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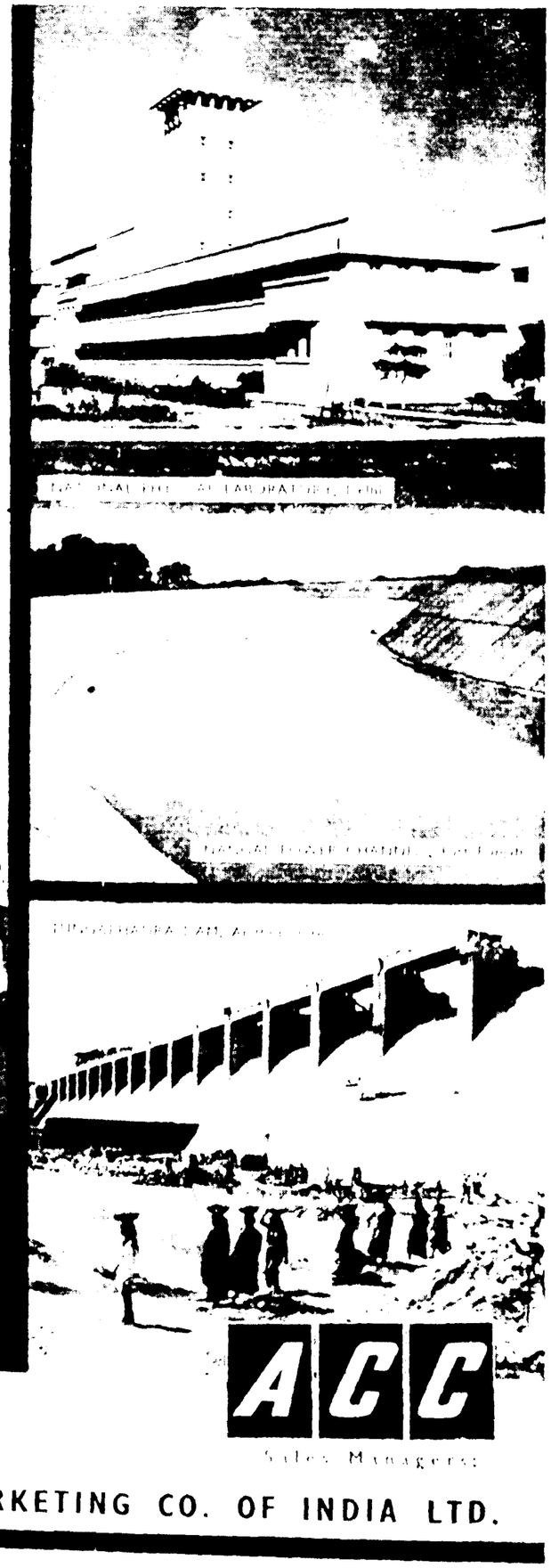
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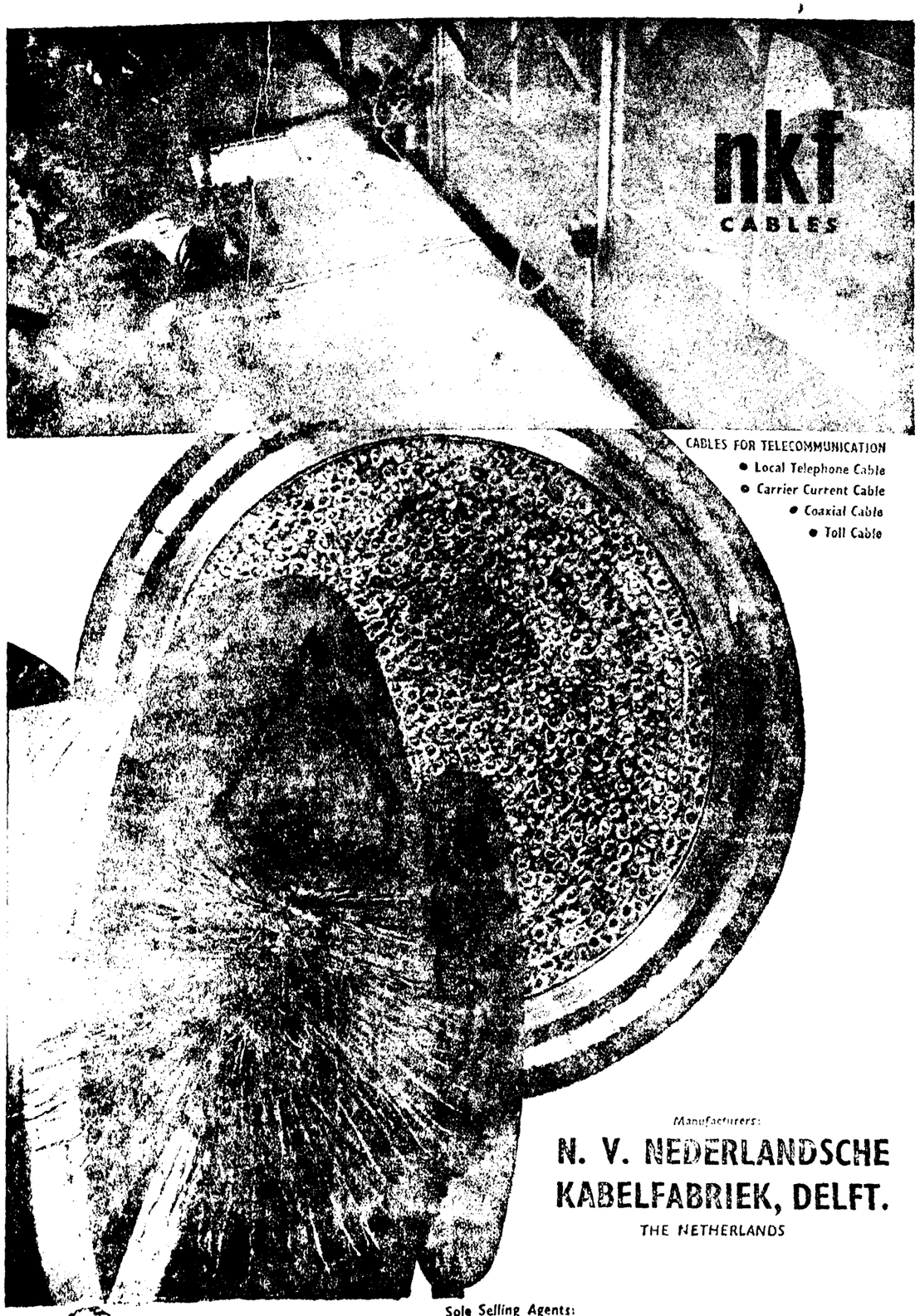


