go-slow strike during the first portion of the year under review fell upon the sheet mills and it was not possible, after normal conditions had been restored, to make good the loss in tonnage of sheet production even though the mills were worked to full capacity. The total tonnage of sheets lost was to a large extent replaced by an increase in the total tonnage of billets rolled and thus, though the total tonnage of steel sold fell little short of the average figure of 290,000 tons per annum adopted by the Government, there was a considerable reduction in the tonnage of the more lucrative categories as I have just explained. A further factor which had an effect on the revenue position was the reduction in the output of foundry grade pig-iron at your Kulti Works caused by the re-lining of No. 5 Blast Furnace. This covered a period of four months during the year and is, of course, a periodic necessity.

Taking all circumstances into account, I hope you will agree that having regard to the many difficulties encountered, the final results for the year may be considered as not too unsatisfactory and, in fact, far better than the position envisaged at the time I last had the pleasure of addressing you.

Following upon the amalgamation of the Steel Corporation of Bengal and the cancellation of the previous inter-Company supply agreement, the current fixation of steel selling prices has been made on the basis of a return on the total block of the amalgamated concern, excluding the Kulti Foundries, and in addition an element of special depreciation amounting to Rs. 52 lakhs per annum net allowed by Government in place

of the amount of Rs. 14.48 lakhs net formerly allowed to the Steel Corporation. Although this special depreciation allowance of Rs. 52 lakhs was not fully earned as a result of higher working costs and the disruption of normal production during our labour troubles, to which I have just referred, the entire amount of this allowance, including the arrears for the three months ended 31st March, 1953, has been carried to reserve. It is gratifying to note that your Board has been able to recommend the maintenance of the normal distribution of 10 per cent on the equity stock of your Company, as well as to make this full allocation to reserve as a result of the increase in sales retention prices from January 1st, 1953.

I have dwelt at some length on the difficulties and grievous trials of the past and will now pass on to present conditions and to what the future holds for your Company. As regards the current year, production is running at a satisfactory level and it is hoped that there will be no repetition of past labour exploitation in the future. I now propose to confine my remarks to the expansion of the Company's undertaking which is of major consequence affecting its future prospects.

In the preliminary Circular Letters that were issued to shareholders under date 31st October and 16th December, 1952, particulars of the expansion to be undertaken were set forth and it was stated that negotiations were proceeding with the Government of India, and the World Bank in Washington in connection with the financial assistance to be provided to the Company. The estimated cost of the expansion has been placed at the sum of Rs. 31.74 crores, exclusive of land and housing. The financial assistance to be provided has been agreed as follows:

WORLD BANK

Loan carrying interest at the rate of 4½ per cent per annum .. Rs. 13 Crores

GOVERNMENT OF INDIA

Loan carrying interest at the rate of 4½ per cent per annum .. " 2.9 "
Special Advance from the Equalisation Fund .. " 10 "

TOTAL .. Rs. 25.9 Crore

The respective loans are covered by:

(a) An agreement dated the 18th December, 1952 made between the Company and the World Bank whereby the Bank agrees to make available foreign currencies to the extent of the loan amount; (b) an agreement of the same date made between the Government of India and the World Bank whereby Government have guaranteed the due repayment of the World Bank Loan; and (c) an agreement dated the 15th July 1953, between the Company and the Government of India whereby Government have agreed to make available the loan and special advance.

The special advance from the Equalisation Fund is unsecured, has no maturity date and carries no interest during the construction period. Thereafter, payment of interest on or repayment of the capital of the special

advance will be made only to the extent that a special element for this purpose is allowed in the prices of iron and/or steel over the above the normal retention prices to the Company provided that Government will have the right to call on the Company to issue fresh capital at such time as may be mutually agreed and to repay out of the proceeds such portion of the special advance as may also be mutually agreed.

Security for the loan from the World Bank has been effected by means of a mortgage and charge on the merged undertaking of the Company ranking as an equal charge with the existing charge securing the Company's first mortgage Sterling Debentures. In consideration of the Debenture holders having agreed to admit the World Bank security as an equal ranking first charge, the rate of interest payable on the Sterling Debentures has been raised from 4 per cent per annum to 4½ per cent per annum effective from the 1st January, 1953, and option given to the holders to receive repayment of their Debentures on the 31st December, 1961, should they so desire.

The Government of India loan of Rs. 2.9 crores has been merged with the existing sanctioned loans totalling Rs. 5 crores, consisting of loans of Rs. 1.5 crores to the Company and Rs. 3.5 crores to the former Steel Corporation of Bengal Ltd., to form a consolidated loan of Rs. 7.9 crores, secured by a second charge on the merged undertaking ranking after the charges in favour of the World Bank and the first mortgage Sterling Debentures and by agreement with the Imperial Bank of India ranking equally with the Debentures held by that Bank as security for cash credit facilities.

Facilities for current working capital requirements have been provided by the following arrangements:

IMPERIAL BANK OF INDIA

Cash credit facility of Rs. 2.4 crores being a consolidation of the previous facilities of Rs. 1.2 crores each allowed to the Company and Steel Corporation of Bengal Ltd., secured by the deposit of £2,000,000 Second Mortgage Debentures ranking equally with the mortgage and charge to secure the Government of India Consolidated loan.

THE NATIONAL BANK OF INDIA LTD.

Overdraft facility to the extent of Rs. 75 lakhs being a consolidation of the previous individual facilities of Rs. 50 lakhs to the Company and Rs. 25 lakhs to the Steel Corporation of Bengal Ltd.

Requirements of additional working capital against the future enlarged operations of the Company are covered by the arrangements in regard to the Company's former holding of 11 lakhs Ordinary shares in the Steel Corporation of Bengal Ltd., which holding is of course now represented by 8,80,000 Ordinary shares in The Indian Iron & Steel Co., Ltd., itself. These arrangements were fully detailed in the Circular Letter dated the 16th December, 1952, that was issued to all shareholders.

The expansion programme as originally drawn was scheduled for completion over the five years 1953-1957 inclusive. During this period interest on the loans will not be payable in cash but added to the capital amounts, the ultimate loans for repayment being estimated as under:

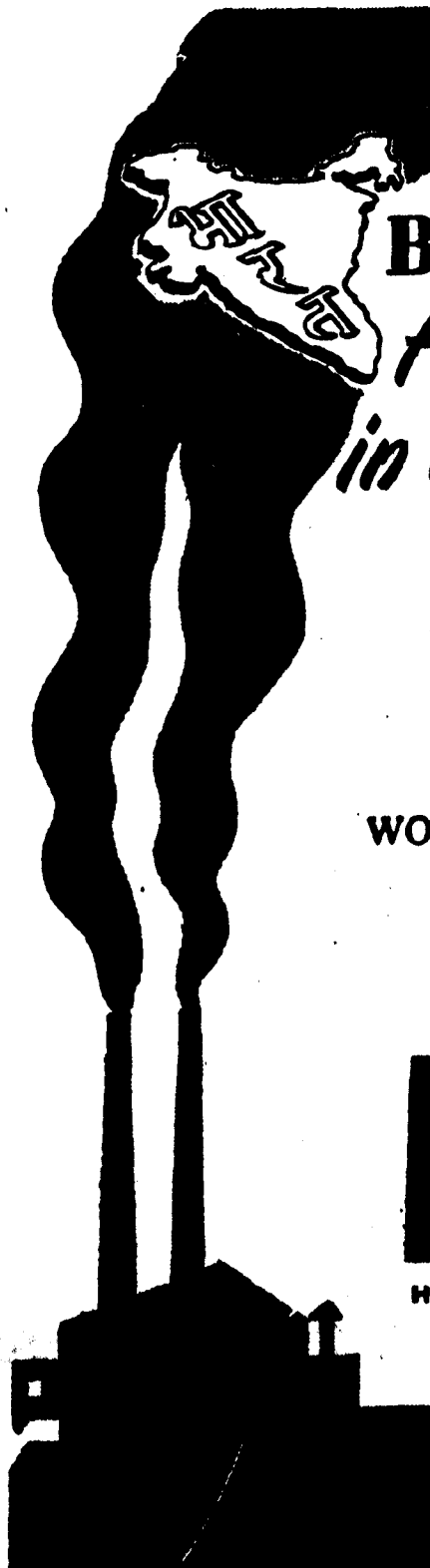
	Government Loan	World Bank Loan
Loan amount	Rs. 7.90 crores	Rs. 13 crores
Accumulation of interest	" 1.25 "	" 2 "
Ultimate amount for repayment	Rs. 9.15 crores	Rs. 15 crores

Under the terms embodied in the respective agreements, the loans and the special advance will be available for drawing over the period ending 31st December, 1957. The principal amounts of the loans including the accumulation of interest over the construction period will according to the agreements as now drawn be repayable over a period of 9 years in half-yearly instalments commencing in the case of the World Bank on the 15th April, 1959, and in the case of the Government of India, on the 30th June, 1959. Unfortunately, the very extensive and complicated legal and other preliminaries have taken longer than was anticipated with the result that the period of construction will now extend beyond the date originally contemplated. Approach has, however, been made to the Government of India and to the World Bank regarding the financial implications of this unavoidable delay and the assurances received both from the World Bank and the Government have enabled your Directors to proceed with making the World Bank loan effective as from 29th October last and to sanction the placing in hand of the construction work prior to any necessary amendment of the financial terms of the respective loan and subsidiary agreements that may be found to be necessary. I accordingly report with pleasure that in a meeting held on the 28th September, 1954, authority was given by the Board of Directors for the immediate putting into effect of the expansion scheme, following upon which orders have been placed for the major items of plant and preliminary work at site already commenced.

In the discussions that took place in Washington between the Government of India, the World Bank and the Company, it was agreed that in addition to the loans to be provided as set out above, the Company in its turn would be responsible for the provision of approximately Rs. 7½ crores, as has been explained on other occasions, to cover the total cost of the expansion and this sum is to be found by the Company from its own resources by reservation of profits as supplemented by the utilisation of not more than 60 per cent of the allotments for depreciation over the construction period. I would like to say that your Directors have been anxious throughout all these negotiations to safeguard the interests of the shareholders and to provide, so far as has been possible, that the finance of the extensions should not be allowed to interfere with the maintenance of the payment of dividend on the Ordinary share capital of the merged undertakings at a rate less than that currently being paid and that in all estimates in connection with financing the cost of the extensions and repayment of the loans, due allowance has been made to this end.

In view of the fact that my present speech will be issued in printed form to all shareholders, the detailed information now given should be regarded as constituting the further notification promised in the Circular Letter issued by the Company to the shareholders on the 16th December, 1952.

It remains for me to express on your behalf and on behalf of your Directors our thanks and appreciation to your General Manager, Mr. J. McCracken and to his staff, who have so ably assisted him in his management of the Company's Works. Our appreciation is also due to all the Company's workers who have responded so wholeheartedly since the resolving of the unfortunate conditions brought about by the rivalry for leadership in the labour union that marred relations during 1953. To these latter I would take this opportunity to say that the Company is as always prepared to give full and sympathetic consideration to the problems that must arise from time to time and that nothing but harm, both to themselves and the Company, can result from the adoption of unconstitutional means in the resolving of any differences that may arise.



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CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

		Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
		Food Articles	Indus. Raw Materia.	Semi-ma- nufactured Articles	Manufac- tured Articles	Miscel- laneous	General Index	Govt. and Semi- Govt.	Deben- tures	Prefer- ence	V. D. I.
1947-48	..	300.1	377.5	281.0	286.4	456.2	308.2	..	..	..	..
1948-49	..	352.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50	..	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51	..	416.4	533.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52	..	398.6	591.9	374.4	401.5	721.6	484.6	..	..	..	..
1952-53	..	357.8	486.9	343.8	371.3	614.1	380.8	90.4	100.6	87.4	95.7
1953-54	..	384.4	487.7	359.2	367.4	686.6	397.5	..	..	..	..
January 1954	..	381.5	481.1	361.5	364.3	709.3	398.5	90.3	101.7	87.7	96.2
February	..	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March	..	371.4	482.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.8
April	..	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May	..	366.2	464.6*	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0
June	..	343.2	441.0	355.6	378.7	647.3	381.6	90.3	100.9	88.5	106.9
July	..	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6
August	..	362.4	420.9	351.9	375.7	608.9	382.5	90.8	100.6	89.4	117.4
September	..	363.6	426.0	353.3	377.7*	607.8	384.4*	90.7	100.5	88.6	121.0
October	..	355.9	428.8	351.8	376.5	605.7	381.6	90.4	100.5	88.4	118.2
Week Ending	..	355.8	434.3*	351.3	375.9	606.3	382.3*	90.3	100.5	88.4	116.9
23-10-1954	..	351.3	427.3	351.0	375.3*	604.3	379.2*	90.2	100.6	88.6	116.9
30-10-1954	..	347.2*	438.5	349.5	376.8	613.4	380.1*	90.3	100.6	88.4	117.4
6-11-1954	..	336.5	449.4	349.1	377.3	610.2	378.1	90.2	100.5	88.3	116.5
13-11-1954	..	329.6	445.1	347.7	376.7	606.7	374.5	90.2	100.5	88.2	115.3
20-11-1954	..	..	..	..	..	..	..	..	..	..	..

†Economic Adviser's Series.

*Average of weeks.
††Reserve Bank Series.

*Revised.

WORKING CLASS COST OF LIVING (August 1939=100)

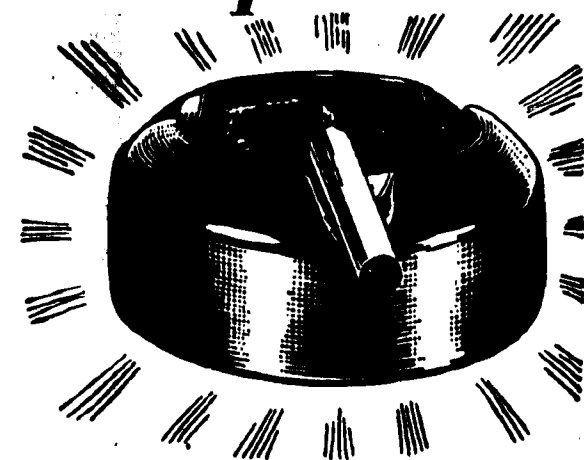
Period	Bombay		Delhi	Bengal	U. P.	Central Provinces		Madras	E.P.	Bihar	All India†
	Bombay	Bombay June 1934 =100				Nagpur	Jubbulpore†				
1939 (Aug.-Dec.)	103	—	—	—	105	104	—	106	—	—	—
1948	238	303	243	132	339	471	146	309	168	138	134
1949	292	307	248	132	348	478	151	323	164	138	138
1950	293	313	257	132	349	484	153	325	165	145	138
1951	314	330	261	142	370	451	168	334	167	160	144
1952	331	337	260	143	351	441	180	330	151	164	141
1953	348	363	275	140	349	453	187	351	147	166	145
1953 October	350	368	282	144	349	457	189	352	150	162	147
November	344	361	280	144	339	453	188	353	149	165	144
December	342	359	268	140	329	438	186	350	149	145	141
1954 January	346	363	269	139	325	442	177	353	151	142	142
February	331	348	257	139	316	432	175	352	151	141	139
March	332	349	257	138	319	416	174	345	150	136	137
April	338	355	255	141	323	426	177	341	151	138	139
May	338	355	251	142	339	415	174	341	150	142	139
June	350	367	240	135	332	396	175	342	149	143	138
July	349	366	241	134	331	400	173	339	145	140	138
August	345	362	237	135	330	408	172	336	145	141	138
September	347	364	236	137	332	406	—	—	—	—	—
October	—	—	—	141	336	404	—	—	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED											
	4-12-1954			27-11-1954			20-11-1954			13-11-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola)	87-3	85-10	86-8	89-2	86-15	88-1	89-5	88-1	88-15	89-8	87-13	88-7
Silver (per 100 fine tolas)	155-9	153-1	154-0	158-14	154-6	156-15	159-11	157-8	158-14	160-1	157-12	158-14

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INDIAN SHIPPING

Tonage (in deadweight tons) of the Imports into and the Exports from the Major and the Minor Ports of India for the year 1952-53 and 1953-54 (ending 31st March) according to the Statistics maintained and/or published at these Ports.

	1952-53			1953-54		
	Imports	Exports	Total	Imports	Exports	Total
Calcutta	33,19,018	83,54,058	96,73,076	27,23,062	53,38,037	80,59,099
Vaizag	1,52,554	10,47,741	12,00,295	1,86,224	12,06,016	13,91,239
Madras	18,07,316	3,15,802	21,23,118	15,69,821	4,71,618	20,41,439
Madras & Andhra	4,28,526	6,35,752	10,64,278	4,04,013	6,34,569	10,38,582
Minor Ports	—	—	—	15,544	1,87,792	2,03,336
Tuticorin	2,79,253	2,38,133	5,17,386	2,49,426	1,96,545	4,45,971
Travancore Ports other than Cochin	15,645	1,94,973	2,10,618	46,512	2,26,558	2,73,070
Cochin	12,24,851	3,26,443	15,51,294	12,33,501	3,23,681	15,57,182
Marmagao	2,68,496	8,15,200	10,83,696	2,77,289	14,08,207	16,85,496
Bombay	46,95,393	19,43,421	66,38,814	47,75,759	19,50,973	67,26,732
Saurashtra Ports other than Okha	3,74,422	7,58,517	11,32,939	3,14,960	8,95,255	12,10,215
Okha	2,15,680	1,88,853	4,04,533	2,29,212	1,91,130	4,20,342
Ports in Cutch other than Kandla	—	—	—	31,250	18,773	50,023
Kandla	48,478	..	1,67,226	34,859	84,362	1,19,121
	128,29,632	129,37,141	257,66,773	120,91,433	131,30,415	252,21,848

Particulars of some of the commodities carried in bulk to from the eight ports of India in 1952-53

(Figures in lakhs)

Ports	Imports			Exports		
	Foodgrains	Petroleum & Petroleum Products	Ironore & other sands	Manganese & other ores	Scrap	Coal
Calcutta ..	10.52	8.70	—	9.45	4.03	33.79
Vizag ..	1.18	.15	—	7.34	—	—
Madras ..	3.40	5.41	—	1.29	—	—
Koilthottam ..	—	—	1.71	—	—	—
Cochin ..	4.81	3.28	.30	—	—	—
Marmagao ..	—	—	—	8.09	—	—
Bombay ..	10.21	14.92	—	5.01	—	—
Okha ..	—	1.52	—	—	—	—
	30.12	33.88	2.01	31.18	4.03	33.79

Tonnage added and investments made by Indian Shipowners

1946-56

	Pre-plan period		Plan period	
	No. of Steamers	G. R. T.	No. of Steamers	G. R. T.
New Constructions	18	80,125	6	30,784
New Constructions for which orders are placed	—	—	16	91,200
New Constructions for which orders promised	—	—	4	18,000
Acquired Second-hand	57	252,923	37	95,195
Total No. of steamers	75	333,048	63	235,179
Steamers lost, sold or scrapped	20	45,105	18	52,015
Actual additions	55	287,943	45	183,164
Steamers at the beginning of the period	42	98,286	97	386,229
Steamers at the end of the period	97	386,229	142	569,393
Cost of New Construction	18	10.56	26	20.50
Cost of Second-hand acquisitions	57	11.44	37	8.50
Cost of Construction and acquisitions	75	22.00	63	29.00

Source: Transport Annual 1954



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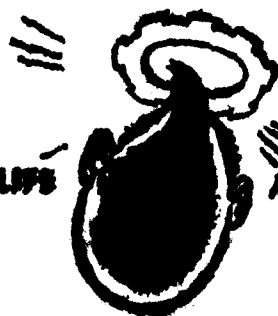
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There will be no issue of "The Eastern Economist" on Friday, December 24, 1954. The next issue will be the Annual Number, "India in South-East Asia," priced Rupees Five, but supplied free to subscribers on the list on the publication date, December 31, 1954.



THE Eastern Economist

L. XXIII, NO. 25.

NEW DELHI: DECEMBER 17, 1954.

ONE RUPEE

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Report on the USSR

The statement issued on December 9 by Seth Kastur Lal, leader of the Indian Industrial and Cultural experts delegation to the USSR, has not only awakened the widest interest both in India and abroad. This is the first large delegation from

India to the USSR that has struck a critical note. It is without question the most competent and, technically speaking, the best informed delegation that India has sent to the USSR. It is also, it might be said, the most worthy of credence. Teams of artists, film stars and

other unoccupied persons who have proceeded to the USSR on personal invitations have felt bound to express their thanks for the hospitality received in generous meeds of praise. This is the first delegation which has not felt itself bound to do propaganda for the Soviet Union on its return. Indeed, it might look as if the statement of its leader on December 9 has ill repaid hospitality received. But at least it has shown that there are observers in India who do not suspend their critical judgment by reason of the extensive hospitality which foreign countries are now extending to delegations from our own.

The two major points which have recorded in Mr. Kasturbhai Lalbhai's statement are the poor quality of goods and the absence of originality in their manufacture. According to Mr. Kasturbhai, quality both in the farm and factory was poor "due to over-centralization and direction from Moscow and absence of any competition." Another factor responsible for poor quality appeared to be the unnecessarily large units which were producing goods. Big textile mills generally had 350,000 workers handling tens of thousands of spindles. It looked as though the USSR was bent on self-sufficiency regardless of quality and price. In reply to a question, Mr. Kasturbhai said that Indian textiles were far superior to Russian products.

In the view of the delegation, Mr. Kasturbhai said, it was unlikely that Russia would be able to help Indian industries in any way. No plant that the delegation saw in about 25 factories it visited was "original in design." "They were all copies of German, British, Japanese or American plants, and their engineers did not seem to be in touch with industrial progress elsewhere in the world."

It is necessary to explain both why the present delegation has been so different from previous delegations in respect of its assessment and why its findings should be treated with the respect which its members carry in the industrial counsels of this country. Issue has been joined with Mr. Kasturbhai's assessment by Mr. S. S. Sokhey who claims to have examined the chemical and pharmaceutical industries of the USSR some time ago. It is not necessary to discard Mr. Sokhey's view on the plea that, as a recipient of the Stalin Prize, he is necessarily biased in favour of the Soviet Union. It may be as a person more acceptable to the USSR authorities he was permitted to see some factories which were not open to the Indian industrial and agricultural delegation. It may also be that the Head of the Haffkine Institute at Bombay, whose funds are provided by public sources, does not look upon industrial efficiency in the same terms as private industrialists, with whom technical efficiency tends to become a religion. But there is on the face of it a presumption in favour of the assessment of the leader of the Indian delegation.