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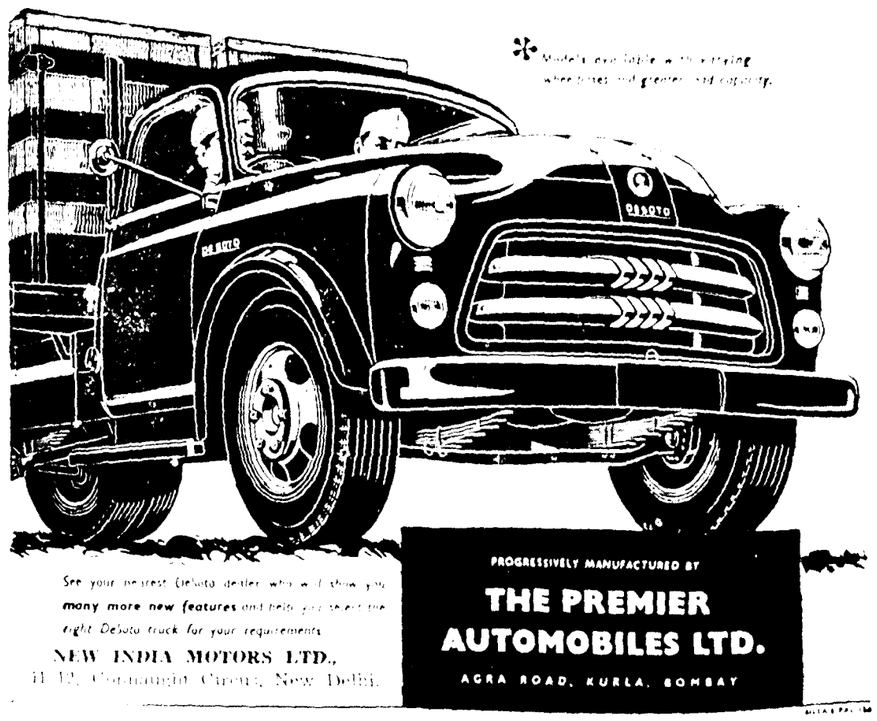
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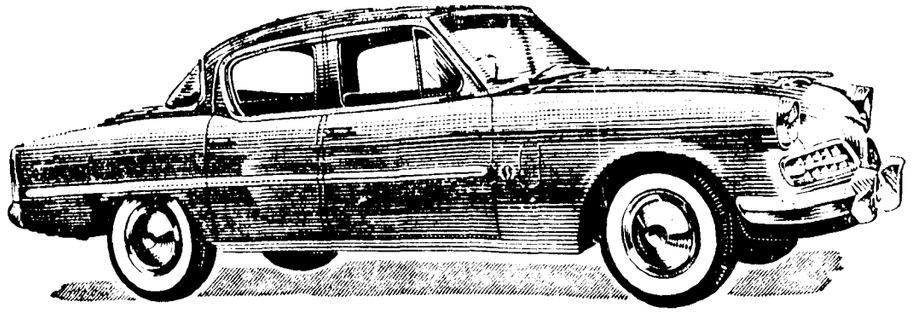
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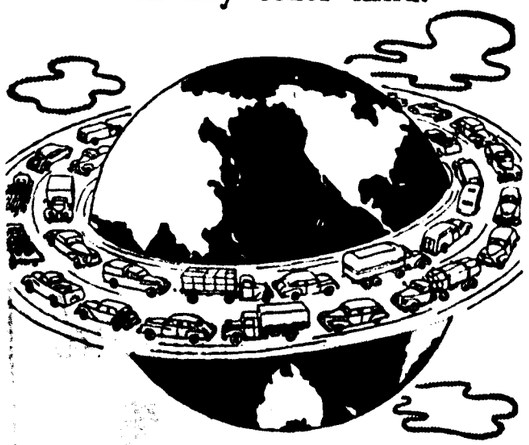
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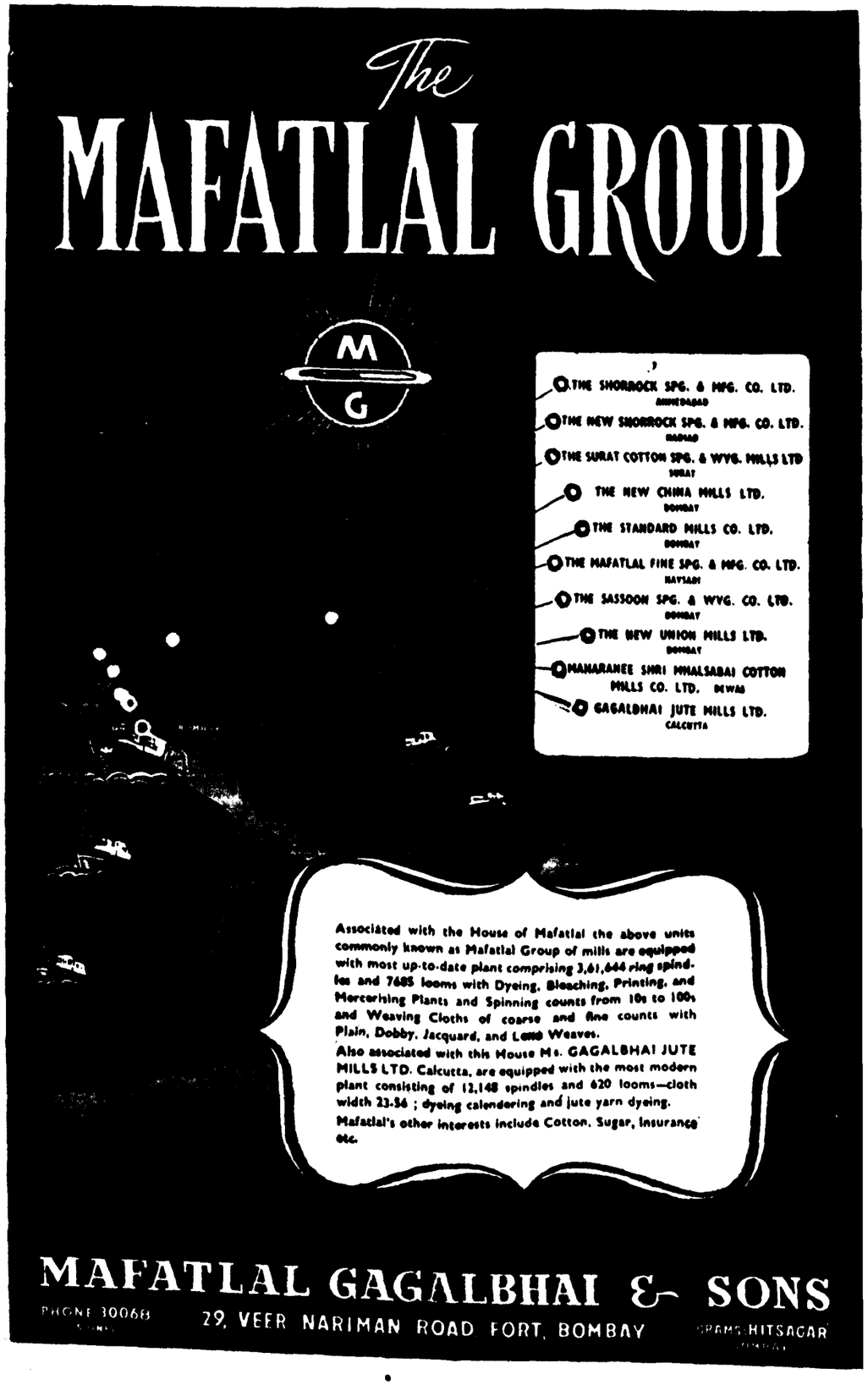
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THE EASTERN ECONOMIST ANNUAL NUMBER

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"INDIA IN SOUTH-EAST ASIA"

"I am a part of all that I have met;
Yet all experience is an arch wherethro'
Gleams that untravell'd world, whose margin fades
For ever and for ever when I move.
How dull it is to pause, to make an end,
To rust unburnish'd, not to shine in use!
As tho' to breathe were life. Life piled on life
Were all too little, and of one to me
Little remains; but every hour is saved
From that eternal silence, something more,
A bringer of new things."

—ALFRED, LORD TENNYSON
Ulysses

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"For even then, sir, even before this splendid orb was entirely set, and while the Western horizon was in a blaze with his descending glory, on the opposite quarter of the heavens arose another luminary, and for his hour, became Lord of the Ascendant."

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—EDMUND BURKE
Speech on American Taxation, 1774

"The Marxist-Leninist conception of the peaceful co-existence of Capitalist and Socialist countries is in full harmony with the fundamental Communist position that historically Socialism must replace Capitalism and that the present period of decaying Imperialism and of the general crisis of world Capitalism is also the era of great imperialist wars and proletarian revolutions."

—WILLIAM Z. FOSTER
Political Affairs, August, 1954.

Preface

IN its Annual Number 1954, "The Eastern Economist's" theme is 'India in South-East Asia'. Because of the narrowing of the area discussed, one might be tempted to place the themes of recent Annual Numbers in descending order of magnitude. In 1950 the theme was 'India in the World'. In 1952, it was 'India in the Free World'. In 1953 it was 'India in Asia'; this time it is only 'India in South-East Asia'. It may be admitted at once the canvas has been progressively reduced. But can it not be argued what has been lost in space has been gained in intensity? In South-East Asia we are at home. We are at home because India is more intimately a portion of South-East Asia than she is of Asia, of the Free World or of the world as a whole. There is here a more intimate historical bond. On most countries of South-East Asia, India has left a great and glorious impress. There are monuments in almost all these countries of thoughts and deeds which have come from our own. The monuments of Anuradhpura in Ceylon, of Borabodur in Indonesia and Angkor-Vat in Cambodia are only the best known monuments of India's great Epic Age. At one time or another the hearts of these countries beat in tune with ours. Where we have not left great monuments we have left, as in Burma, a great religious legacy. So far as Buddhism is concerned, this legacy to others has been greater than the original store. We gave all we had and left ourselves poor indeed.

ENCOUNTER: PAST AND PRESENT

It is good for us to travel over South-East Asia because here we find lost pieces of ourselves. And it is not only a matter of past giving. The need to give our thoughts to South-East Asia has come in altered form today. A thousand and five hundred years ago we gave more of our spirit; today perhaps we will need to think in colder terms. The challenge today to us is to make a positive contribution in the economic field. It will be remembered that in the Colombo Conference at the end of April, 1954, a memorandum by the Burmese Delegation on the need of economic co-operation was not considered because it was believed that it was inadequately supported by relevant economic data. Although six months have elapsed since the first Colombo Powers Conference, there has still been no concrete statement of the pattern of economic co-operation, which may become the base on which increased economic exchanges can be built between the countries of South-East Asia. It is hoped that this Annual Number, which presents for the first time a plan for economic co-operation between the Colombo Powers, will form a data paper at a future conference.

This week the Colombo Powers with some new friends are meeting at Jakarta for a conference which, whether it succeeds in any specific matter or not, is still symbolic of South-East Asian unity. The Conference is less important than the fact which has given it birth. This is the bond which is drawing South-East Asia into a single regional unit. It may well be that the policies of South-East Asia will not appear in a conspicuously centralised form for many years from now. But the fact that South-East Asia is being considered a political and economic aggregate by all countries seems to indicate that history has taken a firm decision on the formation of a new unit, which it is investing with greater economic and political strength.

COHESION FROM WITHOUT

As the story unfolds itself, this historical cohesion of South-East Asia out of two external pressures and one internal experience is constantly underlined. The internal experience was the common colonial impact whether under British, Dutch or French administrations which, in the fullness of time, bred nationalist movements and brought these countries independence. Historically, this is the largest common factor but, precisely because independence came out of nationalist movements, it was not a centrifugal, but a disintegrating, force. It is external pressure which has imposed a pattern of political unity on the South-East Asian community. Because some countries in South-East Asia faced some degree of internal disorganisation, they faced a challenge from Communism, with, in some cases, Communist parties entrenched within their frontiers. In that sense, the rise of the People's Republic of China was a new, and in part an unexpected, accretion of strength to local Communist parties. A wider grouping of powers has become necessary to meet this external pressure. To meet totalitarianism, South-East Asia has had to find a common faith as well as a common frontier. And since South-East Asia was weak even collectively, it has in part called in the West. This time the West is not laying siege to South-East Asia but to the Communist hinterland beyond it. But South-East Asia has felt the reaction to Communist pressure in the familiar guise of Western penetration. In part, this is a return of Imperialism; but happily because it is directed at the frontiers, Western aggressiveness is turned outwards and does not operate seriously within.

The story that is told in the pages that follow is essentially this description of this new world brought into being by pressure from without rather than by common colonial experience within. There is no doubt that there are wide differences in the outlook of the countries of South-East Asia. It is, however, the argument of the pages that follow that the needs of cohesion and coherence are greater than these disagreements and, as the days pass, the essential unity of South-East Asia begins more and more to take concrete shape.

INDIA IN SOUTH-EAST ASIA

Because India is very much the largest entity in South-East Asian community and because both economically and politically it is best able to formulate the principles of democratic philosophy on which both peace and stability might be based, it is natural, as well as historically necessary, that India should play the largest part in the counsels of this community. In this leadership there has happily been no attempt at inequality; the basis of exchanges have been throughout friendly, with Indian opinion expressed largely through the personality of the Prime Minister, whose persuasion can never be accused of relapsing into dictation. In the process of persuasion, we cannot afford to resist the claims of South-East Asia to maintain a position different from our own. Our influence in South-East Asia has thus not been greater than the influence of South-East Asia upon us. Within the South-East Asian community, action and reaction are equal and opposite. Perhaps that is the inevitable condition of a fruitful political equilibrium.

The moral of this Annual Number is that India needs to associate herself more closely with her friends in South-East Asia. This cannot be done unless we inform ourselves of the appropriate pattern of co-operation in this area, which at present we all-too-dimly discern. We need to speak the language of South-East Asia. It is a difficult language; it is the more necessary that we should give ourselves to its study with the passion and dedication which we give to our own.

PART I-A

A POLITICAL ASSESSMENT

India and South-East Asia: Then

ASIA, like Caesar's All Gaul, seems always to have been divided into three great parts. One of these parts, inevitably it seems, grouped itself round the Indian Peninsula. It is marked off by the highest range of hills in the world, the mighty Himalayas, at once the pride and protector of the land below. This area which may now be called South-East Asia—the theme of this Annual Number—has thus been built for separate development. Culturally and historically this region belongs to India, almost always the most important member of a wide range of changing peoples. Another great region in much the same measure has grouped itself round China. Until the rise of Japan, China might be said to have been the only great land of the Far East. Asia—without South-East Asia and China—formed a third part dominated largely after the tenth century by the restless spirits moving back and forth over desert and arctic soil. This residue, that is, Asia with South-East Asia and China and Japan abstracted, has always been a minor element in the Asian scene and has tended to be impressed by Europe as much as by Asia. In so far as any judgment can be made on this part, it may be described as the bridge between Asiatic Asia and European Europe.

THE INDIAN OCEAN

Nature has not only invested South-East Asia with a geographical unity by reason of the mighty mountains on its North; it has also given South-East Asia an ocean of its own. It is in the fitness of things that this ocean should be called the Indian Ocean, for it is dominated by the great peninsula which throws itself out, so to speak, into these great seas. The Indian Ocean has been the means by which India has reached out to other countries in South-East Asia, first to Ceylon then to Indonesia and later on to Burma, Thailand, Laos, Cambodia, and Viet-Nam, the Associated States of Indo-China. All these countries are washed by the Indian Ocean and as a result have caught, as if by infection, the great and spreading culture of India. That was before there was either an Iron or a Bamboo Curtain or the necessity of Containment. Indian thought overflowed; it could not be stopped at India's shores; it carried itself and rested where it would in lands nearby.

The cultural expansions of India in the great periods of Buddhism and Hindu glory have unhappily not found their way yet fully into documented history. It is known, however, that Asoka sent his missionaries to Ceylon and it is likely that Buddhism was established in Indonesia at about the same time. Sanskrit inscriptions show that somewhere about the year 400, Hindu, or Hinduised, kings were ruling on the east coast of Borneo, and that sacrifices were offered there by Brahmin priests; there is still, however, no definite knowledge as to how this came to pass. We know that, in the following two centuries, Hindu ideas were familiar in western Java and that in the seventh century Srivijaya, near the modern Palembang at the eastern end of Sumatra, was a great centre of Indian Buddhism. It was here that the Chinese pilgrim, I-tsing, was able to learn Sanskrit; so that a language has been translated as well as a faith.