This presumption arises from the powerful ring in the USSR by which ideas are isolated from countries abroad. Mr. Kasturbhai quoted the example of the Deputy Minister who was accompanying the delegation. When invited to read Indian newspapers which some members of the delegation were getting, the Minister who spoke fluent English declined. Though he was with the delegation for 28 days he never once asked any question from any member of the delegation as to conditions in India.

That industrial efficiency of a vigorous kind can be maintained in the present-day world under these conditions is *prima facie* unlikely. It is, of course, possible that the most important plants were not shown to the delegation largely because they are concentrating on defence work and there is at least *prima facie*

evidence to show in strategic industries the Russians are concentrating their own higher talents as well as those of the leading German scientists whom they have impressed into their service. It is also not quite true that the insulation is complete. The Russians receive literature from a wide range of scientific and industrial sources from the free world. Only they have a degree of specialisation which prevents a Deputy Minister from encroaching on the province of a Reader of Foreign Magazines in the Academies or elsewhere. This is probably as much a portion of Soviet organisation as it is of the feature of the Soviet mind.

There is another reason of limitation in the Soviet system. This arises from the character of Soviet International Trade. In a system like that of the USSR there is a rigid exclusion of competing imports. Now that the USSR is concentrating in a large measure on consumer goods, changing predominantly the emphasis in the first and third Five-Year Plans, it is virtually decreed that the USSR's trade with India shall be of small dimensions.

That the USSR can provide a market for highly developed countries has been proved by the report of business men particularly the British delegation which visited that country last year. The position, however, of an underdeveloped country like India is not on all fours with that of the U.K. or Western Germany. Russia has real shortages in certain heavy machinery sectors and is unable to export significantly the major requirements of underdeveloped countries in this field. On the other hand, as Mr. Kasturbhai has pointed out, because of the switch over to the consumption goods industries, Russia is unwilling to buy India's consumer products like textiles. In other words the Russian form of trade with India is not one which will provide any balance in payments. Russians intend to trade with India merely to accumulate foreign exchange with which to import goods from advanced industrial countries.

It is this aspect of the case which needs primarily to be considered. Unhappily a fruitless controversy has now been aroused by the clamour of Russia's friends in this country on points such as the rate of wages and the capacity of the USSR to provide technical assistance of the highest quality. For the present it is essential that there should be no political overtones imported into this controversy. It is obviously the duty of the Government of India to publish without delay the report of an industrial delegation whose visit was arranged with its full knowledge and acquiescence. This report should then be examined in great detail both by the public at large and by a select official committee. If the views of the report of Mr. Kasturbhai are accepted in respect of the nature of Russian technique and the limited opportunities for collaboration with India at the present time, channels for collaboration with other countries will need to be correspondingly wide.

This is an issue of major policy which cannot afford to be neglected in view of the danger of displeasing the USSR and the growing volume of fellow-travellers in this country. India should be prepared to trade with all countries on a basis of maintaining her own economic interest with the widest degree of latitude. But this does not imply that political neutrality means that we should maintain in economic affairs a discreet silence about the incapacity of the Russian system to assist us in the critical years of the second Five-Year Plan. The industrial delegation to the USSR will have done a great service to the country if its report enables a decision to be made in the light of an objective assessment of India's needs at this time and the capacity of the USSR to meet them on more favourable terms than other countries.

Challenge Without Response

EVEN if Mr. G. M. Mackinlay, President of the Associated Chambers of Commerce, had not pinpointed the issues requiring clarification, recent developments had decreed that the general theme of the Finance Minister's address to the A.C.C. this week should have been the future role of the private sector in economic development. Though Mr. Mackinlay referred in particular to the anxieties over the Companies Bill and the compensation clause of the Constitution, he rightly underlined the fundamental worry as "the trend of Government policy towards a rapid degree of socialisation which is tending to suppress and curtail the activities of the private sector and create an undercurrent of unreasoned and vague distrust of it." In other words, the private sector is being, more or less, pushed back to the position from which it started six years ago. The confidence which it had acquired since on the basis of its own achievements and the changes in emphasis in Government's policy, has been undermined once again, this time more deliberately than before. That, at any rate, was the legitimate feeling created by the Prime Minister's declaration last month in relation to private enterprise that the aim pictured in his mind was "definitely and absolutely a socialistic picture of society." Other actions and policies have, not unreasonably, been identified as steps taken in furtherance of that aim, though by themselves they might not have been of great significance.

The Finance Minister's address has done little to rebut this presumption. It was a long essay in explaining away the attitude of Government and left the position very much as before. Mr. Deshmukh sought to justify the extension of the activities of the public sector on the ground of the incapacity of the private sector either to raise resources on a sufficiently large scale or to undertake the burden of development as quickly as necessary. That clearly was a deliberate misreading of the issue to be faced. It was never the case for private enterprise in this country that the public sector should wait or get out of the way. Public enterprises established in the last seven years have been generally regarded as usefully and effectively supplementing the efforts of the private sector. More of them established in that way would not only be regarded as inevitable but fully in consonance with our objective of rapid economic development. The issue simply was whether that objective alone was to be the test of the activities of either sector or whether more important secondary considerations would also interfere with the operation of the private sector.

The answer has now been equivocal. If the State does not recognise its role as being essentially of a complementary nature, it would be in a position not only to divert to itself resources available through taxation, savings and deficit spending but also prevent, by the exercise of its regulatory powers, even the utilisation of the residuary resources in the manner in which the private sector wishes to utilise them according to its canons of development. It is not, therefore, the mere extension of the public sector that is regarded as an encroachment; it is recognised that in transport, communications, power, irrigation and in some industries, its field is already much wider than it can manage with competence and understanding. But if even in the industrial sector, the area of the private sector should be regarded as only residuary, with its dimensions constantly being redefined out of a necessity to be 'dynamic,' the sense of certainty of direction, which is the basis of all individual initiative, cannot obviously

exist. Fruitful partnership and co-operative role might be convenient slogans but their precise meaning would elude the understanding of the practical business man.

The danger is not so much that the public sector would expand so aggressively as to overshadow the private sector, but that development may be slowed down by the creation of this uncertainty for the private sector on the one hand, and the preoccupations of the State, on the other, in several other fields in which its role is more positive and exclusive. If this slackening of the pace of development is caused not by practical considerations of the capacity and limitations of either sector but in the name of an ideology about the ultimate picture, one is indeed entitled to ask whether there is a positive mandate for the pursuit of socialism in this manner even at some risk to development. The approval of the Plan was the basis of the mandate of the country at the last elections and the industrial and other policies assumed therein did not cause the disquiet and uncertainty which is now felt. On the other hand, the Plan had dispelled most of the misgivings which had earlier been caused soon after the Industrial Policy Resolution of 1948.

The reasons which now prompted the doubts expressed by the private sector are new creations, which have disturbed the broad understanding that existed about the character of the mixed economy and its implications which have gradually become understood. The new trends have ruffled the atmosphere in which constructive steps were recently taken to investigate the finance available for the private sector and to create institutions to provide it on sound lines. The problem now is much broader than which particular industry should be reserved for the public sector or on what terms there should be co-operation between the two sectors in special matters. In the second Five-Year Plan in which greater emphasis would be laid on industrialisation, the general approach and not the details were in question. If the aim is to be one of promoting all opportunities for industrial enterprise from wherever it was forthcoming, it would be encouraging even though the public sector would remain the ultimate authority on which the private sector would rely for its resources for proper functioning. An essential part of these resources would be the quality of enterprise itself and there is no indication that in this respect the public sector has either an abundance or the means to secure it on the scale required to satisfy its aspirations. There is no democratic precedent for the view that industrial enterprise can be institutionalised in the State so as to provide entrepreneurial talent on the scale required under the second Plan.

In practice, this may prove a serious limitation not only in the expansion of new enterprise but also in taking over existing industry after modifying the compensation provisions. No such assurance will be available if the company law is so manipulated as merely to hamper the freedom of operations of private business men. The Finance Minister minimised the hardships already caused under the existing regulations by the red-tape and lack of imagination with which powers of control have so often been exercised. The further enlargement of this discretionary authority — purely on the basis of academic assumptions and generalisations about managements and without due consideration of the practical alternatives available — cannot but cause apprehension. The assurances are good as far as they go, but in the prevailing context of opinions they cannot reach very far.

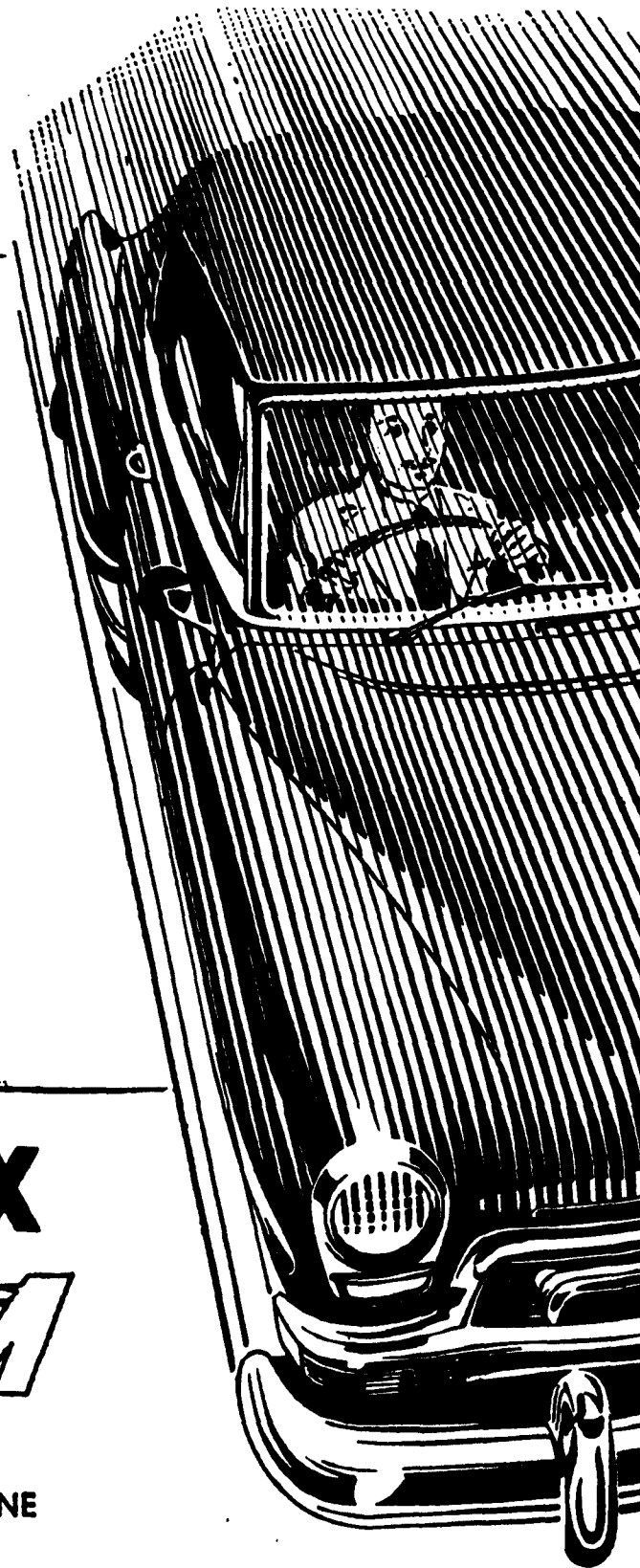
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THE WEEK'S NOTES

THE DEVIL'S ADVOCATE ON DETENTION

The Home Minister's defence of the provisions regarding preventive detention last week was an amazing piece of casuistry. He described them "as the most sensible and from the point of view of the detenu himself, the most lenient that could be conceived of." These words remind us of the old description of the Andamans as "Craik's paradise," because of comparable effrontery of a former Home Member. Of 281 cases of preventive detention in the twelve months ending September last, even the Executive did not approve of the detention in 54 cases. The Advisory Boards ordered release in another 65 cases and in about 15 cases the courts had found the grounds of detention vague and inadequate. All these and other releases during the year which amounted to about 245 were cited by the Home Minister as examples of the lenient operation of the Act, but it does not require much imagination to prove that if there was only one-tenth of this number of illegal or improper detentions without trial, there would be sufficient evidence of abuse of power to justify the demand for the revocation of the Act.

The Home Minister made great play of the argument that no one was detained for the mere expression of opinion but only for violent activities or preaching violence. On the basis of his own figures, 245 persons who were suspected as such by the State were released, but the maintenance of law and order has not deteriorated visibly since. This shows how grossly power corrupts those who exercise it. The Home Minister's disingenuous logic made him even argue that preventive detention was not a temporary measure but a normal exercise of power for preventing crime. In that case, the logical course for Government was to seek Parliament's approval for the addition of the provisions of the Act to the preventive provisions of the Criminal Procedure Code on a permanent basis.

The issue is not whether there exist subversive groups who would advocate or practise violence. In limited numbers they may continue to exist and intensify their activities. When their numbers are large and public opinion is uncertain and liable to be misled, an expeditious procedure, even if some high-handedness is involved, would be justified and cannot be denied to the Executive. But if a State Government finds it necessary to take action against 30 or 40 persons in its jurisdiction, it must be able to afford the time and the trouble to gather evidence and secure a conviction before a court. If necessary the normal law may be strengthened where it is demonstrably weak in sanctioning action in such cases. Many States in which subversive groups are quite in substantial numbers have been able to get on without resort to preventive detention and there is sufficient warrant for the conclusion that elsewhere there is great abuse of authority. The Home Minister's declining faith in the power of non-violence as a member of the Congress party is only matched by the poor homage he has paid to the civil liberties granted by the Constitution from which he should derive his political philosophy.

GOVERNMENT BY ORDEAL

The Travancore-Cochin Ministry which survived one ordeal is now faced by another. The one is probably also a sequel to the other. It is not clear whether the Congress party in the Travancore-Cochin Legislature was lying low in order to let the P.S.P. Ministry work its own way out of office driven by the confusions within the P.S.P. leadership. Nor is it clear whether the Congress party fears that the change in the P.S.P.

leadership would mean less collaboration between the Ministry and the Congress party which is its main support. The Chief Minister, Mr. Pattom Thanu Pillai, is reported to have said that his Ministry if continued would in due course wind up the Congress party. If it is true that he had been as tactless as this remark indicates, it is clear that he cannot make a grievance of the fact that the Congress is now seeking to withdraw the support with which it can eventually be liquidated. That would not be unfair—at least in politics. But the real question is how much consultation there should have been between the Ministry and the Congress party which is keeping it in office lest the alternative should be worse.

If the peculiar strategic position of the P.S.P. in the political set-up of the State had encouraged that Ministry to disregard Congress support altogether which has been helpful to the State as well as to the P.S.P. itself, it is unfortunate. It is possible that the Congress party feels that it has been too long in the background and that too much of it might be its undoing. But there is not very much it can do, unless it forces a fresh election in the State for an uncertain outcome. It is hardly likely that the P.S.P. would support a Congress Ministry after being driven out of office; nor can the Congress now seek alliance with the irredentist Tamil group. The possibility of the Congress High Command intervening to ensure continued Congress support to the P.S.P. cannot be ruled out. The P.S.P. administration in the last resort is dependent as much on the Centre as on the local Congress party. Its record is probably not very spectacular but at least in the transport strike it has been able to put the Communists in their place. It has embarked on land reform also, which has affected a small section which is probably influential in the Congress party; to others not so affected, the idea of the P.S.P. obtaining credit for a reform to be enacted with Congress support, may cause disquiet.

THE STASSEN PLAN

Despite reports of cabinet differences in the Eisenhower Administration, the Stassen Plan for Asian development has been gathering momentum. Mr. Stassen has planned even to discuss it with West European Governments with a view to securing their participation in an expanded programme of aid to Asia on the lines of the Marshall Plan. Even if the budgetary considerations, strongly championed by the Secretary of the Treasury, Mr. Humphreys, should receive priority, the outcome would not be altogether disastrous. Aid will always be assessed in money terms and its efficacy judged by the public, especially in the receiving countries, by its total size. But the new economic conceptions that have developed lately in the underdeveloped countries do not stress the volume of aid so much as its character. It will be possible to make even small sums go much farther than is generally realised, provided proper techniques accompany it. A new concept of technical assistance has been developing and should be expanded. It does not consist merely in the provision of skill and engineering know-how; it consists only in instilling self-help and creating first the will to seek improvement through means which are near at hand and easily obtainable.

American post-war experience in the Philippines has also taught this lesson. It would, therefore, be inappropriate to judge the effectiveness of the Stassen Plan by the actual initial appropriations. The Asian countries, with only a few exceptions, may not also wish to be too deeply obligated; in this matter, therefore, it is possible to have a meeting of minds. The

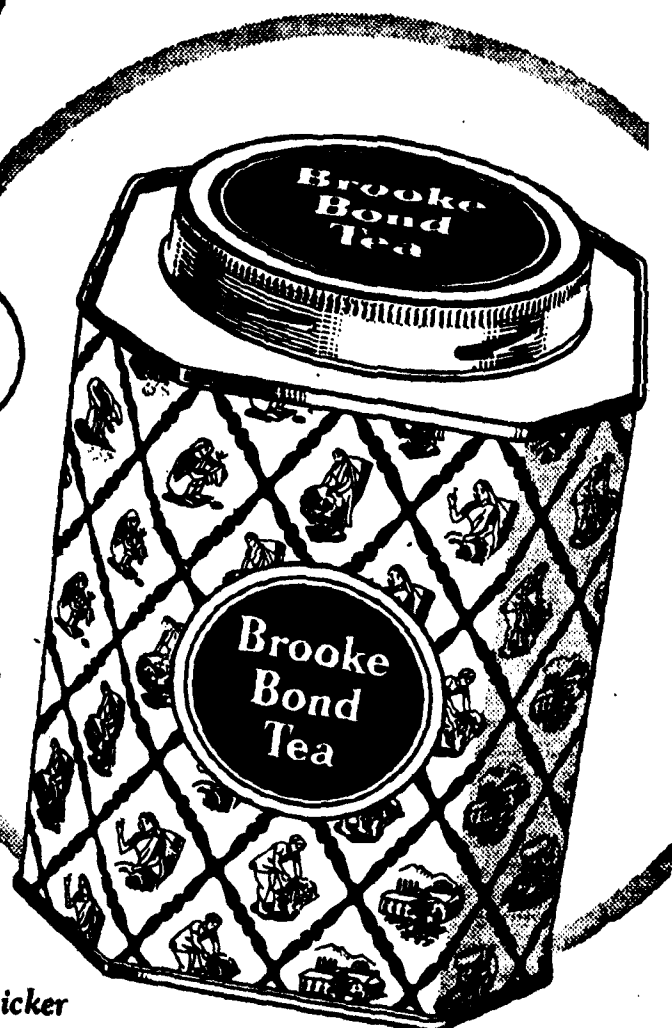
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objects of such aid should always be to expand local production and employment—not to create disparities in standards of living or to create wants on Western models for which the bulk of the population would lack the means of satisfaction. It was a wise move to secure European participation in this plan. The historical role of the Colombo Plan was the stimulus it gave to the formulation of projects as part of a general plan of development and to the methods of assessment of progress. The Stassen Plan must aim at providing the means. Its goal must be to help democratic planning and the danger it should avoid is the temptation to ration aid according to the degree of political affinity to American policies instead of according to the capacity for effective implementation.

THEMES AND VARIATIONS AT CONVOCATIONS

When Sardar K. M. Panikkar said last year at the Patna Convocation that a democracy must keep its processes open even to those whose avowed object is to destroy democracy eventually, he was propounding a doctrine of doubtful validity. It is refreshing to turn to his latest address to Utkal graduates in which he has urged the need for a re-statement of the principles of liberalism with its emphasis on the worth of the individual, in the context of increasing centralisation and the emergence of the bureaucratic state. "The Rule of Law," he said, "ensuring at the same time the authority of the State and the liberty of the individual is the hall mark of the civilised State."

Two eminent judges who were called upon to advise young graduates have dealt at length, and in similar tones, with the same themes. These two convocation addresses delivered to different audiences—one at Delhi and another far away at Trivandrum—have revealed common anxieties about the national language and the future of English. They prove the recent trends in politics have caused no small amount of disquiet even among those accustomed by their vocation to take a balanced and sober view of social developments. The ex-Chief Justice, Mr. Patanjali Sastri pleaded for a widespread study of Sanskrit to make it the common medium of Indian culture, if not the national language. To those who would, in time, be deprived of the access to the literature of the West now available, some substitute would be necessary. While the regional languages could fill part of the gap, the tendency towards parochialism could be counteracted only by a different but common literary medium. Hindi is all too poor to compare favourably with most of the regional languages or with Sanskrit. That is the least that can be said in favour of this argument. But the revival of a classical language is not too easy, seeing the difficulty felt in its study even in areas where the script is common, besides many words in the local language. The logical conclusion would be that there is room for variety and that those who are now eager to break, before they have succeeded in facing the problems of building, are thoughtless. English had certainly acted in the past as a unifying force and, as Mr. Sastri emphasised, there is no reason why it should not continue to do so, until Hindi is well developed.

Mr. Justice Govinda Menon who spoke in Trivandrum reinforced this plea by stressing the importance of English in India's role in world affairs as well as in interpreting and enriching the many Western political and scientific ideas which India has borrowed and assimilated even in the Constitution. "It would be a tragedy," he said, "if out of misguided ultra nationalistic outlook, we try to lessen the importance given to the English language." This distress at the sight of recent educational trends, especially in the university stages, has occurred very frequently to those who were used to an earlier state of things in which the study of a language was not viewed as being undertaken necessarily at the expense of another. Rather,

it was the English educated author, whose consciousness and imagination was subjected to a new awakening, who did the utmost to promote the regional languages as well as to promote the knowledge of our common cultural heritage. All this is now overlooked by the average politician who is enthroned in power and who is so much conscious of his importance that he cannot resist the temptation either to formulate new precepts or to use his power in the form in which it can most easily be used, namely in the work of demolition. The "learned" men are disregarded as incapable of moving fast because of their weight and the politician's professional lightness enables him to be carried easily on wayward winds.

INDO-IRANIAN BONDS

The Indo-Iranian Treaty of Commerce and Navigation signed in Teheran this week has forged new links in the bonds which have existed from very early times. In the past, the effects of cultural intercourse were more visibly felt and have survived in many fields. The influence of the Persian language had been profound and had imparted urbanity to linguistic and artistic forms. It is useful to recall these today when new types of international relations are being devised. There are over 4000 Iranians in India and about 800 Indians in Iran who will now be entitled to carry on commerce and trade in each other's country under fair conditions. Their property will receive protection and they will be saved from discrimination in taxation and from other disabilities. These details do not, however, constitute the chief merits of the clauses of this Treaty. Essentially the Treaty is a token of friendly relations, the effects of which can extend far beyond securing minimum justice to the nationals of either country residing in the other.