GAIN AND LOSS

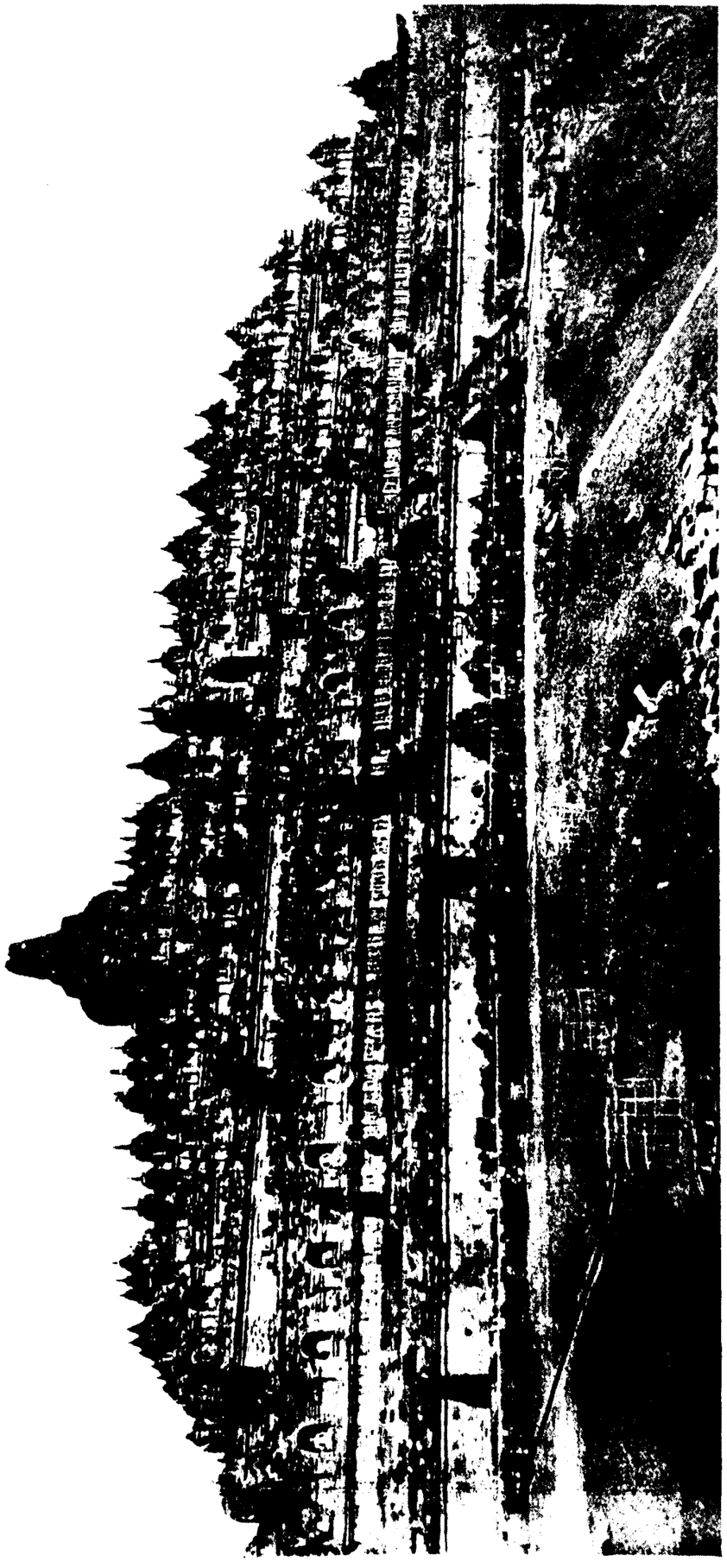
It is still difficult to assess the impact of Indian thought upon South-East Asia. There are great monuments both to Hinduism and Buddhism in Ceylon, in Indonesia, in Burma and in Cambodia. There are less important survivals in central Java and Sumatra, predominantly Indian in character though they comprise indigenous elements; the beautiful island of Bali and the whole structure of Indonesian classical dancing is a living monument to the impress which India has left in these isles of India, which is what Indonesia means. On the other hand, Indonesia is now Muslim and Ceylon, Burma and Thailand are predominantly Buddhist. The presumption must, therefore, be that in religious matters after the decline of Buddhism in India, the export of religious thought continued to decline. Buddhism spent its force in establishing itself abroad; it lost its abode at home.

What is significant about this trade in thought is there has been no great record of any return of the current to its native shores. An early Sailendra ruler did found a University at Nalanda in Bihar and a later one founded a similar institution in the Chola country in the South. But these were merely monuments in stone. There was no living thought which came back from South-East Asia to its great Indian source. In essence there was a cultural outflow of great magnitude but the interchange of ideas—in the sense in which the words are used in our time—did not appear in two-way form. The outposts of the Indian cultural empire were not feeders back to the home country.

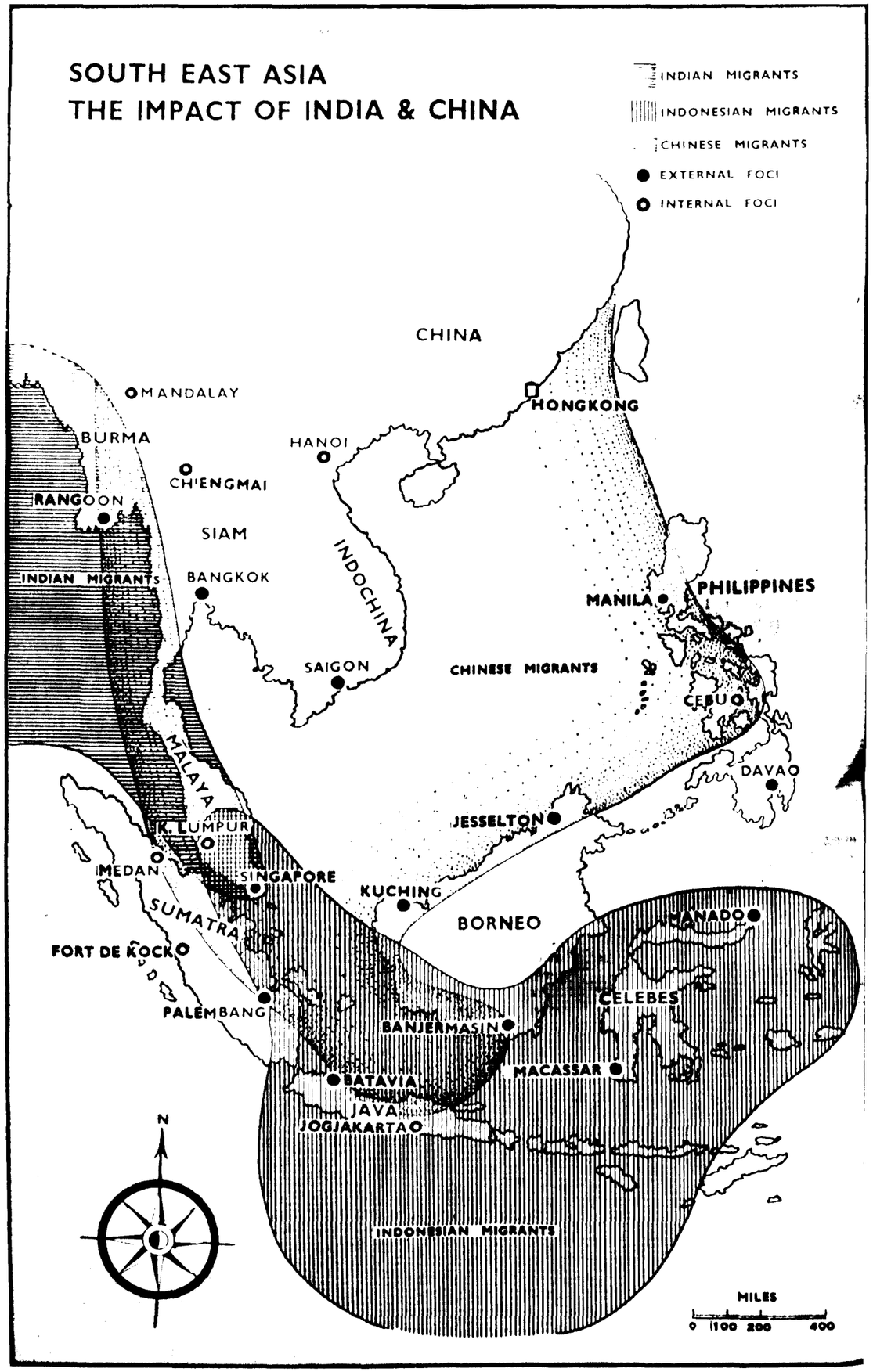
INDIAN IMPERIALISM?