During an era of development of underdeveloped areas, countries like Iran have a great interest and the many common problems which are being tackled in India may provide useful lessons, trained men and suitable materials to Iran. The visit of a Pakistani delegation last week to India to discuss some of these aspects—in spite of strained relations on other matters—is proof that India provides a laboratory in which experiments in development can be instructive to other areas with a similar cultural and historical background. In the future these will be matters of common interest to strengthen the bonds forged through this Treaty.

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LETTERS TO THE EDITOR

"ON LOOMS"

Sir,

I refer to the letter which appeared in "The Eastern Economist" dated December 3, 1954, of Mr. C. V. Narahari Rao of Coimbatore, relating to my article "On Looms" (November 19, 1954). At the time I wrote my piece, copies of the Kanungo Committee Report (even without the important annexures) were not available.

Frankly speaking, I do not think much use would be served by a discussion of the comparative merits of the rationalisation of the weaving section of the mill industry and those of the handloom and powerloom industries. For one thing, these are so well known. Further, if the Kanungo Committee had proceeded on this basis, it would have certainly recommended the scrapping of the handloom industry, and not its resuscitation over a period. But the main consideration that prompted the Committee is the employment potential of the handloom industry which, according to it, is nearly 20 times what it is in the mill industry, yard for yard. If the same consideration were to guide all actions of the Government in the economic sphere, we might soon expect to find ourselves pushed back to the pre-bullock-cart economy. Be that as it may, what surprises me most is that, in recommending rationalisation of the handloom and the powerloom sections of the industry, the Committee is not equally concerned about the resultant unemployment which, in fact, is much more than the unemployment caused by rationalisation of the mill industry. It is unnecessary to labour the point that, because the employment potential of the mill industry is one-twentieth of that of the handloom industry, as the Committee states, the people that would be thrown out of employment as a result of the rationalisation of the mill industry also would any day be fewer than those similarly affected in the case of rationalisation of the handloom and the powerloom sections of the industry.

There is one aspect when we consider the question of employment in the mill section of the industry and that in the handloom and the powerloom sections. In the former case, with rationalisation and the increase in productive capacity of the mills, the indirect employment provided is so much more than the unemployment caused by rationalisation that, in the aggregate, rationalisation of the mill section of the industry will probably not lead to any net unemployment at all. In the first place, when the capacity of a mill is raised, it will need more cotton for consumption and that means more work for the cotton grower; it will also mean more coal, more raw materials, more transport, and more foreign exchange if the finished commodity is exported. I submit that all these advantages must be taken into account and not merely the only perceptible direct effect in the form of displacement of a portion of the labour force.

As regards the pegging of the mills' cloth output, it is not improbable that a rigid enforcement of this will lead to complications which may come in the way of the achievement of the per capita consumption target of 20 yards, especially if the population continues to increase at the present rate. It is all very well to earmark the entire increase of 1,600 million yards to the handloom and the powerloom sectors. But the question is whether the handlooms and the powerlooms will deliver the goods, especially if the conversion scheme of handlooms into semi-automatic and powerlooms fails to work according to schedule either for want of finance or for any other reason. It is quite possible that, if no additional looms are allowed to be installed by the mills for the next 10 years, we may find at the end of a decade from now that the per capita consumption will actually decline, instead of increasing to 20 yards. One must, however,

derive some comfort from the fact that the Kanungo Committee has, at least in principle, accepted rationalisation and recommended the installation of 5,000 automatic looms per year. This should serve as a safety-valve.

There is much force in the point made by Mr. Rao as regards the effect of the recommendation to allow a replacement of the existing loomage with only 5,000 automatic looms per annum on the manufacturing capacity of the indigenous textile machinery manufacturing industry. In having fixed the replacement at such a low level as this, the Committee has unwittingly also pegged the output of the indigenous textile machinery manufacturing industry and this may mean the ruling out, for at least the next 20 years, of the products of our indigenous textile machinery being reasonably cheap. Even as it is, not all the capacity of the existing units of the textile machinery manufacturing industry in this country is fully engaged and when all the units of the industry are ready for full production, as they will be very shortly, the Kanungo Committee's recommendation may prove quite irksome, if not unhelpful. This will make, by the way, a very important argument for the indigenous industry to press for a higher degree of protection at the hands of the Tariff Commission.

Yours faithfully,
CROESUS

"THE CASE OF OWEN LATTIMORE"

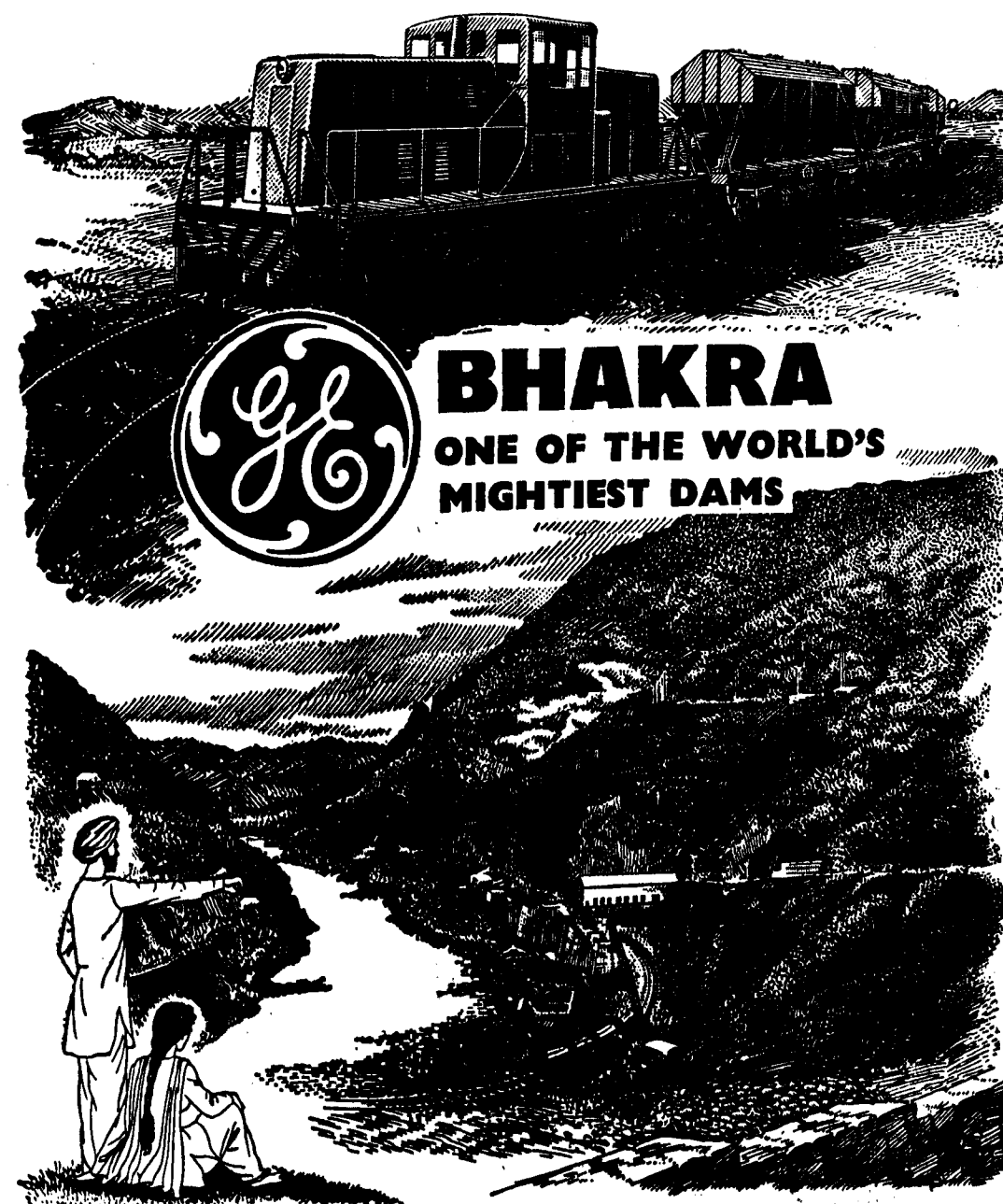
Sir,

Mr. Sitaram Goel can always be relied upon for a closely reasoned challenge and I thank him for his letter published here on November 26 in which he criticised my articles on Owen Lattimore.

Whether the letter quoted by Mr. Sitaram Goel proves that Mr. Lattimore was a conscious and willing propagandist for Communism seems to me a matter of opinion. The test is with what motive Mr. Lattimore wrote it: Was it in hopes of promoting the triumph of the Communist cause for its own sake? Or was it in hopes of modifying, in the interests of America and the free world, U.S. public opinion and foreign policy towards a more realistic understanding of the facts of Russian and Chinese politics? This is difficult to estimate from one quotation. It would, for example, be easy, by quoting isolated paragraphs from these columns, to prove that "The Eastern Economist" was pro- or anti-Communist, pro- or anti-Capitalist, or pro- or anti-anything. The test is to assess persisting motives and objectives over a period of time, and to consider quotations as a whole and in their contexts.

Mr. Sitaram Goel charges me with distorting the Lattimore case by saying that Mr. Lattimore has been indicted for his opinions, whereas in fact he was indicted for perjury before a Senate Committee. But I said precisely that in my articles of November 12 and 19. Ironically enough President Eisenhower's attitude towards Communist China now seems to be moving in the direction urged by Mr. Lattimore seven years ago. It is also relevant to note that American justice, as represented by Judge Youngdahl, upholds my interpretation of the Lattimore case. Mr. Sitaram Goel objects to my statement that the U.S. Government poured dollars into Chiang Kai-shek's coffers. But the U.S. Economic Almanac for 1953-54, under the heading U.S. Foreign Aid, grants and credits, July 1, 1940 to December 31, 1952, shows that to China: Taiwan (Formosa), there were made net total grants of 2,912 billion dollars. It is interesting to reflect that during the same period the net grants made to India totalled only 15 million dollars.

Yours faithfully,
ODYSSEUS



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WORLDGRAM

AGRICULTURE

Cane Growers' Conference: Dr. Punjabrao Deshmukh, Union Minister for Agriculture, will inaugurate an All-India Cane Growers' Conference on December 18, at New Delhi. The Conference which was originally scheduled to begin its deliberations on December 11, will, among other things, finalise a constitution for the proposed National Federation of Cane Growers. The Conference is also expected to discuss the cane-price fixation policy of the Union Government and how the sugarcane growers can share in the excess profits of the sugar factories.

UNESCO to Emphasize Arid Zone Programme: The UNESCO will emphasize its Arid Zone Research programme during the next two years. The Arid Zone Research programme seeks to focus research on means of reclaiming areas, many of which were once fertile, for productive use. It is estimated that arid and semi-arid regions make up more than a quarter of the land surface of the globe, and that more problems are caused by aridity than by any other climatic characteristic. The eighth general UNESCO conference also agreed to step up the "Humid Tropical Zone" programme and give impetus to oceanographic and marine biology studies in Latin America and the Indo-Pacific regions in 1955-56. This programme of dealing with problems of the Humid Tropical Zones was led by delegates from Ceylon, India, Brazil, Liberia and Burma. Experts will meet next year to study research reports which member-States have already made available to UNESCO.

Irrigation Schemes in West Bengal: The West Bengal Government has sent a list of schemes for examination by the Technical Committee on irrigation and power projects. The Committee after obtaining project reports and examining them, will recommend which of them should be considered in connection with the second Five-Year Plan. The more important irrigation schemes are: Hydrological Observations—Rs. 10 lakhs; Ganga Barrage Projects—Rs. 3,000 lakhs; Kangshabati Reservoir Project—Rs. 2,300 lakhs; Bansloi River Irrigation Scheme—Rs. 25 lakhs; Hinglow Irrigation Scheme—Rs. 60.45 lakhs; Sultanpur Bill Scheme—Rs. 14.66 lakhs; Karatea-Talma Irrigation Scheme—Rs. 48.83 lakhs; Re-excavation of Palaspai Khal—Rs. 12 lakhs; and the Dolong Irrigation Scheme—Rs. 38 lakhs.

FAO International Training Centre in India: The International Training Centre on Experimental Designs and Survey Techniques of Agricultural Experimentation, jointly sponsored by the U.N. Food and Agriculture Organisation and the Government of India moved from New Delhi to the Indian Veterinary Research Institute, Izatnagar for a fortnight, and training classes commenced there from December 6, 1954.

FINANCE

Prime Minister's National Relief Fund: Allocations from the Prime Minister's National Relief Fund have been made to States as indicated against each during the period March 1, 1954, to November 15, 1954. (i) For flood relief in Bihar: Rs. 10.47 lakhs; Assam Rs. 7.15 lakhs; West Bengal Rs. 4.45 lakhs; Uttar Pradesh—Rs. 4.35 lakhs; Jammu and Kashmir Rs. 1 lakh and (ii) drought relief in Andhra Rs. 4,018, and Orissa Rs. 1.70 lakhs; Rajasthan Rs. 1.10 lakh and Ajmer Rs. 20,000.

Over 10,000 Watermen Employed on Railways: There are 10,688 watermen employed on the six zonal

Railways, and the annual expenditure incurred on them is nearly Rs. 55,60,000. During 1953, the Indian Railways installed water coolers for the travelling public at 35 stations, while at three more stations which already have water coolers, additional machines were installed. The total expenditure incurred was Rs. 2,37,639.

Indonesian Finance Minister on Foreign Aid: The Indonesian Finance Minister announced in connection with the proposal to set up a sugar factory in Jogjakarta, that there are two offers of equipment from East Germany and Czechoslovakia. Both the countries are prepared to sell their sugar factory equipment to Indonesia on long-term credit and accept Rupiah payment, which would be used afterwards for payment for Indonesia's export produce. The Committee appointed for the purpose of obtaining credit from abroad has succeeded in obtaining loans amounting to Rupiah 1,000 million—R. 400 million from France; R. 200 million from Holland and R. 300 million from West Germany. These loans will comprise capital goods needed by Indonesia for reconstruction, and will be used in assisting business men to set up small industries. No binding conditions are attached to the foreign credits obtained and they are only on mutual trade interests. Though the credits will constitute capital investments, they will not be invested by the foreign country concerned.

Improvement of National Highway in Orissa: The Central Government have sanctioned Rs. 18.29 lakhs for black-topping about 110 miles of National Highway No. 42 connecting Cuttack and Sambalpur in Orissa State. The road has at present a water-bound macadam surface which is inadequate to meet the needs of increased traffic on account of the construction of the Hirakud Dam and the absence of railway communications between Cuttack and Sambalpur. The proposed work is expected to be completed in about three years.

Raising Resources for Second Indian Plan: The State Governments are reported to have been asked by the Planning Commission to lay special emphasis on the earning of foreign exchange needed for investment in the second Five-Year Plan. The following suggestions are reported to have been made:—(1) (a) Land revenue settlements in areas where they have been overdue, (b) surcharges on land revenue, (c) special cesses on commercial crops, and (d) special assessments or ground rents in urban areas; (2) water rates—raising of water rates to economic levels; (3) betterment contribution; (4) additions to district or local cesses for financing expenditure on development schemes in the areas concerned, and (5) agricultural income-tax. The Planning Commission have asked for an account of the measures already taken or proposed and the consequential increase in revenues.

Indian Water Supply and Sanitation Plans: Under the national water supply and sanitation scheme, the sum of Rs. 454.17 lakhs had been offered as loans to the various States for their urban water supply and drainage schemes. During 1953-54, the number of minor irrigation projects are to be taken up.

Indian Shipping Companies Earnings: It was reported in Parliament that total freight and passenger earnings of Indian-shipping companies in the coastal trade during 1953-54 was Rs. 11.93 crores.

London Market Aid to Backward Areas: London market loans are making available an estimated £37 million in the current financial year to underdeveloped countries, against £31.3 million last year. Details of the total £169 million committed by the U.K. for 1954-55 in the way of assistance and aid, show that the heaviest item is £42 million in sterling balances to India, Pakistan and Ceylon, with no change over the previous year. The Colonial Service Vote accounts for £39.2 million in this year compared with £24.1 million during 1953-54 and Colonial Development and Welfare £18 million this year—the same as last year. None of these figures, however, includes capital transfers between private persons and institutions.

INDUSTRY

Indian Coal Production and Transport: It is learnt that planning of coal production and transport is being considered by the Government of India. To enable assessment of the likely demand for coal and coke in the years 1955, 1956 and 1957, consumers other than Government undertakings, have been asked to furnish their likely requirements either for fresh undertakings or for expansion or conversion to coal of existing undertakings. Information on the nature of industry for which the coal or coke is required, the quantity required per month, the probable date of requirement and the approximate location of the plant or industry has been sought for by the Coal Commissioner's office, at Calcutta.

New Association of European Jute Industries: Last January and June the representatives of the jute industries of France, Germany, Belgium, Netherlands, and Italy held consultations for bringing about a co-ordination of their needs and activities, and as a result of a conference held later in Brussels, where British observers were also present, a new association called the Association of European Jute Industries has been created. Its headquarters will be in Paris, and since it has been created largely through French enterprise, M. Charmichael, President of the General Syndicate of the French jute industry, has been provisionally chosen to be its chief.

Development Programme for Former French Settlements: The Union Government have under urgent consideration the extension, under the Five-Year Plan to Pondicherry, Karaikal, Yanam and Mahe a programme of agricultural and industrial development. The Planning Commission will despatch one of its Programme Advisers at an early date to the settlements to examine conditions in that area and formulate suitable proposals for development.

Bharat Electronic Factory at Bangalore: The sum of Rs. 5.27 lakhs has so far been paid to a French firm on account of the technical assistance and services rendered in connection with the drafting of specifications for machine tools, purchase of equipment, the submission of plans for layout of the Bharat Electronics Factory at Bangalore and for training technicians. The plant, machinery and equipment were purchased by the Government of India through normal channels, according to the advice rendered by the firm. Standard machine tools and electronics equipment valued at approximately Rs. 1.48 lakhs have already arrived in Bangalore. Twelve technicians have been trained by the firm in France, and are now employed as instructors at the training school in India. There has been no change in the original estimate of Rs. 7 crores capital expenditure on the Factory.

Ujjain-Indore Rail Link to be Built: The Indian Government have decided to connect Ujjain with Indore via Dewas by a broad-gauge railway line; the possibility of commencing the work during the current financial year is under investigation. At this stage, it is not possible to state when the line would be completed; the estimated cost of the scheme is Rs. 2.35 lakhs.

New Railway Lines in Second Indian Plan: The Governments of all Part A and B States have been asked to furnish lists of new railway lines, strictly in order of priority, which are recommended for construction during the second Five-Year Plan period. The State Governments are to take into account all factors including the backwardness of the areas while furnishing their recommendations.

TRADE

Improvement in Italian Foreign Trade: During the period January to July, 1954, Italy imported goods worth 887,600 million lire as against 895,000 millions during the same period in 1953. Exports during the same period amounted to 569,200 million lire as against 517,500 millions. The deficit at the end of the first seven months of the year was 318,500 million lire, while on July 31, 1953, it was 377,500 million lire. The deficit, lower by 59,000 million lire, is due to the decrease in the total imports by about 7,000 million lire and an increase in exports over 510,000 million, with regard to the figures relating to July last year. As against the trend of diminishing imports during the past seven months, exports with a few exceptions have been around 80,000 million lire.

MISCELLANEOUS

Sweden Third in Europe in Wage Increase: According to a recent OEEC survey of the basis of the average figure for 1950, Sweden occupies third place in Europe in respect of the increase in both nominal and real wages in industrial workers. In nominal wages Austria takes the lead with 169 (1950=100) followed by France 160; Sweden 150; Norway 134 and Western Germany 129. The increase in real wages, adjusted according to the rise in living costs, is as follows: France 124; West Germany 119; Sweden 118; Austria 111; Denmark 106, and Belgium 105.

Indian Assistance to the Sudan: The Sudanese Minister for Commerce and Industry, visited India recently and had discussions with the Planning Commission and the Indian Minister for Commerce and Industry. India's assistance in the industrialisation of Sudan and the services of Indian engineers, doctors, judicial officers, etc., was requested. So far, requests for persons who can serve as judicial officers, and for the services of two officers of the Geological Survey of India, and for an educationist have been received. Posts of teachers, surveyors, census officers, railway engineers, entomologists, etc., have been advertised for in Indian newspapers. The request for judicial officers has been referred to the State Governments and names of suitable persons will be forwarded to the Sudan Government shortly on the basis of these suggestions.

More Passenger Trains for Indian Railways: To relieve over-crowding in third class compartments, the Indian Railways have introduced 130 new train services involving a daily train mileage of 4,696, augmented the strength of existing trains and extended a number of them and increased the frequency of certain trains through measures, such as, conversion of twice-a-week services into thrice-a-week services.

December 17, 1954.

NEWS IN BRIEF

INDIAN

The President has approved the appointment of Mr. Justice Bijan Kumar Mukherjee as the Chief Justice of India upon the retirement of Mr. Justice Mehr Chand Mahajan with effect from December 23, 1954.

The Indian Council of Agricultural Research, which was formed in 1929, has completed 25 years of its existence and is celebrating its Silver Jubilee in the period December 14 to 24, 1954.

India is likely to have diplomatic representatives in the four States of Indo-China shortly. Indian Consuls-General will be appointed in Laos, Viet-Nam, the Democratic Republic of Viet Nam (Viet Minh) and Cambodia.

The Union Ministry of Education has, during 1954-55, granted a sum of Rs. 2,71,640 to the States of Travancore-Cochin, Bombay, Orissa, Bihar, West Bengal, Assam, Saurashtra, Coorg, Madras and Mysore for the development of Hindi in those areas.

The sum of Rs. 749.43 lakhs has been loaned to various Indian shipping companies by the Government for the acquisition of new ships for the coastal trade. The tonnage of Indian coastal trade is about 29 lakhs, handled completely by Indian ships; Indian companies have acquired 21 ships of 101,000 gross tons with the Government aid provided.

Mr. Samuel J. Wright, Consulting Engineer to the British Royal Agricultural Society, is due to arrive in India during January 1955, for a four-month stay under the Technical Co-operation Scheme of the Colombo Plan. Mr. Wright will advise the Union Government on the setting up of the proposed Tractor-Testing Station in New Delhi.

According to Mr. G. L. Mehta, Indian Ambassador to the U.S.A., the national income of India has increased by 13 to 14 per cent as a result of the nation's first Five-Year Plan which expires on March 31, 1956.

According to the Government of India, the interim compensation paid so far to claimants from West Pakistan totals more than Rs. 6 crores.

The Penicillin Factory at Pimpri (near Poona in Bombay State) is to go into production shortly, and will produce about 10,000 mega units every day.

It is reported by the Press Information Bureau, Government of India that during 1953 the amount of cloth available per head in India was approximately 15 yards.

Mr. W. H. J. Christie, Deputy Managing Director and Vice-Chairman of the British India Corporation Ltd., Kanpur, has been elected President of the Upper India Chamber of Commerce, Kanpur, for the year 1955.

The condemned rolling stock lying idle in the yards and sheds of the Indian Railways at present is 536 locomotives, 495 coaches, and 6,856 wagons. The serviceable parts of this stock will be salvaged before disposal.

Three schemes of electrification on (i) Eastern Railway—Howrah-Burdwan main line and Tarakeswar branch (all services); (ii) Southern Railway—Third line between Madras (Egmore) and Tambaram; and (iii) Western Railway—Up and Down through line between Andheri and Borivli, were begun this year.

FOREIGN

Delegates from 17 countries are to attend the third session of the Commission on Asian and Far Eastern Affairs being held at Bombay from December 17 to 19. The session will consider draft studies on trade agreements, the resources of the region, foreign investments and economic development.

Mr. Percival S. Beale, former Chief Cashier of the Bank of England, has been appointed first General Manager of the Industrial Credit and Investment Corporation of India, and will shortly take up his new appointment.

The U.S. President recently announced that he would press the U.S. Congress to approve a new programme for the development of backward areas in Asia during the next year. This programme would differ to some extent from the present technical and military assistance programmes.

The proposed International Finance Corporation is to be a subsidiary of the World Bank, and will lend money to private firms without a Government guarantee. The total initial capital will be \$100 million of which the U.S. contribution is likely to be \$35 million and U.K.'s \$14 million.

The Bank of France recently reduced its discount rate from 3½ per cent to 3 per cent. This is the second reduction in the rate in the course of the year; earlier the rate was 3½ per cent. The improvement in foreign trade and balance of payments position has led to this cheap money policy.

The Ceylon Government recently decided to cut import duties on all materials considered essential for the industrial development of the country by 15 per cent.

U.S. offerings of new Corporate securities in the third quarter of 1954 are estimated to total \$2,700 million, bringing the nine months' total to \$7,000 million as against \$6,400 million last year. The U.S. Securities and Exchange Commission expect a new record level to be attained during the current year.

It is announced by the Japanese Ministry of Trade that Japan's exports of cotton goods are to be reduced by approximately 20 per cent in the current quarter, as a result of the restrictive measures announced earlier.

The Austrian Ministry of Finance proposes to reduce income taxes with effect from January 1955, by an average of 10 per cent. A draft Bill provides for a progressive reduction—slightly less than 10 per cent for higher incomes, and just more than 10 per cent for lower ones.

It is reported that Russian oil production in 1954 will be approximately 60 million tons. This figure is 9 million tons more than during 1953.

Some 94 Massey-Harris tractors and 35 combine harvesters were despatched from Britain this week for Iran. Altogether 200 Massey-Harris tractors and 75 Combines, make up a £1 million order placed by the Agricultural Bank of Iran.

The General Manager of the Pakistan International Airlines announces that Orient Airways will operate a thrice weekly 'Convair' service between Bombay and Karachi, on its behalf.

BOOK REVIEWS

THE HOUSE THAT LEVER BUILT

The History of Unilever: A Study in Economic Growth and Social Change, in Two Volumes: By Charles Wilson: Cassel & Company Ltd., London: Price 45 sh. net: Available from The Public Opinion Bookshop, 52, Queensway, New Delhi.

This remarkable study by Charles Wilson, Fellow of Jesus College, Cambridge, a specialist in Anglo-Dutch commercial history can fitly claim to be much more than a rendering of the history of the great firm of Unilever. When the activities of a concern have ramifications as great as that of Unilever no record of its activities can fail to take account of the political and social changes against which the history of the firm must be set. There is much in the second volume of this study which belongs to the economic history of the late 19th and early 20th centuries. It was, therefore, specially appropriate that a leading economic historian should have been chosen as the author of these volumes.

While the accent might well be on the background, which is the social and economic history of the United Kingdom and Holland in particular, there is no doubt that the dominating figure of William Hasketh Lever, first Viscount Leverhulme, is the source of major interest in this great story. While the Dutch Houses of Jurgens and Vanden Bergh are important, particularly in the margarine sections of the study, what lends abundant personal interest to the story is the tremendous stature and abounding energy of the first Lord Leverhulme. There can be few records of an equal personality in any story of British business. He operated in the European scene in the grand manner which Andrew Carnegie and John D. Rockefeller operated to make empires in steel and oil in the more spacious opportunities across the Atlantic.

Volume I deals mainly with the growth of Lord Leverhulme's soap business. The trials he needed to undergo, first with the difficult libel suit with Northcliffe, and with the crisis after World War I show Leverhulme at his best. The book ends in 1929; one wishes it had gone on to the present day even though after 1925, there was no Lever at the helm.

It is all too easy to believe that houses of this tremendous size once moderately successful go on adding to their resources and their profits without much difficulty. There is an answer to this contained in one of Leverhulme's own letters which is reproduced on pages 291 and 292.

He wrote to a colleague in 1923:

"I ask myself what has caused me to begin work at 4-30 in the morning during the last two or three years, and to work laborious hours, and to have only one absorbing thought, namely my own efficiency and the maintenance of my own health for the task I had to perform; and I am bound to confess that it has not been the attraction of the dividends but 'fear'—merely 'cowardly fear'. I could call it by lots of high sounding names, but if I must be perfectly candid with myself I am convinced that it has been the gnawing fear in my heart that Lever Brothers would have to pass their dividends. I had placed myself in this position by accepting money from all classes of investors, including widows, spinsters, clergymen, and others—all subscribers for Lever Brothers' shares from the confidence they had in the business and myself and that these might possibly have to forgo their dividends which would mean probably curtailment of what they depended upon for their day-to-day food, clothing, rent, etc. Candidly, this has been my great 'fear', and this is what has caused me to get up at 4-30 in the morning.

"If it had been said to me three years ago, it will increase your dividend if you will get up at 4-30, I am certain it would have been quite ineffective, but when I saw clearly staring me in the face, as I did three years ago, a situation which if not dealt with would have resulted in the ruin of Lever Brothers and of many others besides myself, then that supreme 'fear' has caused me to work as I have done." Almost the best comment on this letter is the paragraph by Charles Wilson which follows:

"Work and success had brought him what he at once desired and feared—power. It may be that he wielded more power than any one man should, but it must be said that though his faults were obvious, lack of a sense of responsibility was not amongst them. He never lost touch with the things he sold nor with the people who made them and bought them. To the last, the quality of the products of his factories and the well-being of his employees remained an obsession with him."

The firm of Unilever is one of the great monuments to the untiring work which its great founder put into his business. Impersonal work goes on adding new laurels to the firm; but is not there a feeling of regret that the personal romance is ended?

UNFINISHED PICTURE

Memoirs of Dr. Eduard Benes: Translated by Godfrey Lias: Publishers: George Allen & Unwin Ltd., London: Price 30 sh.: Available from The Public Opinion Bookshop, 52, Queensway, New Delhi.

The present book is the first of three which the late President Dr. Eduard Benes intended to write as a continuation of his earlier Memoirs published between the two world wars. The first volume was published in Prague in the autumn of 1947, and some 250,000 copies were sold in the six months before the Communist coup d'etat. Soon after this arbitrary act, all the published works of President Benes, and of his predecessor, President Masaryk, were withdrawn from the bookshops.

And thus the series ended in a tragic manner. On June 7, 1948, Benes resigned and on September 3, 1948, he passed away at his country home at Sezimovo Usti. Volume II was never finished although a draft containing Dr. Benes' account of the Munich crisis is available.

It is fortunate that Volume I with this excellent translation by Godfrey Lias tells the first part of this great story in appropriate detail. The book contains a record of Dr. Benes' private talks with Sir Winston Churchill, President Roosevelt and Joseph Stalin as well as the texts of various official documents dealing with Czechoslovak affairs not previously available in English. It is an essential book for students of East-West politics in the years before and after Munich. It is hoped that a very large number of Indian readers will be interested in this detailed study, the most authentic record available of events in Czechoslovakia at any time.

PARRYS OF MADRAS

Parrys of Madras: A Story of British Enterprise in India: By Hilton Brown: Published privately by Parry and Company, Limited, Madras: Copies Available from Macmillan and Co.: Price Rs. 12.

Both Parrys and Hilton Brown are better known in the South of India than they are in the North.



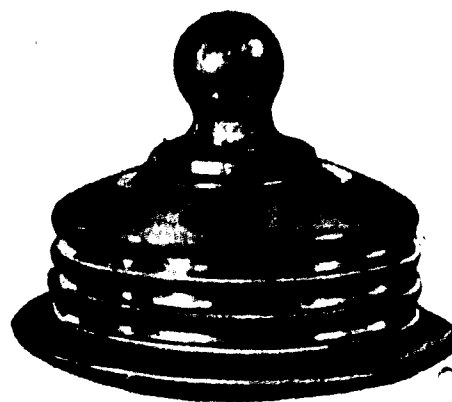
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Parrys have a claim reiterated by the author of this book to be the first mercantile house in the State of Madras. Parrys are also the oldest mercantile house dating back to 1788. A concern which has traded steadily over this period with ups and downs—which Mr. Hilton Brown tends to enhance—necessarily reflects some of the difficult history of trading in the last 150 years. In this sense the story of Parrys becomes, as the publishers claim, "a summary of two centuries of Madras, of the series of social and economic changes which carried her from a solitary fortress, with the French at one gate and Tippu at the other, to the capital of one of the leading States in Independent India." Partly because of the range of social and economic history which this book covers its interest never flags, and Mr. Hilton Brown can claim to have graduated from the occupation of novelist to that of a historian, perhaps to find that fact is, indeed, stranger than fiction.

The story of the difficulties of Parrys and the courage that has gone into the making of this firm is a new one, and yet as Mr. Hilton Brown points out in his last paragraph there is almost nothing new in the point "that man can cope with anything." The last paragraph in which this moral is driven home deserves to be repeated in full.

"Doubtless there are young men in Parry's today who cry out upon the hardness of the times, lamenting that they should have inherited a future darker and less predictable than anything since the eve of the Flood. Let them read this history. Let them remember Thomas Parry crushed and broken by the loss of the Wellesleys, and how Thomas Parry took heart and lived on and died in the end a warm man. How time and again the sugar industry seemed to have received a mortal blow, but—look at Neillkuppam today! How in 1906 the words "Parrys have failed" were actually in the gossip-mongers' mouths; but Parrys did not fail. How in the Exchange Crisis Parrys felled to the floor, struggled to their feet again and fought on to triumph. Having done this, let these young men ask themselves—can there be anything in the foreseeable future worse than what has been? If the times seem exceptionally difficult and the future exceptionally uncertain, let them dismiss the notion that the times and the future were ever anything else. There were always wars, there were always slumps, there were always crises; bottoms have been falling out of markets since markets began. History, had it no other uses, would be valuable for this lesson alone—that man can cope with anything and that, from time to time, he will have to. Why should there be any difference, either in the buffets of the jade Fortune or in man's power to overcome them, just because the year happens to be 1954?"

Mr. Hilton Brown is to be congratulated on this excellent rendering of the story of a commercial house, but has he not slipped up on one or two points? For example Appendix IV on page 234 described as "Parry's Up and Downs" shows the profit of Parrys in 1950 at less than Rs. 30 lakhs. Surely, this is greatly to misrepresent the range of the entire management of Parrys. To include merely the profits of the managing house does no justice to the tremendous range of activity of this concern, a story of whose activity takes four pages in Appendix I.

THE CHEMICAL INDUSTRY

Survey of the Indian Chemical and Pharmaceutical Industry—1954: Issued on the occasion of the 14th Annual General Meeting of the Indian Chemical Manufacturers' Association at Bombay: Unpriced.

The 1954 survey of the Indian Chemical and Pharmaceutical Industry is one of the most able reviews of

any industry which has been published in this country. The authors of this work are to be congratulated on the pains they have taken to collect in one central place a vast mass of detailed statistical information and to present it with rare clarity and order. It is sincerely to be hoped that this brilliant example of assessment of an industry will be followed by other Manufacturers' Associations.

Special interest attaches to the Tables opposite page 12 which give the figures taken from the Census of Manufactures on Production Value per man-year and wage-year per employee. It is shown that wages as a fraction of production which formed 20 per cent of production in 1946 were fairly stationary until 1949. Thereafter the trend has been downward and the figures for 1950 are 19 per cent and in 1951, 17.5 per cent. This reduction of wages as a percentage to production has been brought about by a great increase in output. The Chemical Industry has been exhibiting in a remarkable form the advent of increasing returns. It is likely that the Fertiliser Industry has played a dominant part in this welcome arrival, but there is enough in this study to show that this is not the solitary reason.

MCLEOD & COMPANY, LIMITED

The 31st ordinary general meeting of the shareholders of McLEOD & CO., LTD., will be held at "McLeod House", No. 3, Netaji Subhas Road, Calcutta, the Registered Office of the Company, on Monday, the 27th day of December, 1954, at 4 P.M. for the following purposes:

1. To receive the Directors' Report and the Auditors' Report and to pass the Accounts for the year ended 31st December, 1953.
2. To declare Dividends.
3. To elect Directors.
4. To elect Auditors and fix their remuneration.

The Share Transfer Books of the Company will be closed from 20th December, 1954 to 27th December, 1954, both days inclusive.

"McLeod House" By Order of the Board
3, Netaji Subhas Road, McLEOD & CO., LTD.,
CALCUTTA-1, C. L. BAJORIA,
3rd December, 1954. Director.

NOTE: Payment of any dividend declared will be made only to those members whose names are registered in the Books of the Company on the 27th day of December, 1954, or to their mandatories.

No applications for warrants will be necessary. Claims on behalf of holders of shares on blank transfer will not be entertained.

THE well known empress, Noor-Jehan, was only a refugee girl from Iran, but her ravishing beauty helped her to become the beloved Queen of the Moguls. Her beauty was always enhanced by garments made of lavish material. This privilege of the princely few is now within your reach, because such lavish material is now made with the help of N. R. C. rayon yarn, known for its quality and strength. N. R. C. rayon yarn is now available in 120 and 150 deniers.

refugee girl becomes Mogul Queen



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A DELHI DIARY

LAPSE AND RETURN

I HAVE been recalled to a sense of duty by a letter from a fan. It reads:

"I have been disappointed on going through your issue of December 3, as I missed the usual 'A Delhi Diary'. This I find missing again in the issue of December 10.

Could you enlighten me as to the cause?"

As I attach the greatest importance to my fan mail, may I give a public answer to this private enquiry? The truth is that "Argus" has recently cultivated a wander lust which has taken him away to strange places. In the last fortnight he has been away from Delhi and has been unhappily forgetful of his weekly duties. The Editor has ruled firmly that future holidays shall be taken only when "The Eastern Economist" (for reasons of its own!) declines 'A Delhi Diary' either because of an absent or a special issue. I, therefore, proclaim that in the month of January I shall be on leave, not absent duty, and there may not be a 'A Delhi Diary' for three weeks. After that I promise to adhere faithfully to schedule while life and interest lasts; meanwhile may I submit my most humble apologies?

IN DEFENCE OF ECONOMISTS

Returning to Delhi (at the crack of dawn!) on Tuesday, December 14, the first item of news that struck my weary eyes was a headline in a local paper which read:

"ECONOMISTS LITTLE HELP AS PLANNERS —Deshmukh

BANARAS, Dec. 12.—Mr. Deshmukh, Union Finance Minister, said here yesterday that economists had been of little help as planners. The task of detailed investigation to provide the base on which to build up schemes, he told a meeting in Banaras Hindu University, scared them.

This, Mr. Deshmukh added, was unfortunate, specially in the case of an underdeveloped and economically backward country, which India was. All the development schemes in India had been prepared by the ungrudging departmental employees of the government."

Naturally, I was greatly concerned seeing in this rebuke a possible injury to "The Eastern Economist". I feel it necessary (not least because my livelihood is involved) to rally strongly to the assistance of our economists. I know I am not one of their number but I may, perhaps, be admitted to their trade union; it seems to me that it is the trade union which is being attacked and not any individual member. Of the individual members I am (privately!) of Keynes' opinion that where there are six economists there are seven opinions, Mr. Keynes having two. But this time the economists are accused not of having more opinions than are good but of having fewer ideas than departmental employees. On this point I consider that the Finance Minister was gravely unjust.

After all, India's economists are not expected to conduct "detailed investigations" to provide the base on which to build up schemes. Surely, a general analysis is all the economist can be expected to do. Even here he lacks, largely through the failure to make all government information widely available, the raw material on which he can work. But to expect detailed schemes to come forth from economists is surely to expect the goose

to lay a golden egg. It is not in the nature of academic geese, select or otherwise, to lay golden eggs in any country of the world. Can the Finance Minister claim that economists in any country have provided "the detailed investigation as a base" on which schemes have been built up in any country in the world?

Perhaps, the Finance Minister was referring to those (numerous!) economists who have been entertained in the government service to the detriment of their economic studies. It may well be, indeed. I am told it is a fact, that the economists drawn away in this manner from economic studies have not proved effective as economic administrators. This seems to me to prove one or other of two things or both, (1) government's choice was badly made and (2) that the economists concerned were not required to prepare detailed schemes for which the steel frame has never considered them competent. I do believe that the time is ripe for an examination of the use to which economic training can best be put in the condition of India. I have a feeling, and I have the high authority of Professor Robbins to support me, that economic training is a necessary, or at least a highly desirable, ingredient for all administrative training at the present time. May I suggest that the proper answer to the Finance Minister is not to take umbrage at his remarks, although they are just, but to enquire why economists have fallen from a high platform which they occupied in war time to the lowly level which is indicated in the Finance Minister's remarks? I think it will be found that the blame rests fifty-fifty between the Government of India and the Universities.

VOIDABLE MARRIAGE

I was just in time to see the ending of the debate (appropriately somewhat feminine and changeable!) on the Hindu Marriage and Divorce Bill. There was a lively debate on the Divorce clause in the Rajya Sabha on Tuesday. Mr. H. D. Rajah made himself, either seriously or frivolously, the advocate of women. "It is the inherent right of a woman", he said, "to demand dissolution of marriage whenever she wants it. If the principle of divorce is accepted, it should be ungrudgingly given." The House was amused but unmoved. Mr. Kailash Behari Lal's appeal to the government to be "large-hearted" in this matter seemed to be more promising. But I was not clear to what extent the government lost by the generosity which was being proposed. In any case, the government stood its ground firmly until it came to Diwan Chaman Lal's amendment substituting "living in adultery" for the words "leading an adulterous life". All this seemed to me extremely embarrassing apart from looking to me like a difference without a distinction. I have no doubt, however, that the legal pundits have got all they wanted.

On the Divorce clause which was re-drafted women members were greatly agitated by a provision for nullity of marriage on the ground that the wife "was pregnant by some person other than the petitioner-husband at any time." I share Mr. Rajah's great interest in the rights of women. But I cannot quite see why women members should be so anxious to restrict the licence of men while apparently being so ready to maintain the liberties of their sex. Has the pendulum by any chance swung the other way? Listening to the agitation on the re-drafted clause on voidable marriages I was wondering on what principles of morals the feminine stand was based. But, of course, I am not a woman!

ARGUS.

THE BUSINESS WORLD

COMMISSION ON ASIAN AND FAR EASTERN AFFAIRS

BY
CROESUS

I have no hesitation in saying that the third session of the Commission on Asian and Far Eastern Affairs (CAFEA), which is being held at Bombay, has proved to be the most successful sessions of the CAFEA since its inception. There are delegations to this session from Afghanistan, Pakistan, Hong Kong, China, Thailand, the Associated States of Cambodia, Laos and Vietnam, Indonesia, the U.K., the U.S.A., Germany, the Netherlands, Austria, Denmark, Belgium and Japan. The importance that Japan attach to this session is evidenced by the strength of its delegation, which consists of 12 men headed by Mr. Hisaakirakano who is also Vice-Chairman of CAFEA. The present session gains further significance, because of the presence of Mr. Heidenstan, a former President of the International Chamber of Commerce (which is the parent body of the CAFEA) along with Mr. Vasseur, the Secretary-General of the ICC. Incidentally, it was during the presidency of the ICC of Mr. Heidenstan, that the CAFEA was actually launched.

CAFEA (if I may explain it for the sake of those who may not know about it) is a regional organisation of the International Chamber of Commerce which, of course, works through the national committees of the ICC in different countries of the region. In this region, there are as yet only four national committees, namely, those in India, Japan, Australia, and Indo-China. But it is expected that there will be many more of these national committees. Indeed, Mr. B. M. Birla, Chairman of the CAFEA, has urged, in the course of his presidential address, the need to form more national committees in this region.

The presidential address of Mr. Birla has as its theme a very important and ticklish question, namely, how to narrow down the disparity (in the stage of economic progress) between the Western and the Eastern countries. There have been attempts—and the process is a continuous one—both in the national sphere and in the international sphere to narrow down the disparity between the rich and the poor. Some of these attempts, suffering as they have been from a serious drawback, have failed dismally, the drawback being that the approach to narrowing down the differences has been destructive rather than constructive, negative and not positive; instead of raising the poor to the status of the rich, it has been sought to level down the rich by pushing them below to the level of the poor, so that there has been no net accretion to the wealth of the country as a whole. What is necessary, and what would, at the same time, be a constructive approach, is to raise the level of the poor, or the poorer nations, to that of the rich, or the richer nations. It must not be supposed—because the suggestion emanates from the people of the East—that it is out of selfish considerations that the people of the East are pressing upon the world the need to raise the standard of the large majority of the world's population who live in this region. As Mr. Birla pointed out in his thought-stimulating address, whereas the richer countries who enjoy something like 67 per cent of the world's income constitute about 18 per cent of the world's population, the poorer countries, including the whole of Asia, which constitute 67 per cent of the world's population enjoy only something like 15 per cent of the world's goods and services. It is not surprising, therefore, that this great parity in actual living standards is reflected even in our concept of living standards. The result is an anomalous situation in which, while one group of countries has to struggle to find even elementary requirements, such as food and

cloth, the other, that is the more developed group of countries, seems to be concerned about providing its people with radios, television sets, automobiles, etc. There is clearly something fundamentally wrong, nay even dangerous, in this state of affairs; it could be compared to a keg of dry powder which will explode at the slightest touch.