This is what distinguished the rich Indian Imperialist Age from the hard and destroying forces of Metropolitan Imperialism in the nineteenth and twentieth centuries. There is evidence enough that until the tenth century there was active trade particularly in cloth between South-East Asia and India. But there was never a colonial nexus similar to that by which an economic drain was imposed upon South-East Asia in the nineteenth and twentieth centuries. There was no Imperial Central Government and no symbols of empire. There was merely the warm, and sometimes passionate, urge of the Indian people to carry their message abroad and to sow the seed in ever-widening fields.

While Indian culture was thus penetrating into lands beyond, it was only aggressive to the extent that it planted a vital, and therefore capturing, thing. India can claim in this period that she gave protection to South-East Asia. Albeit unconsciously, for something like ten centuries South-East Asia was preserved by India from another aggressive culture. For, while Buddhist and Hindu thought was working its way in South-East Asia, Chinese influence, less peacefully, was working round the other way. In the conflict of ideas, India won. Indian culture halted that of China in these lands of South-East Asia. And today, in a sense, India has the same mission of keeping South-East Asia out of China's cultural and political fold. It is good, because of this, to remind ourselves that we made it possible for South-East Asia to rest tranquilly behind the Indian cultural shield.



Stupa of Borabodur, Central Java
A View from the West.



India in South-East Asia: Now

THE cultural conflict between India and China which stands as a background to the history of South-East Asia has its reflection in somewhat altered form in the pattern of today. The ideological differences in politics and economics between China and India are the counterpart of the cultural differences of centuries that have passed. South-East Asia stands in some small sense, betwixt and between; and there are internal differences of degree. It is still, however, permissible to speak of South-East Asia as arrayed on the Indian side. But, just as history in the past has not drawn firmly the frontiers of Indian and Chinese cultural influence, so today the political situation must be considered fluid at least at one point. There is one country of South-East Asia in which the penetration of China has been grave and deep.

INDO-CHINA

This point is Indo-China. As its name connotes, Indo-China was the area where Indian and Chinese influences have always met in an uneasy equilibrium, with neither side excluding the other. That uneasy equilibrium, which has endured in the difficult post-war years, has now been brought to a head by the Geneva settlement. By this settlement a portion of South-East Asia was ceded to Viet-Minh which, under present circumstances, must be reckoned as ceded to Chinese influence. Whether a new line will be drawn somewhere further back will depend on the Viet-Nam elections of 1956. But the broad possibilities are that Viet-Nam will come under a regime not unlike that of Viet-Minh. This will be a withdrawal of the South-East Asian frontier as a whole.

This has been no unmixed evil. It will be remembered that it was the Indo-China problem which first brought the political Colombo Conference into being. The proceedings of the first Colombo Conference held in April 1954 have done much to integrate thinking in South-East Asia on the threat that is now added to its security by the fact that the People's Republic of China is poised on its northern frontiers with an army of possibly ten million men. Whether or not the military superiority which the People's Republic possesses will be exercised, the fact remains that South-East Asia believes itself to be insecure. It is natural that under these circumstances there should be more coherence round the one country in this area which has traditionally halted China's advance in this area. The rise of China has, therefore, paradoxically, meant the rise of India in South-East Asia.

CO-EXISTENCE: PEACEFUL AND OTHERWISE

In this conflict of ideas there is no farewell to arms. In the century in which Indian and Chinese cultures met in South-East Asia and freely mingled with each other, there were no great ideological or political differences which made the deployment of military power a necessary, or even a profitable thing for either side. Today military power is central to the outcome. Since the People's Republic of China has cast away a culture of peace, it is prone to turn its face away from peaceful things. And thus the ideological conflict between India and China which could be peacefully prolonged over two thousand years has one new dimension. Peaceful co-existence means different things in our time.

Not, indeed, for India which has had the good fortune to have reinforced its doctrine in our generation by a great lesson in ahimsa. But while India was practising her new lesson in satyagraha, China's rulers were practising the arts of war. In those arts they have attained their eminence. It is not unnatural, therefore, that their doctrine of co-existence is different from ours. To India and to South-East Asia the philosophy of co-existence is an expression of an ardent desire for peace irrespective of the consequences which might flow in the short or long periods from abstention from violence. As Mr. William Z. Foster points out in the quotation on page 1026, in the Communist conception, peaceful co-existence is really a temporary abstention from violence only because it is believed that the non-Communist world will be rent by imperialist wars and proletarian revolutions. There is here the difference between Faith and Expediency. And, here as elsewhere, South-East Asia sometimes stands betwixt and between.

It may be that we in India are wise to accept Chinese assurances or to reckon on the period of peace being long enough not to require now large military defence preparations. But this is not the feeling of most countries in South-East Asia. It is to be remembered that Pakistan, Thailand and the Philippines are already members of SEATO, a global alliance designed to contain the People's Republic by force of arms. While India has greatly influenced Burma and Indonesia in the acceptance of the Five Principles, her passive neutrality in this matter is not a philosophy suitable for export to other countries of South-East Asia. For some countries, a desire for peace means a preparation for war.

Thus in South-East Asia at the present time there has come a major split on the character of security policy. While India's views have naturally received the weight which attaches to the largest, and obviously most influential, country in this area, there are enough qualifications on Indian neutralism from our friends to make some impress upon Indian policy itself. Here is a new departure. There was no two-way traffic in our ancient relations with South-East Asia; today action and reaction are almost equal and opposite.

GIVE AND TAKE

India's association with South-East Asia has thus given rise in our time to relations structurally different from those which belonged to the early period of our history. In the first place, the traffic of ideas has moved away from the cultural path and is now formally centered on politics and economics. Secondly, the structure of thinking in South-East Asia on the most vital question of all, security against Communism, particularly as represented by the People's Republic of China, does not form that single pattern so characteristic of the first ten centuries of the Christian era. Thirdly, the divisions and divergencies in South-East Asia are now in the form of a true interchange of ideas by which Indian ideas, reaching out into the Indian Ocean, come back often charged with disagreement. We should rejoice that, in this respect, we are now more equal partners with South-East Asia than we have been in the past. Today it is more blessed to receive than to give.

A Common Faith

WHAT are the sources of the South-East Asian unity beyond the geographical proximity which marks off the countries of South-East Asia from the great land mass to the North? History has happily taken two substantial steps in the direction of reinforcing unity. The first of these bonds, perhaps the stronger of the two, has come about through South-East Asia's being the field, par excellence, for Metropolitan Colonialism. Since Vasco da Gama landed at Calicut on May 17, 1498, until the great independence movements of 1947 to 1950, South-East Asian nations shared the common experience of being the playground of Metropolitan Colonialism in the hey-day of its power. As a consequence there was bred inside the minds of South-East Asians a common passionate feeling against colonial administrations. This was the negative side of the picture. But it developed in time into a positive, and much more vigorous, thing.

NATIONALIST MOVEMENTS: UNITY WITH DISUNITY

The positive pole engendered by opposition to colonial administrations took the form of nationalist movements; there was thus deployed over the whole of South-East Asia a single set of ideas, which flowed from the fact that the right of self-determination was asserted to belong absolutely to the peoples of this area, that is, not to be limited by accidents of foreign rule or by the vested interests which took shelter behind it. These nationalist movements developed a democratic philosophy because that was the most convenient base on which public opinion to eject the foreigner could be extended. While this common acceptance of a democratic philosophy was a source of unity, its expression in the form of national administrations has not necessarily worked in the same direction. And thus, paradoxically, history sowed disunity with unity and this very application of democratic principles on a national scale involved some restriction of South-East Asian union.