The mental attitudes of persons and of the nations are determined, as Mr. Birla says, by the environment in which they live. "When people are hungry, they tend to lose both faith and fear. The achievement of improved standards of living in Asia today, therefore, is not merely an economic objective. It is a pre-condition for the successful fight against totalitarianism. If the democratic way of life in one form or the other today in most of the countries in Asia is to become meaningful and sustaining, it is imperative that everyone has a stake in the economic life of his country. The greatest safeguard of the democratic structure lies in a large number of people feeling that they have something to lose by instability or insurrection. It is in these terms that we have to think and evolve plans of action". This is the crux of the problem, for which Mr. Birla has, in my opinion, provided a practicable and workable solution. If it is conceded that our objective is to have an improved standard of living in Asia, we have first to take stock of the existing position. The CAFEA Chairman has done this in an admirable way and has brought it home to everyone by contrasting the situation here with that in other advanced countries of the West. He has also drawn attention to the ECAFE Review for the period October 1953 to March 1954 which provides the latest information on the subject. An ominous remark of this ECAFE Report, to which Mr. Birla also has alluded, however, is that although development plans in this region have not been curtailed, it has become increasingly difficult to maintain the higher levels previously planned. This may be because there are not adequate resources in this region.

Talking of resources, Mr. Birla, however, points out rightly that those in authority, particularly the planners, seem to take only the resources available to Government for purposes of development and seem to be unduly perturbed at the inadequacy thereof. While one can appreciate this concern of theirs, it is difficult to understand why they do not care to pay adequate attention to the importance of resources available to private enterprise and, what is equally important, to the need for creating those circumstances in which private enterprise can flourish. In this connection, the CAFEA Chairman has categorically stated that no country can be developed by governmental fiat alone. He says: "The dynamic impulses which enable material improvement in the economic situation of a country can come only from the large mass of people. It is only when every opportunity is given to persons with creative minds and talents, to people who want to do things, to people who are willing to do things and go ahead, that speedy transformation of a country becomes possible". While not under-rating the important part that governments have to play in the matter of economic development, the CAFEA Chairman is emphatic that private initiative and enterprise on the part of the people are more important than governmental action.

If the above thesis is accepted—and in the light of the latest pronouncement of the Union Finance Minister (at the Annual Meeting of the Associated Chambers of Commerce and Industry held at Calcutta on the 13th

December 17, 1954.

THE EASTERN ECONOMIST

985

inst.) that "the second Five-Year Plan would have to provide for considerably larger outlays in both the public and the private sectors"—it is only begging the question to ask whether governments in Asia have or have not accepted the concept of a mixed economy. But, as Mr. Birla has observed, a mixed economy in which governments as well as private enterprise work in close co-operation is undoubtedly the best kind of system for achieving an accelerated rate of development for countries placed as the Asian countries are. Granted this premise, the next question is how best to harness the energies of the people, of the private sector, to the tasks of development and we must take the answer of the spokesman of Indian business and industry as the final word in this behalf. Says the CAFEA Chairman:

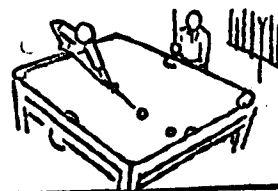
"Although propaganda in the modern world can achieve a great deal, measures which appeal to the old instincts of man can do much more than the most skillful propaganda. One of the basic instincts of mankind is the desire to own things. The instinct is not only the oldest and the most universal, but also one of the most strongest. The alchemy of private ownership has, in the past, been responsible for turning sand into gold, or transforming waste lands into well-tended fields and pastures, for enlarging, beyond the wildest dreams, the production of material goods." This does not mean that the acquisitive instinct of man is to have a free rein, and Mr. Birla himself acknowledges this when he says that this instinct has to be tempered with social purpose. One may not call this "democratic socialism" or Socialism with a capital S, but I feel that this is socialism in practice or practical socialism. And I cannot, therefore, visualise any valid challenge to the CAFEA Chairman's suggestion that, "in the mighty task of building a new Asia, private enterprise, imbued with social purpose, has an important role to play".

According to the Chairman of the organisation, six reports have been prepared by the rapporteurs belonging to India, Japan and Australia, of which two have been singled out for particular reference by him, namely, those pertaining to "foreign investments and economic development" and "treatment of non-nationals in CAFEA countries." More will be known about these reports when they come up for consideration by the present session of the CAFEA. If the discussions serve to indicate model treaty of friendship, commerce and navigation

on the basis of certain agreed principles which should govern the treatment meted out to foreign capital and non-nationals and their obligations, the session will have achieved something useful and concrete.

A notable achievement of the CAFEA in less than two years has been the publication of a handbook of information (entitled "Trade Guide—South-East Asia and Oceania") containing particulars regarding import and export regulations, main commodities of export and import within and outside the CAFEA region, tariffs and other levies, and other information useful to the traders and industrialists of the region. It is sad to note (according to this Guide) that although more than half of the world's population lives in this region, it at present accounts for only about 10 to 12 per cent of the world's trade. Slightly less than half of this region's trade is with Western Europe and North America, and trade within the region itself constitutes another 40 per cent. But this position has been changing, although a few products still continue to dominate the export of most of the countries of this region. Thus, it is mentioned that only nine commodity groups, namely rubber, jute and jute products, fats and oils, tea, rice and wheat, cotton and cotton products, raw wool, tin metal and concentrates, and petroleum derivatives account for about 70 per cent of the total exports of this region as a whole.

The useful work of the CAFEA even within the brief period of its existence is an earnest of the potentialities of the new organisation. Some indication of the future activities of this body can be had from a perusal of the agenda for this session. One of the items, for instance, relates to the proposal for setting up a showroom in New Delhi for exhibiting the products of the countries in the region. It is proposed by the organisation to hire some space in the Industrial Museum which is going to be set up by the Federation of Indian Chambers of Commerce and Industry at New Delhi shortly. It would be a splendid achievement if the session adopts the proposal and the exhibition also takes concrete shape by the time the Indian Industries Fair is held in New Delhi, that is between the end of October and mid-December next year. By the way, this Fair also is being organised by the Federation with the active support of the Government of India and, from all accounts, it bids fair to be the biggest international industrial exhibition to have been held in Asia thus far.



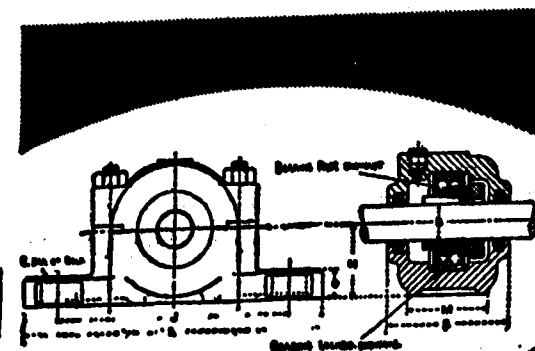
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COMMONWEALTH'S SHARE IN WORLD TRADE: 1953-54

Commonwealth countries accounted for about 30 per cent of world trade last year. This proportion was about as much as that accounted for by continental Europe, and considerably more than the United States. The Commonwealth accounted for 29.3 per cent of world exports and 30.7 per cent of world imports. Individual Commonwealth countries' contributions to these totals were as follows:

	Exports (per cent)	Imports (per cent)
United Kingdom	9.9	12.0
Canada	5.8	6.5
Australia	2.7	1.9
New Zealand	0.9	0.7
South Africa	1.3	1.7
Southern Rhodesia	0.2	0.3
India	1.5	1.6
Pakistan	0.6	0.5
Ceylon	0.4	0.4
Colonial territories	6.0	5.1

The United Kingdom's exports in 1953 remained almost unchanged for the second year in succession. Of the £2,582 million worth, £1,273 million worth went to countries in the Commonwealth. Of this amount, £423 million worth went to overseas territories. India's share of these exports amounted to £114 million, while Pakistan's was £33 million worth, and Ceylon's £24 million worth. The U.K. took imports worth £3,345 million, of which £1,647 million worth came from Commonwealth countries. The overseas territories were the biggest suppliers, accounting for £592 million. India supplied £113 million worth, Pakistan £31 million, and Ceylon £31 million worth.

Details of India's exports during the year 1953-54 show that although the value of all exports fell by Rs. 500 million as compared with the preceding year, an increase was recorded for some of the major products, including cotton goods (from Rs. 703 million to Rs. 722 million), tea (Rs. 809 million to Rs. 1,021 million), and leather (Rs. 206 million to Rs. 250 million). Indian exports to the United Kingdom recovered to some extent from the heavy fall that had occurred in the preceding year, but trade with Pakistan was at a very low level. A major feature was a further large reduction in exports to the United States, while exports to Europe also declined.

The heavy fall in imports during the year was primarily attributable to a further considerable reduction in shipments of grain and cotton from the United States. Imports from the United Kingdom, still much of supply, were fully maintained,

while those from continental Europe rose again to the high figures reached in 1951-52. Of India's Rs. 5,231 million worth of exports in 1953-54, Rs. 2,734 million worth went to Commonwealth countries, including Rs. 1,487 million worth to the U.K. Of the Rs. 5,739 million worth of Indian imports, Rs. 2,789 million worth came from Commonwealth countries, including Rs. 1,427 million worth from the U.K.

Pakistan's exports of cotton, one of the two major products, declined further during the year 1953-54 compared with the previous year (to Rs. 497 million worth from Rs. 694 million), but there was little change for jute (Rs. 556 million). Wool exports also fell (to Rs. 47 million worth from Rs. 58 million worth), but returns from hides and skins were maintained (Rs. 37 million—the same figure as the previous year), as were those from tea (Rs. 32 million—an increase of Rs. 1 million). Exports to Commonwealth countries were fairly well maintained during the year. Of Pakistan's world exports to the value of Rs. 1,256 million, Rs. 447 million worth went to Commonwealth countries, including Rs. 225 million worth to the U.K. Pakistan's imports from all countries in 1953-54 were valued at Rs. 756 million, of which Rs. 363 million worth came from the Commonwealth, the U.K. supplying Rs. 234 million worth.

Rising prices for tea and coconut products, with a record volume of trade in the former commodity, helped to sustain Ceylon's exports during 1953, notwithstanding a further fall in the returns from rubber. These three categories accounted for no less than 97 per cent of all domestic exports, tea alone contributing 56 per cent of the total. The value of these exports in 1952 and 1953, respectively, were (in million rupees): tea, 723 and 925; coconut products, 256 and 270; rubber, 373 and 336. The United Kingdom remained much the largest outlet for Ceylon's exports in 1953, although at a rather lower level of trade. The reduction here was, however, offset by an increase in shipments to other Commonwealth countries, especially Australia, the second largest market for Ceylon's tea. The total value of Ceylon's exports in 1953 was Rs. 1,484 million, of which Rs. 767 million worth went to Commonwealth countries, including Rs. 385 million worth to the U.K. Ceylon's imports from Commonwealth countries were, in the aggregate, maintained at nearly the same level as in 1952. The United Kingdom supplied over 20 per cent of the total—almost the same proportion as in other recent years. The value of these imports in 1953 was Rs. 1,606 million, of which Rs. 901 million worth came from the Commonwealth, including Rs. 359 million worth from the U.K.

Leading Commonwealth dollar-earners in 1953 were \$1,106 million worth of wood and wood products from Canada. Main items of dollar exports from the U.K. were \$226 million worth of textiles, and \$127 million worth of vehicles. India's main dollar-earners in the year were jute and its manufactures (\$74 million), manganese ore (\$39 million), tea (\$23 million), spices (\$23 million), and cashew nuts (\$21 million). Pakistan's chief dollar-earner was jute (\$17 million), while that of Ceylon was tea (\$30 million).

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Present position of Insurance in India

The following table shows that the vast potentiality of insurance in India have not yet been tapped.

	U.S.A.	U.K.	INDIA
Life Insurance			
ANNUAL NEW BUSINESS	Rs. 18960 Crores	Rs. 1000 Crores	50 Crores
TOTAL BUSINESS IN FORCE	Rs. 145900 Crores	Rs. 10000 Crores	50 Crores
REPRESENTING PER CAPITA INSURANCE OF	Rs. 9205	Rs. 1840	26
PREMIUM PAYMENT PER CAPITA	Rs. 327	Rs. 106	1.50
ANNUAL CONTRIBUTION TO LONG TERM CAPITAL	Rs. 2476 Crores	Rs. 364 Crores	21 Crores

10-Year Planned Progress

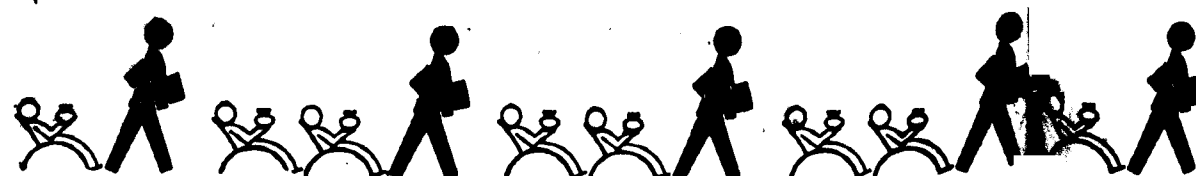
Insurance is an economic need of every family. In the next 10 years it must reach every family and provide it with the minimum protection. When this has been achieved it will still be but a fraction of the present position in the other advanced countries.

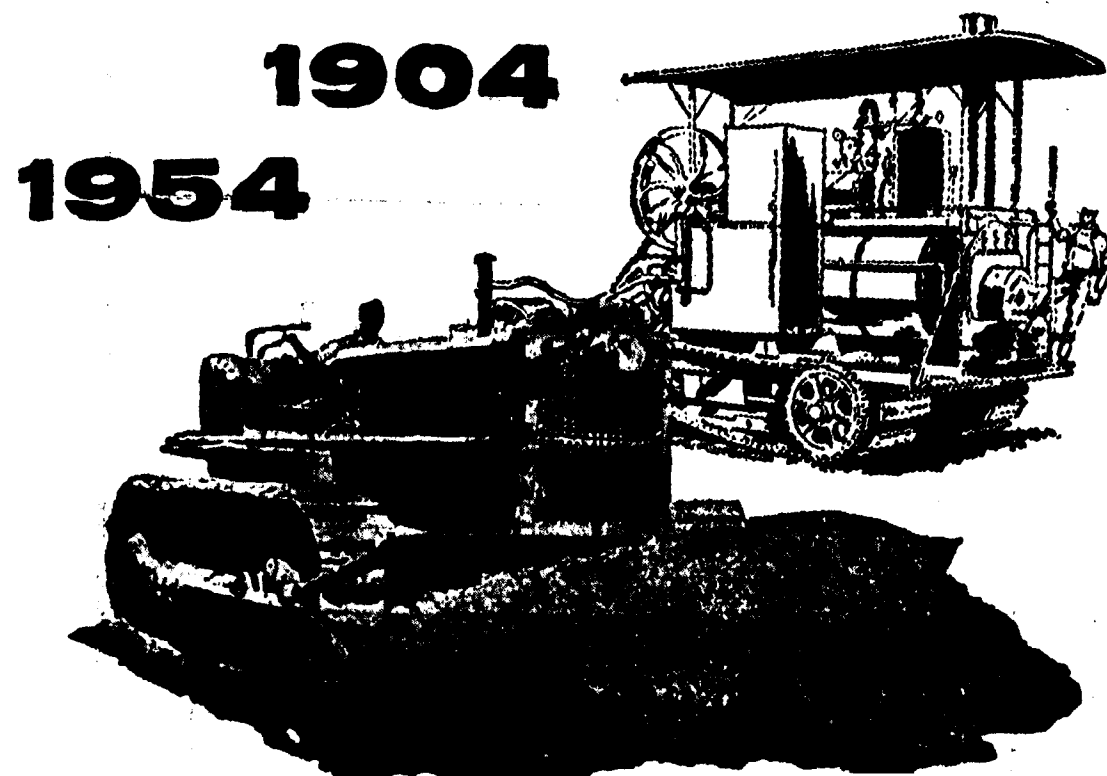
	INDIA
Life Insurance	

The picture before us should be:

ANNUAL NEW BUSINESS	Rs. 1000 Crores
TOTAL BUSINESS IN FORCE	Rs. 6000 Crores
REPRESENTING PER CAPITA INSURANCE OF	Rs. 170.
INVOLVING PER CAPITA PREMIUM OF	Rs. 8.80
ANNUAL CONTRIBUTION TO LONG TERM CAPITAL	Rs. 250 Crores

These vast potentialities can be tapped by well trained personnel.
NEW INDIA IS DEDICATED TO THE FULFILMENT OF THIS TASK.



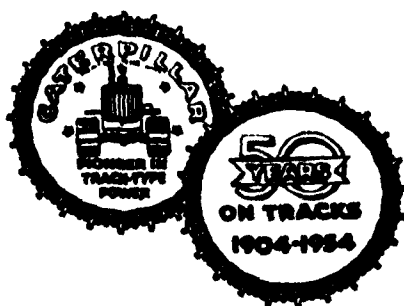


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SPECIAL ARTICLES:

ECONOMIC CO-OPERATION BETWEEN INDIA AND YUGOSLAVIA

by DR. STANE PAVLIC

[The visit to India this week of Marshal Tito, President of the Federal Republic of Yugoslavia, has raised new interest in Indo-Yugoslav co-operation. "The Eastern Economist" has, therefore, sought the assistance of a leading Yugoslav writer, Dr. Stane Pavlic, to describe the present state of economic relations between the two countries.—Ed.]

THE principles characterising the foreign policy of both India and Yugoslavia—the quest for peace, respect for sovereignty and non-interference, assistance to undeveloped countries—are reflecting themselves in increasing economic co-operation.

The reasons which make until now the volume of commodity exchange and economic co-operation unsatisfactory are many. Indeed, the results achieved are modest and in no way correspond to the efforts of the peoples and governments of these countries to deepen their mutual political, friendly and economic relations as much as possible. The geographic distance, the non-existence of business connections, unawareness of the possibilities for commodity deliveries on both sides, the existing tie-up of both India and Yugoslavia with their traditional markets, and so forth, represent some of the causes of this modest volume of commodity exchange and economic co-operation between them.

Analysis of the results achieved in economic development, and acquaintance with the perspective of economic development, is then what we have missed thus far. Barring a few cases, hitherto contact has been of a business character exclusively. Earnest economic co-operation demands, however, that a study be made of the economic problems of both countries and insight gained into the possibilities of mutual complementation. Both these countries find themselves in the phase of extreme efforts for accelerating their economic progress. The Yugoslav peoples, although insufficiently acquainted, admire the tremendous efforts of the Indian people as well as the boldness and resolve of the Indian Central Government which are being invested in the execution of their Five-Year Plan. The latest results announced speak convincingly not only of reaching the targets set, but of their significant exceeding, which are suggestive of the resolve of the Indian people to realise, with their own resources and endeavour, the material basis for their happier future.

Before the war one could very nearly not speak of the economic relations between India and Yugoslavia. At that time the commodity exchange in both directions was of the order of less than half a million dollars a year. Economic co-operation between the two countries was restricted to the purchase or sale of several standard export articles, either Indian or Yugoslav, such as cotton, jute and leather from India, and timber, cement, cigarette paper, and so on, from Yugoslavia. The same could be said of the economic relations between Yugoslavia and India in the first post-war years. The first trade agreement, concluded in 1948, failed to produce the expected results. This agreement laid the basis for developing the commodity exchange. But only a small part of it was fulfilled. This agreement was renewed in 1950. In the year 1953 a Yugoslav special trade delegation visited India and negotiated a new trade agreement, one providing the basis for expanding the commodity exchange and at the same time rendering possible an economic co-operation in other forms also. This agreement includes the commodity lists involving an increase of exports from both the Indian and the Yugoslav sides. The Indian export list covers the standard export

articles without indication of quantity, e.g., raw cotton, tea, spices, jute products, oilseeds, tobacco, different chemicals, medicines, manganese ore, rubber and so forth. The Yugoslav export list includes maize, meat and manufactures thereof, vegetables, hardwoods, tea chests, chemicals, machine tools, metal-working and electrical industries and so forth.

We cannot be satisfied with the results which were attained in this and the last year. However, there are certain signs warranting optimism regarding possibilities of an expanded economic co-operation. This year there were frequent business contacts between the concerned representatives of both countries. With a view to strengthening this co-operation, the Yugoslav Chamber of Foreign Trade also organised its permanent bureau in Bombay. This bureau's task is to study on the spot the requirements of Indian economy, to help the Indian business circles establish contact with the Yugoslav exporters and importers, and, of course, to acquaint the Indian economists with the possibilities of the new Yugoslav industry as regards deliveries.

The fact that Yugoslav industrial enterprises have this year, for the first time, submitted tenders for Indian contracts, and that they have fared successfully in the face of keen competition from West European firms, is evidence of the capacity of the Yugoslav industry and the resolve of Yugoslav enterprises to include themselves in the Indian economic development, on the one hand, and of the confidence of the Indian business circles regarding the possibility of purchasing industrial products in Yugoslavia.

Another Yugoslav move in the cause of stronger economic relations with India was represented by the starting this year of a regular monthly shipping line. The Yugoslav shipping enterprise "Jugolinija" did not hesitate to start the service, the special investments notwithstanding, being conscious that an earnest economic co-operation with India and other countries of the Middle East could be realised but with the existence of a regular shipping line to those parts.

There is no doubt that the recent Yugoslav visit by an Indian economic mission, headed by Mr. Hathi, Deputy Minister for Irrigation and Water Power, will make for the strengthening of economic ties between the two countries. This mission, composed of distinguished Indian experts, was able to study the forms and possibilities of the Yugoslav economy. It would be desirable to arrange such visits more frequently in the future, from both sides.

It stands to reason that none of this will suffice. Without entering into an analysis of the economic problems of these two countries, we would only emphasise a few points which clearly indicate the possibility of enlarging their mutual economic links considerably. The Indian Five-Year Plan as a whole offers concrete possibilities for the products of the new Yugoslav industry. Yugoslav enterprises have gained important experience in the rehabilitation and build-up of their country. One has only to consider the gigantic works Yugoslavia has successfully completed in the field of

electrical development to realise the accuracy of this claim. These projects, which have included the construction of some of the biggest and most modern hydro-electric plants in Europe generally go to prove the quality and solidity of the Yugoslav industry. Electrification constitutes the basic problem of Indian economic development. Utilization of the Indian mining resources provides the opportunity for the Yugoslav industry to commit its capacity in that direction.