It was one of the inevitable consequences of the growth of nationalism that each country as it grew to power should be jealous of its sovereignty, even to the point of imagining possible incursions upon its rights by neighbouring countries. In this psychological hangover of the Colonial Age, it was not unnatural that the largest of the powers in this area, which was India, was assumed to be the power most likely to exercise pressure on the others. In a sense, India emerged from the freedom movements of South-East Asia as the country most suspect of exercising its newly won power for the extension of its interests in an area, which long before Metropolitan Colonialism, had been so markedly its own.

It should be reckoned as one of the major successes of India's foreign policy that it has dispelled these apprehensions. In a matter of half a dozen years it might be fitly stated that the fear of India as a potential source of disunity and limiting the possibilities of democratic co-operation between the States has disappeared. It was true that it has taken time for an independent conference to underline the fact that the five major States favoured direct consultations rather than larger conference through the councils of the Commonwealth or in the Colombo Plan. But at least it can be said that once begun at Colombo these consultations look like gathering speed. Already another conference is being held in Jakarta this week. And no one need doubt the fact that these meetings are on a basis of complete unity in which India ranks no higher than any other member. The apprehension that India would dominate South-East Asia, which was an illusion in the minds of other countries, has now been dispelled, it would seem for all time. On the whole, these conferences are promoting a new form of political and economic unity amongst equals.

This is not to imply that the course of consultation amongst the Colombo Powers has been free from major differences on particular items of policy. Indo-Pakistan relations have not been improved as a result of the Colombo Conference in April this year. And yet, an unbiased observer might hold the meeting of the Prime Ministers of India and Pakistan in Colombo, even though it produced some acerbity in debate, has cleared the air for a discussion of differences in a frank and open manner. As the year ends, a future meeting of the Prime Ministers after the Jakarta Conference is being planned, and it might be said that while the new machinery for consultation has not yet had a profound effect on improving inter-State relations, its potentialities have already been proved.

Out of the discussions of the Colombo Conference two major principles of unity have appeared. The first of these is a clear determination to resist Communist infiltration in this area. The historical forces which have gone to the quick recognition of possible Communist aggression are perhaps not expressed as vocally in India as in the opposition to a return via anti-Communist defences of the United States and other colonial powers. But this is only a matter of words. There is, perhaps, an undue reluctance to describe the greater evil lest too strong a condemnation of Communism should encourage encroachment by the non-Communist side.

And thus, curiously, the pressure of Communism which should have produced only unity has, like the nationalist movements, tended to produce some element of disunity, by reason of the different outlooks of the nations of South-East Asia in regard to alliances with the democratic powers. India, Burma and Indonesia are predominantly neutralist in approach while Pakistan, Thailand and the Philippines are certainly otherwise inclined. In effect, therefore, while the whole area stands four-square against the People's Republic of China in terms of a possible military attack, it is not uniformly convinced of the need of supporting the West in military measures to further Communist containment.

PLUS AND MINUS

To sum up, the position in regard to the unification of South-East Asia has signs both of plus and minus. A vital bond which has risen from the nationalist movements of the countries expressing themselves in a democratic way has given rise to a common faith in all these countries. Secondly, the common insecurity which the countries in this area feel because of the great accretion of military strength to the People's Republic of China has been a new binding force. There are, however, limits in both cases, and particularly in respect of importing assistance from the West to defend itself against the new Communist pressure. Thus while South-East Asia forms a single piece politically —to which the Colombo Conference in April 1954 bears witness—there is no need to contend that that unity has no room for a divergence of opinion both on philosophical and military grounds. The differences in philosophy are to some extent the product of differences in proximity to the sources of military danger. To some of these differences, as well as to the consequences the next article 'A Common Frontier' is devoted.

A Common Frontier

BESIDES their common faith, the countries of South-East Asia have a common frontier. This frontier is part of the envelope of the whole area made up of those lines in national frontiers which border on the Communist countries. More specifically, these are portions of the borders of Pakistan, both West and East, the Indian northern border adjoining Tibet, the border of our Frontier Agency, the Burmese border with China, the border of Thailand and the more uncertain lines of Laos, Cambodia and Viet-Nam. Since the Communist powers are not yet important upon the sea, there is at the present time no sea frontier which is of equal importance. And thus the common frontier of South-East Asia is an unfinished line and not a closed curve. It is essentially a frontier of defence against the People's Republic of China.

DEFENCE: INTERNAL, NOT EXTERNAL

It is not often that the strategic problem of South-East Asia is set out in these terms, and, indeed, the common frontier of South-East Asia with the People's Republic of China does by no means represent even a significant proportion of the national defences deployed inside the area. For example, both India and Pakistan conceive their defence largely in terms of the military strength of the other with the common frontier barely considered as a factor in determining armament in the short period. It is true that Pakistan is also a member of SEADO which has as its purpose Communist containment. But there is no evidence even in this case that Pakistan's contribution is likely to be large. Again, in the case of Ceylon, an island set in a friendly sea, there is no significant defence apparatus of any kind. This applies with almost equal force to the islands of Indonesia. Except in the event of Chinese occupation of Thailand and Malaya, the defence of Indonesia does not seem to call for any deployment of troops on the common frontier of South-East Asia. Burma has some troops facing Chinese guerillas in its area. But, paradoxically, these belong not to the People's Republic of China, which is a potential enemy, but to Nationalist China which, in this context, is a potential friend. Thailand alone of the countries of South-East Asia is exclusively occupied with the Chinese threat. Thus it would appear that while there is a common frontier to South-East Asia, it is honoured more by neglect than by observance. This makes it look as though the apprehensions of the peoples of South-East Asia are not really directed against the People's Republic. This, however, is by no means the case. It is possible for South-East Asia to take a limited view of its obligations to defend itself only because it is known that the Free World is providing the whole apparatus of Communist containment.

In the three articles which follow which set out the Balance of Power between the Free World and the Communist world in respect of South-East Asia, it is necessary to recognise that both pressure and counter-pressure are maintained in equilibrium by military forces outside the area with merely marginal forces inside capable of delaying actions. In that sense, the common frontier of South-East Asia is maintained by two large intangible forces which need to be reckoned in. The first of these is the virtual certainty that the Charter of the United Nations would be invoked if any country in this area is attacked by Communist forces. The second is the fact that the defence of South-East Asia has necessarily to take into account not merely Chinese strength but that of the entire Communist bloc.

ONE WORLD

South-East Asia thus emerges as merely one small unit in the great canvas of global strategy. For the present, however, it is probably the most important unit in the world. The time has now passed when Communist forces could overrun Western Europe without being stopped anywhere for any significant period of time. Therefore the chance that an attack will be made on Western Europe has reduced itself almost to nothing. A similar, though perhaps not equally definite, conclusion can be drawn about an attack on the Middle East. The position in South-East Asia, however, is by no means as reassuring. While the capacity of the Communists to make war on South-East Asia is limited by their capacity to hold their ground both in the Western Europe and the Middle East, there is the dangerous possibility that there might be fought here a limited war—as in Korea—in which the Western Alliance would not be able to act on Russia by reason of the fact that the USSR might, as in Korea, claim to be neutral.

It is this consideration that a war on South-East Asia might not be global which makes regional South-East Asian defence by the Free World a nesessary thing. It is not an academic exercise to postulate an attack by the People's Republic of China, with all other Communist countries held back. With ten million men under arms and a capacity to deploy some millions along the Eastern frontier of South-East Asia there could well be a Communist occupation of all countries east of India in a matter of a month. Unless defences can be established quickly to hold this advance there might well be a repetition of the experiences of 1942 with China replacing Japan.

Those who argue that no external defence is required for South-East Asia do not deny the point that the People's Republic of China is at present capable of a quick conquest of this area. What they allege is that, for many years to come, the People's Republic of China would not risk a global war because of the possibility of a defeat in the long run for the dubious advantages which can be gained by a short-period occupation. Those who argue that the Chinese have no intention of so acting are also taking into account the restraint which Moscow will exercise at a time when it is known that superiority in atomic instruments of destruction lies in the Free World's hands.

There is much to support this view, held predominantly by India, that additional regional defence for South-East Asia is redundant for this reason and for this reason alone. But, while there is force in this contention, there is nothing in the record of Communist philosophy to support the view that peace with the Communists is a principle of life. Framers of Communist doctrine have made no secret of their objective or of their tactics. Their supreme objective is the establishment of their particular organisation of society throughout the world. The making of war in conditions when its hazards are not greater than its advantages is a definite tool in the Communist armoury.

PEACEFUL CO-EXISTENCE?

Peaceful Co-existence means to the Communists, therefore, a different thing from what it means to us. It is neither Peace nor War. Lord Strang has recently described this state of affairs as "Co-existence with Conflict". It is as good a description as any. It implies there is room for negotiation but none for complacency. It is wise to hope for peace whilst being prepared, by our own strength as well as that of our allies, for any contingency.

Why China?

IT is the argument of the previous articles that it is the People's Republic of China which is menacing South-East Asia. This may seem a strange conclusion and, indeed, at first sight it is anomalous in more respects than one. In population, South-East Asia exceeds the population of mainland China by about a hundred million, although the population of mainland China, now computed at 574 million, is formidable enough. Secondly, in agricultural production, particularly of rice, South-East Asia is far more important than China which has no normal exportable surplus. China's occasional surplus of agricultural produce is largely a measure of low nourishment within. Thirdly, in the industrial field, not merely is the production of India alone greater than that of China, but South-East Asia has sources of industrial material which make China's industrial potential look niggardly in comparison. It is to be remembered that South-East Asia has practically all the world's rubber and much the greater portion of the world's tin. It has also significant quantities of strategic materials of all kinds from oil for industry to monazite for atomic fission. In per capita national income China stands lowest in the world. Whichever way it is examined, therefore, South-East Asia should be much the stronger unit than the People's Republic in military or industrial terms.

A PROBLEM OF FAITH

The fact that this is not so in military terms cries out for explanation. The explanation is almost entirely to be found in terms of a passionate faith. South-East Asia, inheriting from India the great tradition of tolerance, has not been able to work itself up into a fever in defence of democratic ideals in any way comparable to the passionate faith which the People's Republic has now found for itself. The People's Republic of China has become aggressive largely because of this new-found religion, awakening in some sense a parallel with the great dynamism which Islam gave to Muslim countries in the period of its early development. Christianity, too, has had its crusades. But it is fair to say that there has been no religious crusade as aggressive as the crusade of this materialist religion, which Marx invented and Lenin translated into deeds.

THE POWER OF UNITY

In addition to the tremendous dynamism which has followed in the wake of the advent of Communism in the People's Republic, mainland China has now the unique advantage of an overwhelming unity such as China has never previously had in all her proud history. The mobilisation of 574 million people under a single government, administering by decree and by all the weapons of ruthless totalitarianism, is obviously capable of achieving in the short period much more than a group of nations still significantly divided amongst themselves. The power of unity alone would make 574 million men more effective as a war machine than South-East Asia's larger population. For, some of this latter population is pitted against its friends in South-East Asia instead of being directed to the common enemy without.

POTENTIAL FIFTH COLUMNS

The People's Republic of China has not only the great advantage of a vast population mobilised now under a single central administration. Traditionally, the Government of China always attracts to itself the loyalties of Chinese overseas. There are over 12 million Chinese spread over the whole of South-East Asia, and few of these have taken the single nationality of the countries in which they reside. A form of dual nationality which covers most of the others leads always to the fear that in the event of any act of aggression of the People's Republic, South-East Asia will have a powerful fifth column within. It is to be remembered also that, in terms of efficiency, whether at clerical or at worker's level, the efficiency of the Chinese in South-East Asia is greatly in excess of all other peoples. Largely as a consequence of this capacity, Chinese trade and commercial interests are very powerful in Indonesia, Malaya and Burma. In Indonesia in particular this Chinese ascendancy in trade has awakened a deep misgiving. Similarly, in Malaya the vast Chinese population acts as a major obstacle in the way of democratic government. The fear of the Chinese in Thailand amounts to an obsession. There is over the whole of South-East Asia, therefore, an opportunity for the exercise of fifth column activities which South-East Asia in its own defence dare not ignore.

THE DEPLOYMENT OF ECONOMIC RESOURCES

It is obvious that, since South-East Asia has opted for democracy, it cannot act with the totalitarian ruthlessness of the People's Republic. What it therefore loses in the effective mobilisation of manpower, it must seek to attain by the successful employment of economic resources. Fortunately, here it takes a far higher place. Not merely has South-East Asia enormous advantages in material resources, but it also has its contacts with the Free World by which the techniques of production can be increased manifold in a comparatively short time. It is quite certain that this advantage, if properly utilised, will enable South-East Asia to eclipse the People's Republic in terms of economic and social advance.

THE NEED FOR INTEGRATION

To say that South-East Asia has these tremendous advantages over the People's Republic of China is by no means to imply that it has already undertaken the measures to translate its potential superiority into deeds. Very much the contrary is the case. The pattern of development of most of the countries of South-East Asia still follows what might be described as a colonial pattern, that is, an undue emphasis on the production of raw materials for Western industrialised countries and an undue dependence in international trade on just these exports. It is obvious that there is room not merely for greater industrialisation in this area but also for a new pattern of trade by which greater use is made of the resources of the region within itself.

WANTED: A PLAN FOR SOUTH-EAST ASIA

In short, what is required is a plan for economic integration for South-East Asia. There has been much talk in the last few years about such a plan. But beyond the few and halting measures included in what is called the Colombo Plan, no scheme of economic development of this area has yet been formulated except loosely in the form of national plans. If South-East Asia is to measure up to the People's Republic of China, it is obviously necessary that a plan for economic integration should be immediately prepared and set quickly into action. Such a plan is presented in Part I-B of this issue. It is dedicated to the peoples of South-East Asia as a means not only for their own development but also as an instrument which will help them to look the People's Republic in the face.

Why the United States?

IF South-East Asia feels a major pressure from the People's Republic of China, it is also true that some countries in this area feel a minor pressure from the United States. The expression of this pressure, at least in some of these countries, is to be found in SEADO—an organisation for the defence of South-East Asia—in which the predominant role is not played by Asian countries. Again, even before SEADO came into existence, the United States concluded with Pakistan a military agreement under which it is believed that Indian interests have been seriously jeopardized. It has been claimed on behalf of both Pakistan and the United States that this treaty was not directed against India but formed part of the United States programme for global Communist containment. While this might have been true as a description of motives, it cannot possibly evade the fact that it has had a deeply disturbing psychological effect on some South-East Asian countries in the direction of raising fears of new Western Imperialism.

NO AMERICAN IMPERIALISM

In point of fact, neither SEADO nor the conclusion of the Pakistan-USA pact can be described as Imperialism. At least this is not Imperialism in its traditional sense of a government imposed from without and operating without the consent of the countries in which it is based. Both Pakistan and Thailand have called in the United States rather than the other way round. Besides the United States, because it gives rather than takes is different from 19th century imperialism that always took more than it gave. It is the characteristic of American Alliances—or Dollar Imperialism as its critics describe the system—that it involves a new outlay of American resources sometimes running into billions of dollars. The restraints which come from the exercise of this pressure are totally outside the economic field.

Nevertheless, the United States has, in the process of developing this policy of containment, limited certain freedoms in South-East Asia as a whole. The assistance given to Pakistan has led to a greater division between India and Pakistan. The assistance to be given to the Philippines and Thailand via SEADO has not been approved fully by Burma and Indonesia. It is not that Burma or Indonesia fear an attack from Thailand, but it is embarrassing to some of these countries of South-East Asia that neighbours have aligned themselves with a leading member of one of the blocs and are therefore reducing the potential neutrality of the whole area. Thus, while the intention of the United States has been to provide defence only against the People's Republic of China, in point of fact, it has induced rifts within.