We do not wish to exaggerate the short-term possibilities for increasing the commodity exchange between the two countries. Such increase can be achieved gradually and it should be kept within realistic bounds. But we should not be satisfied with the past volume of less than one million dollars in both directions if we compare this with the value of India's commodity exchange of close on 3,000 million dollars. By this token, India both could and should assume a more significant place in the Yugoslav export trade.

THE CANAL WATERS DISPUTE

The World Bank's Proposals

THE Indus Basin Working Party, consisting of engineers designated by India and Pakistan and their advisers assisted by the Bank Representative and consultants, have for almost two years worked at their task of preparing a comprehensive plan for the utilization of the waters of the Indus system, in accordance with the suggestion made by Mr. David E. Lilienthal in August, 1951. Over a year was spent in compiling and analyzing data and in a field trip of more than 9,000 miles in the basin. Efforts to agree in advance on a common approach having proved fruitless, the two Designees, at the suggestion of the Bank Representative, each proposed a comprehensive plan.

As presented the plans differed widely in concept and in substance. Subsequent discussions have produced substantial concessions, but these have not been enough to bring about an agreement and the margin of difference between the two plans remains wide. In rough approximation, the two plans (as modified by recent concessions) provide for the following division of usable supplies of water:

Usable supplies allocated to		INDIAN PLAN	
India	--	all of the Eastern rivers and 7 per cent of the Western rivers,	
Pakistan	--	none of the Eastern rivers and 93 per cent of the Western rivers	
		PAKISTAN PLAN	
India	--	30 per cent of the Eastern rivers and none of the Western rivers,	
Pakistan	--	70 per cent of the Eastern rivers and all of the Western rivers	

In quantitative terms, the division of usable supplies of water may be approximately shown as follows (in millions of acre-feet):

Plan	Total uses excluding losses and unusable supplies		
	For India	For Pakistan	Total Usable
Indian	29	90	119
Pakistan	15.5	102.5	118

The present status is that it has not yet been possible to reach agreement and that, in the absence of some new development, there is no prospect of further progress in the Working Party. Before considering what step should next be taken, it will be useful to

It holds true that in business life it is the economic considerations which prevail before all else. Yet the business circles of both the countries should bear in mind that the policy of friendship which is pursued by the leadership of the two countries demands that we ceaselessly seek out, in all fields of our mutual relations, fresh forms, fresh elements of approach. This, above all, is true of the mutual economic relations also. To extend these relations is in the interests of both countries. It is the task of the business organisations to seek out and apply the elements which are not concerned with accounts alone, but with the political importance of consolidating the economic relations.

From the Yugoslav side, President Tito's visit to India shows the friendship between the peoples of the two countries. The visit will contribute to the further strengthening of the friendly ties between the two countries as well as to extending the mutual relations in the political, cultural and economic fields.

analyze the reasons that have so far presented agreement.

ESSENTIAL ELEMENTS OF THE PROBLEM

The inability to agree in the Working Party has not been due to technical difficulties or inability to devise appropriate engineering works and measures to make the most effective use of the waters. If this were the whole problem, a solution would doubtless have been found before now.

The available technical resources are impressive. The proficiency of the Indian and Pakistani engineers in canal irrigation techniques is unsurpassed, and perhaps unequalled, anywhere in the world. Abundant technical data is at hand. It is doubtful whether such complete recorded flow data as exists for the Indus system of rivers and canals could be duplicated for any comparable river system in any other country.

Moreover, there is a large measure of accord between the two Designees on certain fundamentals. The Working Party are in agreement that average annual flow is not sufficiently dependable to be taken as a basis for planning and that some more conservative figures must be used. For most practical purposes, they are in agreement on the amount of usable supplies in the rivers, on the amount that can be developed through storage, on the sites and capacities of possible storage facilities and on the technical feasibility of proposed engineering works. They agree that existing uses of water must be respected (although they differ as to the meaning of "existing uses"). They agree that surplus usable supplies, including supplies that can be developed through storage, must be equitably apportioned among the potential new uses in the interests of the economic development of the basin as a unit (though they differ in defining the boundaries of the basin). They agree that existing inundation canals should be replaced by weir-controlled canals. Finally both sides appear to accept the concept that the cost of new works should be allocated to the two countries in the proportion in which they derive benefit therefrom.

The extensive compilation of data and the large area of agreement that already exists provide firm foundations for a settlement, and thus represent most valuable contributions by the Working Party to an ultimate solution. Unfortunately, they are not enough in themselves to bring about an agreement. What

hampers further progress in the Working Party is no matter of engineering complexity, but rather a combination of three basic difficulties which have so far prevented the Working Party from reaching the heart of the problem—a fair division of the waters between the two countries.

The first difficulty lies in the fact that water supplies and storage potentialities are inadequate to the needs of the basin. The Indus is one of the world's greatest river systems. With proper development by engineering works, it is capable of providing substantially more irrigation to each country than has ever been enjoyed. But even after full development, there will not be enough water to supply all the needs of the area.

This means that there can be no ideal plan which will fully satisfy both sides. Any plan must involve a large element of compromise under which each country will have to forego some of the irrigation uses that it would wish to develop if adequate supplies and storage were available.

The second difficulty is that although the Working Party are planning on the basis of the development of the Indus Basin as an economic unit, two sovereign States are involved. This greatly limits the practical potentialities of planning. A comprehensive plan can achieve maximum efficiency, economy and usefulness when it is developed and administered by a single authority. Under such an authority, decisions can be made promptly, plans can be readily changed to meet new circumstances and accommodations made to meet emergencies.

When two sovereign authorities are concerned, it is difficult to use resources to the greatest advantage. Problems must be solved by negotiation and agreement rather than by decision. Minor questions of planning and operational detail must be referred to high authority and dealt with, perhaps, through diplomatic channels. Moreover the two countries may follow different development policies, or may have unequal resources available for development. They may also (as has been evident in the present discussions) be reluctant to have works regulating water supplies on which they depend constructed in territory controlled by another country. All these factors make agreement difficult.

In the present case, it would be unrealistic to ignore this difficulty. The prospects of being able to establish an efficient and smooth-running joint administration are not favourable. At present, any comprehensive plan must be framed with this limitation in mind.

The third difficulty, the most serious of all, has arisen in the course of discussions. The plans put forward by the two sides differ fundamentally in concept. An essential part of the Pakistan concept is, that existing uses of water must be continued from existing sources. Moreover "existing uses," in the Pakistan plan include not only the amounts of water that have actually been put to use in the past, but also allocations of water which have been sanctioned prior to partition, even though the necessary supplies have not been available for use. This concept protects Pakistan's actual and potential uses on the Eastern rivers and reserves most of the water in the Western rivers for use in Pakistan.

The corresponding concept of the Indian plan, on the other hand, is that although existing uses (here defined to include only actual historic withdrawals) must be continued, they need not necessarily be continued from existing sources. This concept permits the water in the Eastern rivers which is now used in Pa-

kistan to be released for use in India and replaced by water from the Western rivers.

This basic divergence of concept, together with the other two difficulties mentioned above, effectively blocks progress towards a settlement. As long as it persists, there is no prospect that further discussions will prove fruitful.

THE BANK PROPOSAL

Both sides have repeatedly stated that they sincerely desire a settlement and that in this they reflect the desires of their Governments. It is vital that a settlement be reached. Moreover, after two years' concern with the problem, the Bank is convinced that, despite the difficulties mentioned above, no insurmountable obstacle exists to a settlement which will benefit both countries. On the contrary, there is no doubt that this dispute can be settled on terms by which "the supplies effectively available to each country will be increased substantially beyond what they have ever been."

In the circumstances, the Bank Representative feels that he has the responsibility to put forward a proposal for the consideration of both sides to serve as the basis of a comprehensive plan. The proposal has the concurrence of the engineering consultants to the Bank Representative and is put forward with the full support of the management of the Bank.

This proposal has been framed in complete realization of the nature of the Bank's role in these discussions. Though the Bank Representative is "free to express his views on any aspect of the matter," neither he nor the Bank is in the position of a judge or arbitrator. The Bank cannot, therefore, pass upon any of the legal contentions that have been put forward by the parties in the past. The proposal here made does not express, and is not intended to imply, any opinion on those contentions.

The Bank proposal is no arbitrary compromise, arrived at by mathematically splitting the differences between the two sides. It is a plan based on concepts of its own, which produce a fair and economic result.

In the formulation of a Bank proposal, the divergence of concept in the Working Party as to treatment of existing uses had to be faced at the outset. The Bank proposal embodies the principle that historic withdrawals of water must be continued, but not necessarily from existing sources. This principle allows water resources to be used so as most effectively to promote development. A requirement that existing uses must be supplied from existing sources would unduly limit the flexibility of operation needed for the efficient use of waters. In fact, no fair and adequate comprehensive plan could, in the opinion of the Bank Representative, be devised under such a requirement.

The Bank proposal also embodies the principle that, in view of existing circumstances, allocation of supplies to the two countries should be such as to afford the greatest possible freedom of action by each country in the operation, maintenance and future development of its irrigation facilities. It is desirable, so far as practicable, to avoid control by India over waters on which Pakistan will be dependent, and to enable each country to control the works supplying the water allocated to it and determine in its own interests the apportionment of waters within its own territories. This principle has not merely the negative advantage of minimizing friction between the two countries (a matter

of some significance in view of the disputes that have arisen from sharing waters from the same river) and of avoiding the necessity of a costly and perhaps ineffective permanent joint administration. It also has a positive advantage. There is every reason to believe that leaving each country free to develop its own water resources in the light of its own needs and resources, and without having to obtain the agreement of the other at each point, will in the long run most effectively promote the efficient development of the whole system.

This does not mean that the Bank proposal places any obstacle in the way of co-operation between the two countries. On the contrary, it encourages co-operation and permits full advantage to be taken of any willingness to co-operate. But it is capable of bringing benefits even if a full degree of co-operation does not develop as rapidly as might be hoped.

STATEMENT OF BANK PROPOSAL

The Bank proposal is that there be taken as a basis for agreement between India and Pakistan a plan under which the waters of the Western rivers would be reserved to Pakistan and the waters of the Eastern rivers would, subject to a relatively short transition period, be reserved to India. The plan may be summarized as follows:

The entire flow of the Western rivers (Indus, Jhelum and Chenab) would be available for the

exclusive use and benefit of Pakistan, and for development by Pakistan, except for the insignificant volume of Jhelum flow presently used in Kashmir.

The entire flow of the Eastern rivers (Ravi, Beas and Sutlej) would be available for the exclusive use and benefit of India, and for development by India, except that for a specified transition period India would continue to supply from these rivers, in accordance with an agreed schedule, the historic withdrawals from these rivers in Pakistan.

The transition period would be calculated on the basis of the time estimated to be required to complete the link canals needed in Pakistan to make transfers for the purpose of replacing supplies from India. A temporary co-operative administration would be needed to supervise the carrying out of the transitional arrangements.

Each country would construct the works located on its own territories which are planned for the development of the supplies. The costs of such works would be borne by the country to be benefited thereby. Although no works are planned for joint construction by the two countries, certain link canals in Pakistan will, as stated above, be needed to replace supplies from India. India would bear the costs of such works to the extent of the benefits to be received by her therefrom. An appropriate procedure would be established for adjudicating or arbitrating disputes concerning the allocation of costs under this principle.



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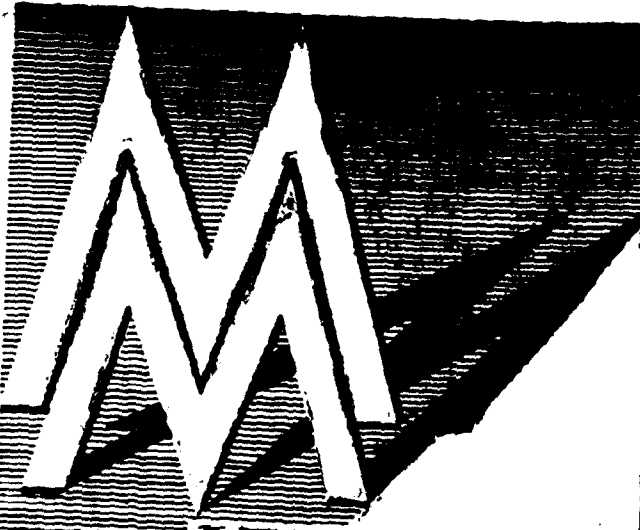
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BUSINESS NOTES

THE PRICE OF TEA EXPORT QUOTAS

Although the tea season opened with export quota selling at about 30 or 40 pies a pound, and although there have occasionally been falls in the price, the general tendency has been towards a steadily and even speedily increasing rate, so that now the price is fluctuating significantly above 300 pies.

The reasons for this high price are still the subject of discussion. There are indications that at one stage persons entered the market in a speculative capacity, but the more generally held belief is that the cost of quota represents the difference in the prices which can be realised on the Calcutta and on the London Auctions.

In support of this theory, there are the undoubted facts that though the price of tea on the internal markets has fallen by about 10 annas from the first sales of the year, the price of external teas has risen steadily, and has so far shown no sign of declining. There is a widespread belief that the quantity of tea to be retained in India will be more than adequate for internal requirements, and that prices will fall steadily as a result. On the other hand, teas are in great demand abroad, and the indications are that this demand will continue for the remainder of the season. This differential in demand between one market artificially protected by the limitation of exports, and another market artificially starved of supplies by reason of that same limitation, is expressed in the price of export quota. It is the general belief of the trade that the internal buyers will easily get all the teas that they want, but that external buyers will have difficulty in fulfilling their commitments and in keeping their brands before the public. This "view of the market" may have been temporarily influenced by the floods in North Bengal and Assam, by the dock strike in London and by the slowing up of work in Calcutta Port, but it is to be recognised that these causes are of a temporary nature, and the shortages which result from these delays will eventually be made good.

The classic remedy for a wide difference between internal and external prices is to switch over goods from one market to another, but in the particular instance, the normal laws of supply and demand are ineffective because of the limitations imposed, first, by the International Agreement (135 per cent), and secondly by the Government of India's limitation of exports within the terms of that Agreement (129 per cent). It has been suggested that the piecemeal announcements of the release of quota have in fact had less than their normal effect. It is very much like the General who throws in limited numbers of reserves which are insufficient to stem the attack, and which are annihilated piecemeal. At the same time, the Government of India's obligation to protect home consumers is recognised. What is perhaps not generally appreciated is that the Indian consumer is getting his teas very much cheaper than consumers in other parts of the world, by reason of the artificial barrier to exports. If this barrier were removed, internal prices might rise a little, and export prices would fall, with the inevitable result on the price of quota, which is merely a method of expressing, in pies, the difference in prices between Calcutta and London.

It is understood that the Government of Ceylon has applied to the International Committee for permission to release a further 35 million pounds of tea over and above the 135 per cent granted to all producers. If this request is granted—and it will be difficult for other countries to deny the consumer the relief which further supplies would bring—it is probable that there will be a substantial fall on the export market

with a smaller fall internally. The price of export quota will be reduced thereby, but some significant action by the Indian Government is also urgently necessary. There has been much hesitation in facing this issue squarely.

CHITTARANJAN GOES AHEAD OF SCHEDULE

Mr. O. V. Alagesan, Deputy Minister for Railways and Transport, flung a pleasant surprise at the Lok Sabha, when he disclosed on December 10 last that Chittaranjan produced 46 locomotives during the first six months of the current financial year ended 30th September. When the hundredth locomotive steamed off from the workshops at Chittaranjan early in January last, it was justly hailed as a signal of a hopeful rate of progress. The production rate in 1953 reached the level of 72 much earlier than ordinarily expected. The optimism generated by this performance led to fixing a higher rate for the first half of 1954-55 (April to September) at 36 locomotives. The actual output figure revealed by the Deputy Minister thus marks a big jump from an annual rate of 72 to 92 of which Chittaranjan has every reason to be proud.

Estimates of probable production made for Chittaranjan indicate a target of over 70 for the calendar year 1954, and 90 for the calendar year 1955. In effect, what has been surpassed is not only the target for the first half of the current financial year but also for 1955. When the backlog of arrears will be removed, normal annual replacements in the near future have been estimated to be of the order of 200 out of which 150 will be expected from Chittaranjan and 50 from Telco. From the yearly rate of 92 which was recently established, achievement of the yearly output rate of 150 will not mark a long interval. Whether the normal requirements from Chittaranjan will be of this order or a higher claim will be made in view of rapid extension of line capacity (after making reasonable allowance for dieselisation and electrification) need not be calculated in precise terms. The Japanese team which examined Chittaranjan's capacity has recorded its view that 100 per cent increase is within reach. The direction of progress in the future ought to be turned also towards lowering the production costs and manufacturing more types.

DIVERSION OF CANE CESS

Recurring criticism, expressed in strong terms for quite some years now, about the unjustified and objectionable use of the cane cess appears to have produced very little effect. The State Governments, responsible for its administration, have chosen to remain practically impervious to the appeals of the interests directly involved in the utilisation of the cess. Hitherto, the criticism was directed, from an all-India angle, mainly against the Governments of Uttar Pradesh and Bihar as the major cane-producing States. The attitude of the other States concerned need not be assumed to be very different. They have not been free from continuous lapses of diversion of the fund to unwarranted purposes. Bombay is a case in point.

Out of the total collection of Rs. 84.85 lakhs of cess on sugarcane at the rate of Rs. 5 per ton on the cane crushed at the factories in 1953-54, an amount of Rs. 52.80 lakhs was disbursed on a variety of objects most of which had little relation to cane development. Expenditure on cane development was as low as Rs. 6.29 lakhs or a little over 11 per cent of the total disbursement. The major items of distribution were: subsidies to co-operative societies for irrigation schemes—Rs. 10 lakhs, road works—Rs. 5.71 lakhs, irrigation, navigation, drainage or embankment schemes—Rs. 8.78 lakhs, and contribution to the share capital of co-opera-

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tive sugar factories — Rs. 16 lakhs. Some of the objects of outlay, including irrigation and road construction, have undoubtedly a bearing on cane development. But they are not entitled to financial assistance from the fund raised by means of the cane cess, unless adequate outlay on cane development leaves a surplus for expenditure on them. Resources for them are to be found from other revenue of the State Government. Advances for the equity capital of co-operative sugar mills from the cess is certainly a diversion that can bear not even a semblance of defence. The legislatures ought to exercise their restraining influence and ensure that the fund is applied to development through schemes of research and expansion.

ROADS AND RESTRICTIVE PLANNING

Mr. E. A. Nadirshah has indicated the broad principles of policy in planning for the development of road transport in the second Five-Year Plan in the course of his presidential speech at the last annual general meeting of the Indian Roads and Transport Development Association. The error committed in treating road transport with scant attention in the current Plan was realized last year in the context of the growing unemployment and the urgency of allotting resources for road development to create immediate employment was then recognised. The employment potential of roads (which is computed by the Association at seven and a half times as high as that of railways) will always be regarded as a strong factor for their expansion, but, apart from it, the case for intensive road development rests on the ground that in its absence projects for development in each sector of the economy must stagnate. This point needs special emphasis. It is now revealed that the Railway Board is thinking in narrow terms of undertaking new construction of railway lines and its target for the second Plan is pitched as low as only 1,500 miles. It conveys a clear warning that unless the expansion of the road network is taken in hand on an ambitious scale, transport capacity will be found too inadequate to respond to the pressure of traffic implied by an outlay of Rs. 5,500 crores in the second Plan, as tentatively assessed.

Road-rail co-ordination has lost all its original significance and in the context of the near future the sole function of co-ordination will be to prevent waste of investment resources on duplication of transport facilities on parallel routes. Mr. Nadirshah has rightly urged that in spite of this vital difference in the transport perspective, the State Governments (who control the country's road transport system except for the national highways) have not shown awareness of the immediate need to abandon the policy of restriction of motor transport in the name of co-ordination. A quick decision must now be made to remove, or at least to liberalise, the severe limitations on intra-State long-distance motor transport. The Association's president pleads for a uniform road policy for all the twenty-eight States to prevent chaos in planning. It is difficult to endorse this plea. The chaos, to the extent that it prevails at present, is the result of lack of appreciation of the proper place of roads in the system of communications. The problems of individual States in relation to the requirements of transport vary in essential particulars. In most Part B and C States, the entire system of communications is in a very underdeveloped condition. The emphasis on road expansion must be influenced by the availability of railway facilities in each State and also by the availability of shipping facilities in the maritime States. The one vital uniform principle that can be insisted upon is correlating road capacity, in conjunction with the capacity of other forms of transport, to the expanding requirements of traffic.

BAN ON VANASPATI VOLED DOWN

The campaign for the total extermination of Vanaspati from the market is conducted intermittently

with such fervour that suppression of this cooking medium seems to have become an article of faith with its opponents. The latest attempt for imposing the ban on the manufacture or sale of vanaspati has been foiled. Last week the enthusiasts of the ban got an opportunity to plead their pet cause during the debate on Mr. Jhulan Sinha's Bill for enforcement of the ban, but they failed to elicit any new evidence justifying the revival of the controversy. The ground of opposition to vanaspati are sentimental and their persistent advocacy shows that prejudice against this popular cooking medium will die hard.

The objections to the use of vanaspati are principally two: that it is deleterious to human health and it provides a cheap and easily accessible medium for the adulteration of ghee. The first theory has not been borne out by scientific examination. As for adulteration, vanaspati cannot be treated as the sole agent for adulteration and its potentiality for this purpose has been considerably weakened by the obligation to add sesamum oil to vanaspati to facilitate detection of adulteration. Prevention of adulteration ought to be tackled by means of greater production of pure ghee and vigilant enforcement of the law. Vanaspati cannot now pass as genuine ghee and the awakening of public consciousness as well as the compulsion to label the containers with the title of hydrogenated oil have helped towards the realisation of its correct nature. No satisfactory and effective technique of colourisation could be evolved so far. The suggested orange colour was proved on tests in government laboratories to be unstable and the concentrated oil required for it would involve costly imports of dubious value. If Pandit Bhargava's contention about the feasibility of colourisation and the error of government decision on it is correct, Government's open offer to accept a proved method of colourisation may be put to practical test. But an arbitrary ban cannot be imposed just to allay certain prejudices.

NEW INDIA'S SILVER JUBILEE

New India which has just celebrated its silver jubilee has carved a position of leadership for itself in the Indian insurance world. This ascent is the result of solid work extending over a quarter of a century, whose earlier part was occupied by a ceaseless struggle for emergence in a field where the foreign underwriting interests were powerfully entrenched. In waging this struggle, New India did considerable pioneering work for Indian insurers. Among the variety of covers which New India provided soon after it launched on its career were all risk insurance, cash-in-transit, accountants' indemnity, house insurance, administration bonds, profit insurance, and so forth. When the first Indian airlines was started, New India made the beginning in aviation insurance—a cover which the tried Western insurers usually reserve for specialised groups. Among the recent new covers provided by New India in the last three years are hull insurance, machinery insurance and cattle insurance of which the first one has taken root and promises to make steady progress in this country. It has offered partnership interests to Indian insurers in new lines of business without reservation of special rights to itself. The object of this technique is to raise the stature of Indian insurance by strengthening its underwriting capacity. One distinctive feature of New India's general policy is to extend necessary facilities for the training of field staff and young men aspiring for the insurance career. As New India crosses the twenty-fifth mile-stone in its progress, it can look ahead with confidence and optimism.

INDIAN PLASTICS LOOK AHEAD

Addressing the All-India Plastics Manufacturers Association at a meeting held in Calcutta on December 1, Mr. J. C. Swallow, Chairman of the Plastics Division of I.C.I., England, remarked upon the impressive pro-

gress made by the Indian plastics industry. The pattern of growth had largely followed that in Britain and U.S.A., where in the early stages the emphasis had been on fancy goods and where the imaginative use of indigenous craftsmanship was especially imperative. Mr. Swallow was of the opinion that the Indian plastics industry is on the brink of considerable advances because new industrial uses, similar to those in Europe, were beginning to appear. Reviewing developments in the plastics field, he stated that at present the two most widely used plastics in the world were polyvinyl-chloride and polythene. The growth of polythene had undoubtedly been most spectacular since the war, and its uses were still continuing to expand. There were many new technical developments and he hoped that all of them would in due course undoubtedly find their place in the Indian economy.

Dr. C. L. Gupta, President of the All-India Plastics Manufacturers' Association, while thanking Mr. Swallow, stated that I.C.I. was one of the leaders and pioneers in the manufacture of a number of plastic raw materials such as "Perspex", Nylon and Polyethylene, and the close association of I.C.I. with the establishment and development of the plastics industry in India—and with the Tiljala Laboratory in particular—had rendered great assistance and made available first class technical service to the industry. Dr. Gupta remarked that whereas no sustained efforts had been made for manufacturing the major raw materials in the country, some progress was being made in the manufacture of P.F. Moulding Powder; though even there considerable scope existed for development and progress.

LABOUR RELATIONS DETERIORATE IN SEPTEMBER

The loss of man-days in industrial disputes in September was greater than the loss in August last. The average duration of disputes was higher by 2 days in September than in August. Industrial relations thus disclosed deterioration in September relatively to the previous month. West Bengal showed a marked worsening in every respect. According to the provisional

statistics of industrial disputes during September, 1954, there were 64 fresh disputes. Of these, 60 involved 24,663 workers. A comparison with the figures for the previous month shows that the number of fresh disputes starting during the month increased slightly, but the average number of workers involved declined. The number of disputes current at any time during the month was 86. Of these, 79 involved 39,915 workers and in 77 disputes there was a time-loss of 328,960 man-days. As compared to the previous month the number of disputes current at any time during the month showed a small increase, but the number of workers involved registered a fall and the time-loss recorded a rise. The average duration of disputes current at any time during the month was 8.3 days as compared to 6.3 days in August, 1954. This indicates that compared to the previous month a smaller number of persons were involved in the disputes though for a longer time on the average. Ten of the disputes during the month were lock-outs. These involved 9,935 workers and accounted for a time-loss of 154,270 man-days. Five of the lock-outs were in West Bengal, three in Bombay and two in Uttar Pradesh.

Among the States the figures of number of disputes, workers involved and man-days lost during the month under review were the highest in West Bengal. Compared to the previous month, there was a rise in the number of disputes but a fall in the number of workers involved and man-days lost. All the other States with the exception of Assam showed rise in time-loss.

Among the industries, jute textile accounted for the highest time-loss during the month under review. Next in order came paper and printing, wood, stone and glass, chemicals and dyes, food, drink and tobacco, textiles (others) and engineering industries. Compared with the previous month there was considerable reduction in time-loss in miscellaneous industries, railways, chemicals and dyes, engineering and paper and printing. On the other hand time-loss increased in textiles, food, drink and tobacco, transport (others), and docks and ports industries.

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COMMODITY NEWS AND NOTES

INDIAN COFFEE

The Indian coffee industry accomplished a three-fold record during the current year. Production, consumption and exports were all at peak. Coffee production during 1953-54 went up to 29,400 tons, and the current year's coffee consumption approached 21,000 tons, which is 2,593 tons over the previous record of 1952-53. Export allocations of 10,650 tons this year was nearly double that of the previous best year in 1945-46.

The Indian Coffee Board at its recent meeting resolved to request the Government of India to permit export of 4,000 tons of coffee, out of 1954-55 crop during the first four months of 1955. The question of further exports, the Committee said, would be taken up for consideration before March next by which time the crop position would get better defined. While coming to this decision it took into consideration the carry-over of 1953-54 crop to 1955 at 4,500 tons. The revised estimate of 1954-55 season's crop was placed by the Board at 24,200 tons, made up of 15,000 tons Arabica and 9,000 tons Robusta.

The Board decided to continue the present method of releases of coffee in the internal market during 1955 by means of auction and by allotments to co-operative societies and propaganda department on the basis of their actual off-take during the last twelve months. There was a comparative stability of pool auction prices this year with only a mild range of fluctuations not exceeding Rs. 15. It was decided further to strengthen the extension branch of Board's research department by the appointment of eight field assistants.

INDIAN TEA MISSION TO COLOMBO

A seven-man Indian tea mission arrived recently in Colombo. The mission is commissioned by the Government of India to recommend steps for progressive increase of auctions in India. Out of a total of approximately four hundred and twenty million pounds of tea exported from India at present over two hundred million pounds of high quality tea are auctioned in London. During its three-day stay in Colombo, the mission will meet Ministers of Cabinet, officials and commercial interests and study steps that had led to concentrations of auctions of Ceylon tea in Colombo and submit their report to Government of India by the end of February next year.

COAL OUTPUT IN INDIA

The output of coal in collieries in India, according to the Chief Inspector of Mines, decreased from 3.18 million tons in September, 1954, to 2.9 million tons in October 1954. Despatches of coal amounted to 2.79 million tons in October, 1954, as against 2.89 million tons in the preceding month. Coal stocks at pitheads, however, declined from 3.2 million tons at the beginning of the month to 2.9 million tons at the close of the month. Coke plants at collieries and elsewhere produced 378 thousand tons of hard, soft and other kinds of coke during the month, and despatched 207 thousand tons.

IMPORT OF RAW SILK FROM CHINA

In pursuance of the October 14, 1954, Sino-Indian Agreement to develop trade between the two countries, arrangements were concluded, inter alia, for the import of 90 metric tons of raw silk from China; this import will be handled by the Central Silk Board, Bombay.

JUTE GOODS IMPORT BY U.K. MOVE UP

United Kingdom's imports of jute fabrics, sacks and bags during the first nine months of the current year

have recorded a big increase over the same period last year. According to the Indian Central Jute Committee, arrivals of jute fabrics in U.K. during January-September, 1954 climbed to 219.1 million square yards costing about £7.6 million from 95 million square yards valued at £3.5 million during the corresponding period of the year before. Sacks and bags also came in larger quantities totalling 32,369 cwts (£394,746) against 2,656 cwts (£271,295) up to September 30, last year.

EXPORT OF PRINTED SARIS

Hand-printed cotton saris will continue to be freely licensed for export to all permissible destinations for a further period up to the end of June, 1955. Similarly, the licensing of cotton tents including bivouac tents, other than those dyed in the olive green shade or made of mineral khaki cloth, has been extended for shipment up to the end of June, 1955. In the case of tents, the licensing would be stopped as soon as the ceiling fixed was reached. The validity period of licences already issued would be extended up to a maximum of one year from the date of issue or up to end of June 30, if so desired.

RECORD GERMAN STEEL OUTPUT

German steel output in November was 1.66 million tons being a record, representing an annual average of 20 million tons. Output in 1954 is likely to reach 17.3 million tons—about 2 million tons more than last year. Signs of sellers' market abound in the Ruhr Steel Industry. During November, rolling mills booked orders totalling 1.45 million tons, whereas deliveries amounted to only 1.08 million tons. Views existed, however, that it was not a genuine demand but rather a tendency to lay in stocks.

TEA OUTPUT IN PAKISTAN

The Pakistan tea crop during October amounted to 7.7 million lb. as compared with 7.1 million lb. in the same month last year. Good crops during August-October have enabled Pakistan to make good earlier losses, and the crop this season for the first time exceeded the previous year's production. The total production up to the end of October was 45 million lb. as against 44.6 million lb. for the corresponding period of the last year.

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COMPANY AFFAIRS

THE KELVIN JUTE CO., LTD.

The working of the above Company (Managing Agents: Mcleod and Co., Ltd.) for the half-year ended June 30, 1954, resulted in a net profit of Rs. 2.66 lakhs which compared unfavourably with the last year's figure of Rs. 2.86 lakhs. The figure for sales stands reduced at Rs. 62.73 lakhs as against Rs. 80.24 lakhs in the previous half-year. The manufacturing expenses have moved up by more than Rs. 3 lakhs over the previous year's figure of Rs. 38.30 lakhs while the 'salaries and wages' have slightly increased to Rs. 15.96 lakhs. Rs. 2.31 lakhs have been provided for depreciation and Rs. 1.95 lakhs for taxation. The ordinary dividend has been raised from 15 per cent to 20 per cent per annum during the half-year under report.

The directors, in their report, stated that the mills were only partly modernised and plans for the complete modernisation were being finalised. Orders for further modern machinery amounting to approximately Rs. 19.5 lakhs had been placed, Rs. 9.5 lakhs of this total being for indigenously manufactured modern machinery.

The salient features of the Company during the last two half-years are summarised in the table given below:

Half-year ended	31-12-1953	30-6-1954
	Rs.	Rs.
Sales	80,23,735	62,72,873
Manufacturing Expenses	36,29,676	40,63,372
Salaries and Wages	15,15,903	15,95,780
Net Profit*	2,86,300	2,65,523
Provision for depreciation	2,10,000	2,31,000
Provision for taxation	2,30,000	1,95,000
Dividend rate per cent per annum	15	20

* After providing for depreciation and taxation.

THE BLUE MOUNTAIN ESTATES, LIMITED

The profit and loss account of the Blue Mountain Estates Limited, (Managing Agents: Messrs. Kothari Mehta and Co., Ltd.) for the year ended June 30, 1954, discloses an excellent performance. The sales have advanced by Rs. 7.24 lakhs from Rs. 23.29 lakhs in 1952-53 to Rs. 30.53 lakhs in 1953-54. The harvest for tea has gone up by nearly 10 per cent from 11,66,119 lbs. to 12,80,619 lbs. during the year under report. In line with the harvest of Waterfall Estates, the harvested coffee is a bumper crop, being 7,462 cwts.

The net profit (after providing for depreciation) also shows an increase of more than 100 per cent from a figure of Rs. 7.02 lakhs to Rs. 17.07 lakhs. The directors have appropriated Rs. 70,803 for depreciation, Rs. 1,80,261 (Rs. 1,00,000 in the preceding year) for taxation. Reserve Fund has been enormously raised from Rs. 3 lakhs in the previous year to Rs. 8 lakhs during the year under review. The company has raised the authorised capital from Rs. 50 lakhs to Rs. 1 crore by creating 25,00,000 ordinary shares of Rs. 2 each.

The company has also capitalised Rs. 12½ lakhs out of its Reserve Fund and issued 6,25,000 ordinary bonus

shares of Rs. 2 each thus raising its paid-up capital from Rs. 25 lakhs to Rs. 37½ lakhs.

The ordinary dividend has been maintained at 12½ per cent per annum. The progress of the estates during the last three years is outlined in the table below:

	1951-52	1952-53	1953-54
Tea Crop (lbs.)	10,64,655	11,66,119	12,80,619
Coffee Crop (cwts.)	4,111	1,732	7,462
	Rs.	Rs.	Rs.
Net Profit (after providing for depreciation)	7,24,291	7,02,382	17,06,920
Depreciation	65,000	65,000	70,803
Taxation	1,00,000	1,00,000	1,80,261
Reserve Fund	3,50,000	3,00,000	8,00,000
Ordinary Dividend rate per cent per annum	10	12½	12½

THE MODI SPINNING AND WEAVING MILLS CO., LTD.

The audited accounts of the above company (Managing Agents: Rai Bahadur Gujarmal Modi and Bros., Ltd.) for the year ended April 30, 1954 show a profit of Rs. 10,01,801 after meeting all working expenses including normal depreciation but excluding special and initial depreciation. The directors have proposed a dividend of 6½ per cent per annum, tax free, absorbing Rs. 4,28,850. A sum of Rs. 1,50,000 has been appropriated to the Dividend Equalisation Fund, and Rs. 3,00,000 have been transferred to the Preference Shares Redemption Fund.

The Company's special resolution dated October 24, 1953 regarding the reduction of capital from Rs. 1,38,00,000 to Rs. 1,29,00,000 by redemption of 9,000 preference shares has been confirmed by the High Court of Judicature at Allahabad and steps are being taken to redeem the 9,000 preference shares.

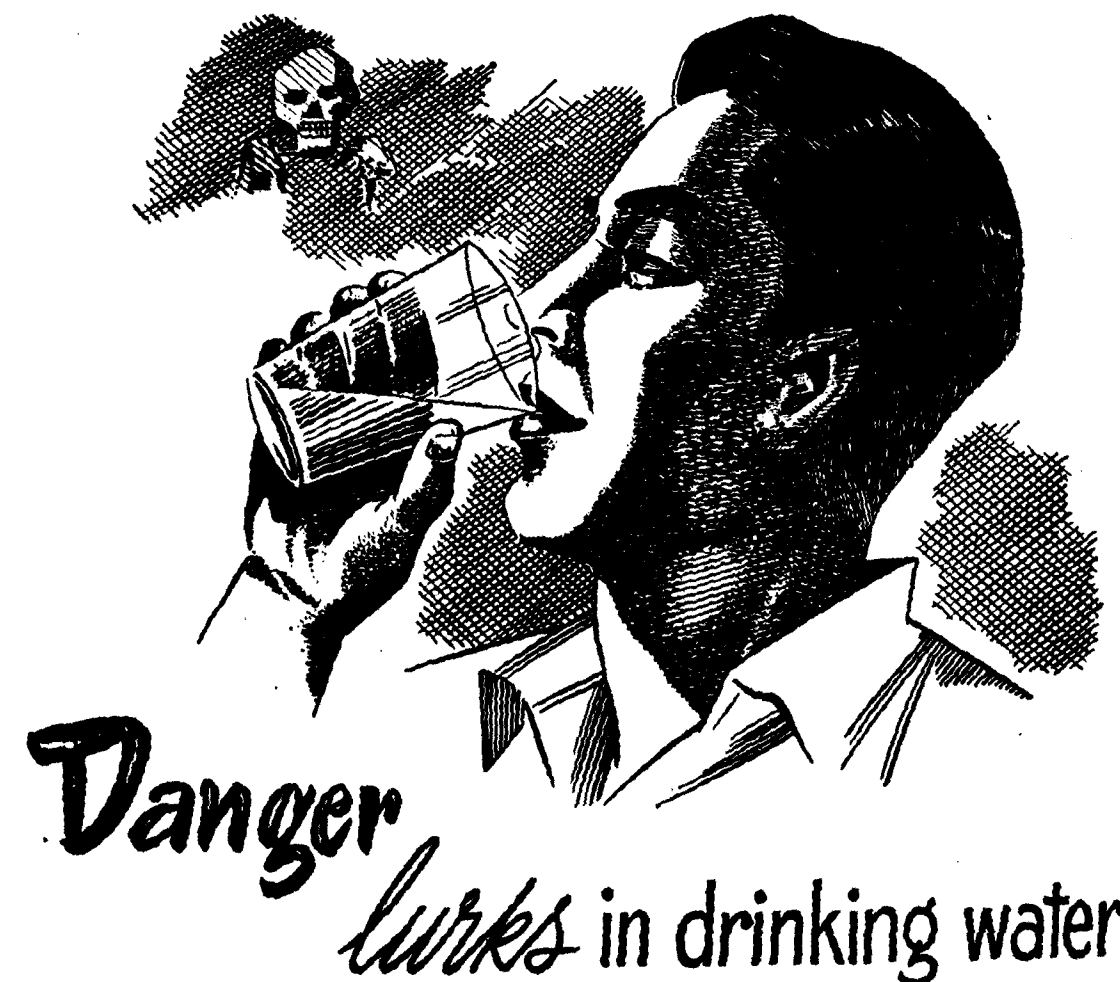
Additions to the new machinery during the year under report amounted to Rs. 13,76,131. A new and up-to-date finishing plant is being installed which would give a better finish to cloth.

BAHABUDIN COFFEE AND PRODUCE CO., LTD.

The profit and loss account of the above company for the year ended June 30, 1954 discloses a net profit of Rs. 2,37,312 after providing for depreciation, bad debts and remuneration to managing agents. The directors have proposed a dividend of 15 per cent per annum on ordinary shares which would take up Rs. 30,000 only. The appropriations to the Dividend Equalisation Fund and the General Reserve are Rs. 50,000 and Rs. 1,00,000 respectively.

The yield per acre at 6.68 cwts. was the highest for the last ten years. The progress of the company during the last three years is summarised in the table below:

Year	1951-52	1952-53	1953-54
Crop harvested (cwts.)	1370	1121	3600
Yield per acre (cwts.)	2.58	2.12	6.68
	Rs.	Rs.	Rs.
Cost of production per cwt.	117.94	170.75	74.78
Average price realised per cwt.	192.50	171.86	163.97
Net Profit	78,677	26,016	237,312



Danger lurks in drinking water

Water is an active carrier of diseases like typhoid and cholera. Municipalities and local authorities render it safe by sterilising it with chlorine directly, or through bleaching powder. These kill the germs responsible for the spread of diseases—sure enough danger lurks in drinking water....for the germs.

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METTUR DAM R.S. SOUTH INDIA.

Managing Agents:
Seshasayee Brothers Limited



The
BRITISH INDIA CORPORATION Ltd.
KANPUR

BRANCHES:

CAWNPORE WOOLLEN MILLS BRANCH KANPUR
CAWNPORE COTTON MILLS BRANCH KANPUR
COOPER ALLEN BRANCH KANPUR
NORTH WEST TANNERY BRANCH KANPUR
NEW EGERTON WOOLLEN MILLS BRANCH DHARIWAL (PUNJAB)

SUBSIDIARY COMPANIES:-

G. MCKENZIE & CO. (1919) LTD.
CALCUTTA

SMITH STANISTREET & CO., LTD.
CALCUTTA-KANPUR-BOMBAY-MADRAS

THE PENINSULAR MOTOR CORPORATION LTD.
CALCUTTA-BOMBAY

BEGG, SUTHERLAND & CO., LTD.
KANPUR

Managing Agents For:-

The Balrampur Sugar Company Limited
Brushware Limited
The Cawnpore Sugar Works Limited
Cawnpore Textiles Limited
The Champaran Sugar Co., Limited
Elgin Mills Company Limited
Purabpore Company Limited
Ryam Sugar Company Limited
Samastipur Central Sugar Company Ltd.
Saran Engineering Company Limited

Secretaries of:-

The Beta Picker Co., Ltd.



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**EASTERN RAILWAY
TENDER**

**Sale of Condemned Engines at
Jamalpur and Rampurhaut**

The General Manager invites tender for the sale of 31 condemned Engines stabled at Jamalpur and 6 condemned Engines stabled at Rampurhaut. Tender No. SS. 44/53 obtainable from the office of Controller of Stores, Eastern Railway, 1, Lie Place, Calcutta on production of a receipt for depositing Rs. 2 for the tender form with the Chief Cashier, Eastern Railway, Calcutta. Firms situated outside Calcutta may, however, remit the amount by Money Order. This amount is not refundable.

Tenderers may inspect the Engines on any day before the closing date of tender, contacting the Dy. Chief Mechanical Engineer, Jamalpur or the Running Shed Foreman, Rampurhaut as the case may be.

Closing date—January 14, 1955, at 12 noon.

GENERAL MANAGER

CURRENT STATISTICS

INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	Wholesale Prices (General Purposes Index) † Year ended August 1939=100						Security Prices †† (1949-50=100)			
	Food Articles	Indus. Raw Matls.	Semi-manufactured Articles	Manufactured Articles	Miscellaneous	General Index	Govt. and Semi-Govt.	Debentures	Preference	V. D. I.
1947-48	306.1	377.5	261.6	286.4	456.2	308.2	..	..	..	..
1948-49	362.9	444.8	327.3	346.1	525.2	376.2	..	..	..	..
1949-50	391.3	471.7	331.6	347.2	570.7	385.4	..	..	..	..
1950-51	416.4	523.1	348.9	354.2	707.4	409.7	..	..	..	..
1951-52	398.6	591.9	374.4	401.5	721.6	434.6	..	..	..	..
1952-53	357.8	436.9	343.8	371.2	614.1	380.6	90.4	100.6	87.4	95.7
1953-54	384.4	467.7	359.2	367.4	686.6	397.5	..	..	..	..
February 1954	373.3	471.3	360.1	368.3	693.9	395.0	90.3	101.6	88.0	102.0
March	371.4	462.5	355.8	373.9	686.9	394.0	90.4	101.5	88.0	102.6
April	381.6	472.1	362.4	380.9	704.4	402.6	90.6	101.4	88.3	103.8
May	366.2	464.6*	362.6	381.1	689.5	396.1	90.2	101.0	88.1	104.0
June	343.2	441.0	355.6	378.7	647.3	381.6	90.3	100.9	88.5	106.9
July	355.5	423.2	354.2	376.6	636.0	381.8	90.8	100.5	89.0	110.6
August	362.4	420.9	351.9	375.7	603.9	382.5	90.8	100.6	89.4	117.4
September	363.6	426.0	353.3	377.7*	607.8	384.4*	90.7	100.5	88.6	121.0
October	355.9	428.8	351.8	376.5	605.7	381.6	90.4	100.5	88.4	118.2
November	344.2	444.0	348.5	377.0	605.4	376.1	90.3	100.5	88.3	116.0
Week Ending 30-10-1954	351.3	427.3	351.0	375.3*	604.3	379.2*	90.2	100.6	88.6	116.9
6-11-1954	347.2*	438.5	349.5	376.8	613.4	380.1*	90.3	100.6	88.4	117.4
13-11-1954	336.8	449.4	349.1	377.3	610.2	378.1	90.2	100.5	88.3	116.5
20-11-1954	329.8	445.1	347.7	376.7	606.7	374.5	90.2	100.5	88.2	115.3
27-11-1954	323.4	442.9	347.6	377.2	592.0	371.7	90.3	100.5	88.2	114.9

†Economic Adviser's Series.

*Average of weeks.

††Reserve Bank Series.

*Revised.

WORKING CLASS COST OF LIVING (August 1939=100)

Period	Bombay		Delhi	Bengal	U. P.	Central Provinces		Madras	E.P.	Bihar	All India†
	Bombay	Bombay June 1934=100				Nagpur	Jubbulpore†				
1939 (Aug.-Dec.)	103	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	372	146	309	168	136	134
1949	292	307	248	132	348	377	151	323	164	138	138
1950	298	313	257	132	349	372	153	325	165	145	138
1951	314	330	261	142	370	391	168	334	167	160	144
1952	321	337	260	143	351	380	150	330	151	154	141
1953	346	363	275	140	349	387	151	351	147	156	146
1953 October	350	368	282	144	349	389	153	352	150	162	147
November	344	361	280	144	339	385	148	353	149	155	144
December	342	359	288	140	329	380	146	350	149	145	141
1954 January	346	363	269	139	325	377	144	353	151	142	142
February	334	348	257	139	316	375	144	352	151	141	139
March	334	349	257	138	319	374	143	345	150	138	137
April	335	355	255	141	323	377	144	341	151	138	139
May	338	355	251	142	339	374	142	341	150	142	139
June	350	367	240	135	332	375	141	342	149	143	138
July	349	366	241	134	331	400	373	339	145	140	138
August	345	362	237	135	330	408	372	336	145	141	138
September	347	364	236	137	332	408	—	—	—	—	—
October	346	363	235	141	336	404	—	—	—	—	—

† Base 1944=100

PRICES OF GOLD AND SILVER IN BOMBAY (SPOT)

Week-ended	WEEK ENDED											
	11-12-1954			4-12-1954			27-11-1954			20-11-1954		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
Gold (per fine tola)	88-1	86-10	88-7	87-3	85-10	86-8	89-2	86-15	88-1	89-5	89-1	88-15
Silver (per 100 fine tolas)	154-11	153-8	154-4	155-9	153-1	154-0	158-14	154-8	156-15	159-11	157-8	158-14

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. Lakhs)

PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupree Coin	Rupree Securities	Total Assets
1938-39*	182.36	28.28	210.64	44.42	66.95	111.37	52.91	67.11	32.16	210.64
1947-48*	1,227.82	47.12	1,274.95	44.42	1,135.32	1,179.74	92.53	32.36	62.84	1,274.95
1948-49*	1,231.84	22.02	1,253.86	42.49	907.47	949.96	75.43	42.98	265.62	1,253.86
	(5.58)	(—)	(5.58)					(90)		(5.58)
1949-50*	1,128.94	24.00	1,152.94	40.02	647.04	687.06	59.59	50.53	415.36	1,152.94
1950-51*	1,163.21	17.19	1,180.40	40.02	624.70	664.72	56.31	57.21	458.47	1,180.40
1951-52*	1,189.84	27.78	1,217.62	40.02	625.27	665.29	54.64	63.98	488.36	1,217.62
1952-53*	1,114.84	27.87	1,142.72	40.02	564.40	604.42	52.89	80.22	458.08	1,142.72
1953-54*	1,133.95	23.03	1,156.97	40.02	594.02	634.04	54.80	92.83	430.11	1,156.97
Average of Fridays										
April 1954	1,220.24	13.08	1,233.32	40.02	674.15	714.17	57.91	97.81	421.34	1,233.32
May ..	1,220.26	25.62	1,245.88	40.02	688.15	728.17	58.45	96.49	421.22	1,245.88
June ..	1,196.24	36.20	1,232.44	40.02	679.40	719.42	57.96	96.80	421.22	1,232.44
July ..	1,163.71	35.99	1,199.50	40.02	638.15	678.17	56.52	100.31	421.22	1,199.50
August ..	1,149.93	32.78	1,182.71	40.02	618.15	658.17	55.65	103.42	421.22	1,182.71
September ..	1,162.24	26.51	1,178.74	40.02	613.15	653.17	55.41	105.22	420.35	1,178.74
October ..	1,161.85	23.37	1,185.22	40.02	621.15	661.17	55.78	106.30	417.75	1,185.22
November ..	1,167.21	19.65	1,186.87	40.02	623.15	663.17	55.88	105.95	417.75	1,186.87
Week Ending										
22-10-1954	1,157.01	30.58	1,187.59	40.02	623.15	663.17	55.84	106.67	417.75	1,187.59
29-10-1954	1,161.94	25.33	1,187.27	40.02	623.15	663.17	55.86	106.35	417.75	1,187.27
5-11-1954	1,168.62	17.62	1,186.25	40.02	623.15	663.17	55.90	105.33	417.75	1,186.25
12-11-1954	1,172.28	13.90	1,186.18	40.02	623.15	663.17	55.91	105.26	417.75	1,186.18
19-11-1954	1,166.06	21.06	1,187.12	40.02	623.15	663.17	55.86	106.20	417.75	1,187.12
26-11-1954	1,161.89	26.03	1,187.93	40.02	623.15	663.17	55.83	107.01	417.75	1,187.93

BANKING DEPARTMENT

(Rs. Lakhs)

PERIOD	DEPOSITS					Other Liabilities	TOTAL LIABILITIES & ASSETS**	Notes and Coins	Bills Purchased and Discounted	Balances Held Abroad	Loans and Advances to Governments	Other Loans and Advances	Investments	Other Assets
	Central Government	Other Governments	Banks	Others	Total									
1938-39*	14.90	..	16.19	75	31.84	1.28	43.12	28.38	1.53	4.21	1.72	2	6.36	90
1947-48*	366.79	16.93	102.47	34.21	520.40	14.55	544.96	47.24	2.62	406.95	1.57	21	1.53	4.86
1948-49*	222.17	6.62	80.53	66.52	393.72	15.33	419.05	22.12	4.28	307.78	1.71	3.34	75.65	4.14
	(14.33)	(3.04)												
1949-50*	141.19	23.12	67.00	64.39	295.69	15.76	321.45	24.12	4.30	280.91	3.36	8.39	980.54	4.34
1950-51*	148.60	17.71	62.22	62.29	290.82	18.14	318.97	17.31	3.04	107.70	2.37	6.77	76.72	5.06
1951-52*	181.30	15.95	58.68	69.22	325.15	18.62	383.77	27.92	6.31	187.16	3.90	19.42	95.19	11.91
1952-53*	136.40	7.79	62.89	61.93	259.02	23.69	292.71	28.03	6.64	133.56	2.85	18.03	89.77	12.83
1953-54*	105.44	23.40	46.52	57.45	232.80	23.91	266.72	23.22	9.46	123.31	1.78	19.84	81.58	7.51
Average of Fridays														
April 1954	64.51	30.52	42.16	45.21	182.41	27.95	220.36	13.35	12.98	78.55	1.21	40.01	65.17	9.09
May ..	93.14	20.61	43.30	46.10	203.15	28.47	241.62	25.90	10.11	65.23	1.12	57.83	71.91	9.51
June ..	110.59	18.52	43.21	43.79	216.04	28.28	254.47	36.44	9.07	171.44	1.29	39.09	85.31	9.84
July ..	121.13	20.39	46.82	36.55	224.91	26.06	261.88	36.21	1.76	103.01	1.29	19.84	93.06	1.73
August ..	128.46	14.64	56.51	35.01	234.60	23.98	266.60	33.02	3.02	112.99	1.41	16.86	93.11	6.20
September ..	137.93	13.37	62.04	34.29	247.63	13.84	271.48	26.77	6.22	117.74	1.09	18.04	95.23	6.43
October ..	102.45	28.36	65.38	34.25	230.41	16.90	257.31	23.63	4.21	107.08	6	17.94	96.81	6.97
November ..	87.01	16.94	73.44	34.42	211.82	18.26	240.08	19.93	3.39	102.07	1.4	13.78	91.28	8.11
Week Ending														
22-10-1954	98.94	26.02	70.54	34.31	229.85	17.59	257.44	30.00	3.94	103.04	1.5	15.82	96.47	6.76
29-10-1954	103.46	22.51	66.30	34.29	226.55	17.26	253.81	25.67	3.50	102.24	1.5	18.71	95.06	7.94
5-11-1954	93.17	17.03	68.77	34.01	213.99	16.67	240.56	17.81	1.98	103.16	1.5	14.25	94.71	8.07
12-11-1954	93.52	17.65	67.35	34.64	213.16	17.17	240.33	14.16	3.68	103.63	1.5	14.29	94.68	8.09
19-11-1954	82.74	14.30	78.55	34.76	210.44	19.83	240.28	21.35	3.43	103.60	1.5	13.36	97.90	8.22
26-11-1954	78.62	17.79	70.09	34.27	200.77	19.38	239.16	26.40	4.45	97.80	1.5	13.20	97.83	8.46

Note: Figures in brackets relate to Pakistan. **Includes Rs. 5 crores each on account of capital paid-up and Reserve Fund. *Average of Fridays. † Includes cash and short term securities.

CENSUS OF MANUFACTURING INDUSTRIES, 1952-CEMENT

CENSUS OF MANUFACTURES				
Item	Madras	Bihar	Bombay, Madhya Pradesh, Orissa, Rajasthan, Patiala and East Punjab States Union and Saurashtra	Total
	2	3	4	5
Number of factories employing 20 or more workers and using power.—				
(a) In existence	5	5	9	19
(b) From which returns were received	5	5	9	19
(c) Percentage of (b) to (a)	100	100	100	100
Average number of days worked	366	361	356	359
Productive Capital employed—				
(a) Fixed Capital—				
(i) Land	Rs. 7,55,261	6,80,079	10,43,432	24,78,772
(ii) Buildings	Rs. 85,39,040	88,21,965	1,87,59,028	3,61,20,033
(iii) Plant and machinery	Rs. 1,52,01,058	1,78,49,542	4,22,30,139	7,52,80,739
(iv) Other fixed assets	Rs. 35,05,627	13,34,998	1,00,22,095	1,48,62,720
TOTAL	Rs. 2,80,00,986	2,86,86,584	7,20,54,694	12,87,42,264
(b) Working Capital—				
(i) Stocks of raw materials	Rs. 1,74,83,043	1,29,96,586	3,71,25,077	6,76,04,706
(ii) Stocks of finished products and by-products	Rs. 13,31,439	4,96,609	15,13,905	33,41,953
(iii) Semi-finished products in Stock or in process	Rs. 20,04,491	16,33,967	20,87,823	57,26,281
(vi) Cash in hand and at the banks	Rs. 15,85,564	13,39,210	27,87,099	57,11,873
TOTAL	Rs. 2,24,04,537	1,64,66,372	4,35,13,904	8,23,84,813
Total Productive Capital	Rs. 5,04,05,523	4,51,52,956	11,55,68,598	21,11,27,077
Number of persons employed—				
(a) Workers	No. 4,126	3,178	7,868	15,172
(b) Persons other than workers	No. 806	818	1,420	3,044
TOTAL	No. 4,932	3,996	9,288	18,216
Salaries and wages paid—				
(a) Workers	Rs. 39,85,069	40,21,293	79,31,392	1,59,37,754
(b) Persons other than workers	Rs. 15,31,197	19,26,753	32,71,363	67,29,313
(c) Money value of other benefits or privileges	Rs. 3,59,496	4,70,774	8,14,362	16,44,632
TOTAL	Rs. 58,75,762	64,18,820	1,20,17,117	2,43,11,699
Fuels, Electricity, Lubricants, ect., consumed—				
(a) Quantity—				
(i) Coal	Ton. 2,21,041	3,20,967	5,89,040	11,31,048
(ii) Electricity	K.W.H. 638,79,148	333,73,400	244,87,063	1,218,39,611
(iii) Lubricating oils	Galls. 10,118	53,762	80,823	153,703
(b) Value—				
(i) Coal	Rs. 84,93,310	74,91,010	1,81,77,730	3,41,62,050
(ii) Electricity	Rs. 18,58,238	20,85,837	28,91,569	68,35,644
(iii) Lubricating oils	Rs. 93,896	2,01,574	3,50,772	6,46,242
(iv) Others	Rs. 94,454	1,71,556	26,66,172	29,32,182
TOTAL	Rs. 1,05,39,898	99,49,977	2,40,86,243	4,45,76,118
Materials consumed—				
(a) Quantity—				
(i) Lime stone, kankar, calcite	Ton. 10,24,837	12,70,425	21,18,123	44,13,385
(ii) Gypsum	Ton. 29,091	36,636	66,425	1,32,152
(iii) Gunny bags	No. 121,96,576	1,77,11,110	275,25,130	574,32,816
(b) Value—				
(i) Lime stone kankar and calcite	Rs. 46,57,761	99,83,622	73,45,325	2,19,86,708
(ii) Gypsum	Rs. 10,49,185	15,86,221	19,96,877	46,32,283
(iii) Gunny bags	Rs. 1,09,78,243	1,58,88,069	2,66,54,682	5,35,20,994
(iv) Others	Rs. 53,61,004	38,03,312	86,67,550	1,78,31,866
TOTAL	Rs. 2,20,46,193	3,12,61,224	4,46,64,434	9,79,71,851
Amount paid to other concerns for work done for factories—				
Production—				
(a) Quantity—				
Portland Cement—	Ton. 7,09,880	9,02,258	15,81,886	31,94,024
(a) Normal	Ton.	4,409	237	4,846
(b) Rapid	Ton. 7,09,880	9,06,867	15,82,123	31,98,870
TOTAL	Ton. 7,09,880	9,06,867	15,82,123	31,98,870
(b) Value—				
(i) Portland Cement—	Rs. 5,99,45,259	7,15,85,892	13,14,48,706	26,29,79,857
(a) Normal	Rs.	3,95,632	27,381	4,23,013
(b) Rapid	Rs. 5,99,45,259	7,15,85,892	13,14,48,706	26,29,79,857
TOTAL	Rs. 5,99,45,259	7,15,85,892	13,14,48,706	26,29,79,857
(ii) Other	Rs. 3,671	3,83,718	4,66,612	8,44,001
TOTAL	Rs. 5,99,48,930	7,23,05,242	13,19,32,699	26,42,46,871
Amount received from others for work done for them—				
Manufacture—				
(i) Ex-factory value of products and work done for customers	Rs. 5,47,74,025	6,80,66,337	11,64,43,145	23,92,83,507
(ii) Value at factory of materials, fuels, etc., consumed	Rs. .. .. .	.. .. .	.. .. .	.. .. .
(iii) Value at factory of semi-finished products or work done for manufacture earlier but consumed	Rs. 3,29,85,225	4,28,75,132	7,24,52,030	14,82,12,387
(iv) Depreciation on manufacture (i—ii—iii)	Rs. 21,57,395	23,06,152	57,62,291	1,02,25,838
(v) Value added	Rs. 1,97,81,405	2,28,85,053	3,82,28,824	8,06,45,282

MONTHLY STATISTICS
(Monthly Averages or Calendar Months)

		1951	1952	1953	1954				
					April	May	June	July	August
I Foreign Trade									
i By Land, Sea & Air—									
Imports (Rs. lakhs)	..	71.20	66.93	48.11	47.79	51.69	45.72	53.73	45.48
Exports (Rs. lakhs)	..	65.30	51.58	44.26	31.49	38.70	43.23	46.72	45.22
ii Unit Value Index—									
(1948-49=100)									
Imports	..	128	130	115	115	114	115	117	..
Exports	..	160	131	111	106	109	111	114	..
iii Quantum Index									
(1948-49=100)									
Imports	..	108	105	84	87	94	83	96	..
Exports	..	114	106	108	81	97	107	113	..
II Industrial Production									
i Cotton Cloth									
(Million yards)	..	340	363	406	426	427	432	441	416
ii Cotton Yarn									
(Million lbs)	..	109	121	125	129	129	128	136	132
iii Jute Manufactures									
(000 tons)	..	73	79	72	75	71	75	81	78
iv Steel (Ingots & Castings)									
(000 tons)	..	125	132	126	129	128	131	141	143
v Paper and paper boards (tons)									
..	..	10,993	11,459	11,642	13,795	12,698	12,706	13,252	..
vi Sulphuric Acid									
(000 cwts)	..	278	180	180	230	239	..	..	..
Index of Industrial production	..	117	129	135	146	141	147	150	146
(1946=100)									
III Fuel and Power									
i Coal Production									
(000 tons)	..	2,859	3,019	2,987	3,037	2,977	2,885	2,966	2,958
ii Coal Despatches									
(000 tons)	..	2,435	2,591	3,065	2,599	2,621	2,576	2,810	29,26
iii Electricity Generated									
(Million kwh)	..	488	516	599	613	640	629	633	..
iv Electricity Sold									
(Million kwh)	..	399	420	455	504	515	510	516	..
IV Industrial Disputes:									
Number of man days lost (000)	..	318	278	282	207	216	205	233	..
V Employment Exchanges:									
i Number on register at the end of the period									
(000's)	..	329	438	522	526	533	548	589	599
ii Number of vacancies outstanding at the end									
of the period (000's)	..	22	23	21	22	24	25	23	23
VI Inland Transport:									
i Railway Freight Ton Miles									
(Millions)	..	2,336	2,372	2,372	..	..	..	..	..
ii No. of Wagons loaded									
..	..	569	584	575	579	567	553	568	556
VII Public Finance: (Central Govt.)									
i Revenue Receipts (Rs. Lakhs)									
..	..	43.86	38.72	..	24.39	25.68	34.90	31.06	..
ii Import Duties (")									
..	..	11.31	10.67	960	9.60	9.93	10.67	10.57	..
iii Export Duties (")									
..	..	6.84	4.88	3.09	1.84	1.95	1.84	2.36	..
iv Central Excise (")									
..	..	7.66	6.30	7.85	9.34	..	..	..	..
v Expenditure on (")									
Revenue Account	..	23.69	25.67	18.79	15.11	8.95	14.61	16.05	..
vi Balances with Reserve Bank									
(Crores) *	..	210	175	110	87	1.01	1.16	1.30	1.38

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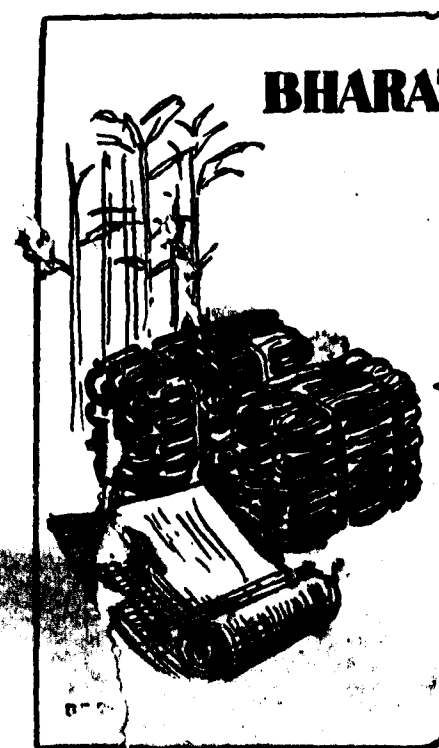
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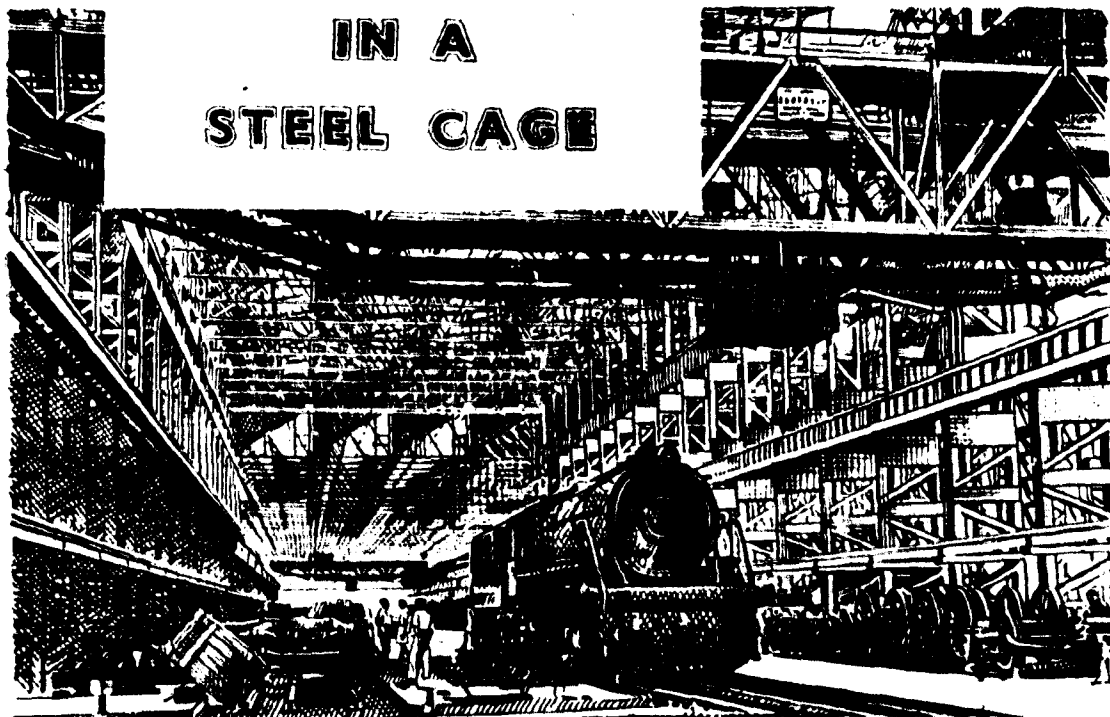


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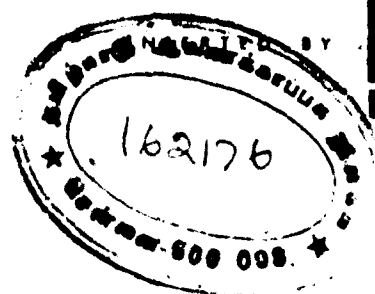


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