EXCESSIVE HASTE?

Whether the policy of containment could have been set out without these rifts is a matter for debate. The United States has, however, acted before any debate on this point. There is no virtue in this excessive haste. It is obvious at the present time that this disregard of the differences which its policy has generated within the South-East Asian framework is one of the sins of excess. As a consequence at the present time the larger countries of South-East Asia have developed an anti-American outlook, which has tended to detract somewhat from the political unity of the whole Free World. Since no chain is stronger than its weakest link, the weakening of the unity within this area has been a weakening of the whole world.

To describe American pressure in these terms is by no means to place the United States in the same position as the People's Republic of China. It is to be remembered that the United States is so comprehensive in economic terms that it has no major avoidable economic interests in South-East Asia from falling into the hands of powers unfriendly to the United States. In Part I-B of this issue, the pattern of economic relations between South-East Asia and the United States is set out in a form which makes it plain that the incursion of the United States in this area cannot be primarily connected with her economic interests, except perhaps in a preclusive sense; although, there are strategic materials, particularly rubber and tin which she will need from this area. It is essentially in the pursuit of a policy of Communist containment believed to be immediately necessary, that the military apparatus of SEADO has been designed.

WANTED: A NEW RELATION

When the excesses of American policy in this area have been described and when their cause has been adequately explained in these terms, the appropriate relation of South-East Asia with the United States can perhaps be appreciated. It is possible, because of the overwhelming naval strength which the United States can employ in South-East Asian waters for military pressure, much greater than that now exercised, to be placed upon the countries in this area. The fact that military pressure of no significant kind has been placed upon most countries in this area indicates that the pressure is not in fact upon the area itself but is only a compressed ring of a pressure round the Communist perimeter which exists to the North.

THE NEED FOR PERSUASION

It may well be that the United States is mistaken in its fear that an early military assault is impending. There appears to be no ground for believing that the People's Republic of China, while aggressive enough because of its Communist faith, is anxious to endanger at once its own consolidation by a rash incursion into a total war. It is because of this miscalculation of the timing of Communist aggression in Asia that the evaluation of the South-East Asian military position in the Pentagon appears to be mistaken. We cannot ignore the United States because of this mistake, since United States assistance is necessary in order to make up for the South-East Asian deficiency in defence; it is the part of wisdom of South-East Asian statesmen not totally to alienate the United States but to persuade the United States in the true democratic tradition that its evaluation of Communist intentions is mistaken in time. There is ground for believing that this excercise of democratic persuasion between the South-East Asian countries and the United States is an exercise from which fruitful results might accrue to both sides. Already with the creation of the new funds for Asian development there is a broadening of the base for economic co-operation. Resentment with the United States should not lead to any disruption in relations, political or economic. That would be only to empty out the baby with the bath.

Conclusion to Part I-A

"TO be weak," said Thomas Carlyle, "is the only true misery". As this story has unfolded itself, it has become clear that the problems of South-East Asia have arisen because South-East Asia is weak, and that is truly the story of her misery. If South-East Asia was militarily strong enough to face the army of the People's Republic of China, she would not have allowed herself to be split by a discussion of the kind of policy which would best succeed in warding off a possible Chinese attack; it is thus because South-East Asia is weak, she is divided. Again, because she is weak she has had in part to seek the protection of the arms of the Free World, thereby inviting Western participation in an area which, after the great independence movements, should have been administered by Asians themselves. In other words, the two great pressures which bear upon South-East Asia at the present time are directly the result of her military weakness. The remedy for both the pressures is the same. It is for South-East Asia to make itself militarily strong.

THE ENEMY

On the face of it, there seems no reason why South-East Asia with a standard of living so much higher in per capita terms than that of the People's Republic of China should not be able in time to maintain armies which, in a defensive operation, could hold Chinese strength. The real difficulty about such a plan of action is the fact that three major States in the area, India, Burma and Indonesia, do not place a high priority on a defence operation of this kind. Now that the People's Republic of China has become a signatory of the Five Principles, one of which excludes an attack of this kind, it may, perhaps, be legitimate to assume that the danger is somewhat less. But the value of the treaty is no greater than the honour of the parties that have signed it. Assuming the People's Republic of China intends aggression in South-East Asia, it cannot be believed that a treaty based on these five, or on any other, principles will debar it from action. In any case, there is no one even in the neutralist areas who is prepared to display absolute trust in the Five Principles. We are trusting to a large extent, but the Prime Minister was expressing the opinion of all when he said that there could never be hundred per cent trust in any nation.

The conclusion which this discussion has reached is that, for the purposes of the security of South-East Asia, there should be the minimum of reliance on outside forces. In this context, we should not be drawn unduly against the potential enemy or unduly towards our over-anxious friends. The security of South-East Asia must be considered at the earliest possible moment as a regional, and not a global, responsibility. It is always open to South-East Asia to utilise for purposes of regional defence such alliances as are necessary to withdraw enemy forces from our particular area if a frontal attack here should take place. But this requires no special negotiation as the Charter of the United Nations makes an act of aggression on the countries of South-East Asia a cause for security action by all signatories of the Charter.

A REGIONAL DEFENCE PACT

It should be obvious from the discussion that has already taken place that the remedy for the existing situation in which South-East Asia has its movements restricted from two sides, one by a potential aggressor and the other by a potential ally, is at the earliest possible moment for an alliance amongst its members to meet if necessary by military means an attack by any country on any member. As we are constituted at the present time with numerous nation States with many reservations to total defence, this implies in the first place an evening out of internal differences particularly the differences between India and Pakistan. It also implies the development of a sense of common purpose by frequent political and economic co-operation, so that in the shortest possible period the industrial and military potential of the South-East Asian countries is built up on a scale equal to that of the People's Republic. When it is remembered that the People's Republic has built its present strength in a matter of about five years, it would seem that a plan could reasonably be made to strength South-East Asia, in these terms in a period of a decade. What is required for this purpose is, above everything else, a new determination to plan for this objective at once.

WANTED: A PLAN FOR SELF-HELP

It would appear that during this period of ten years an alliance not very dissimilar to SEADO will be required to make absolutely sure that South-East Asia is not taken by surprise. If the form of a military alliance were such as to provide these guarantees without in any way importing excessive Western influence into the South-East Asian system, there might possibly be an immediate solution of this problem. It is for the Colombo Powers, who, in the main, are critical of the SEADO approach, to evolve a pattern of military defence which gives, particularly to the Philippines, Thailand, Burma and Malaya, the requisite security.

In conditions in which war is waged at the present time, the necessary condition for self-defence is the development of industrial production so that in the last analysis most of the instruments required for effective defence purposes are available within the area. Within a period of ten years from now a significant advance can be made in the development of our defence industries. Steel production in India could be raised to support most of these defence industries; the balance of payments of the whole area could be utilised to finance necessary imports of special aircraft which might offset the military assistance which the People's Republic of China receives from the USSR. It is practicable to prepare a ten-year programme to provide defence in South-East Asia which would be adequate to meet any conceivable attack from the People's Republic of China. In Part I-B which follows there are set out in some detail the economic co-ordinates of this area in a form which, it is hoped, will help the formulation of a regional plan for economic development and military security. This is only a draft outline. It is intended to focus thought on the subject and not to frame a final picture.

FAITH ABOVE ALL

In the last analysis there is no line between politics and economics and morals; there is, indeed, no fast line between spiritual and material things. We will need the arms with which to fight our enemies. But we will also need the spirit with which to inspire the men who are to wield the arms. In this sense the defence of South-East Asia is as much a spiritual as a material challenge. All things are being tested, our faith in others and in ourselves above all.

Co-existence with Conflict

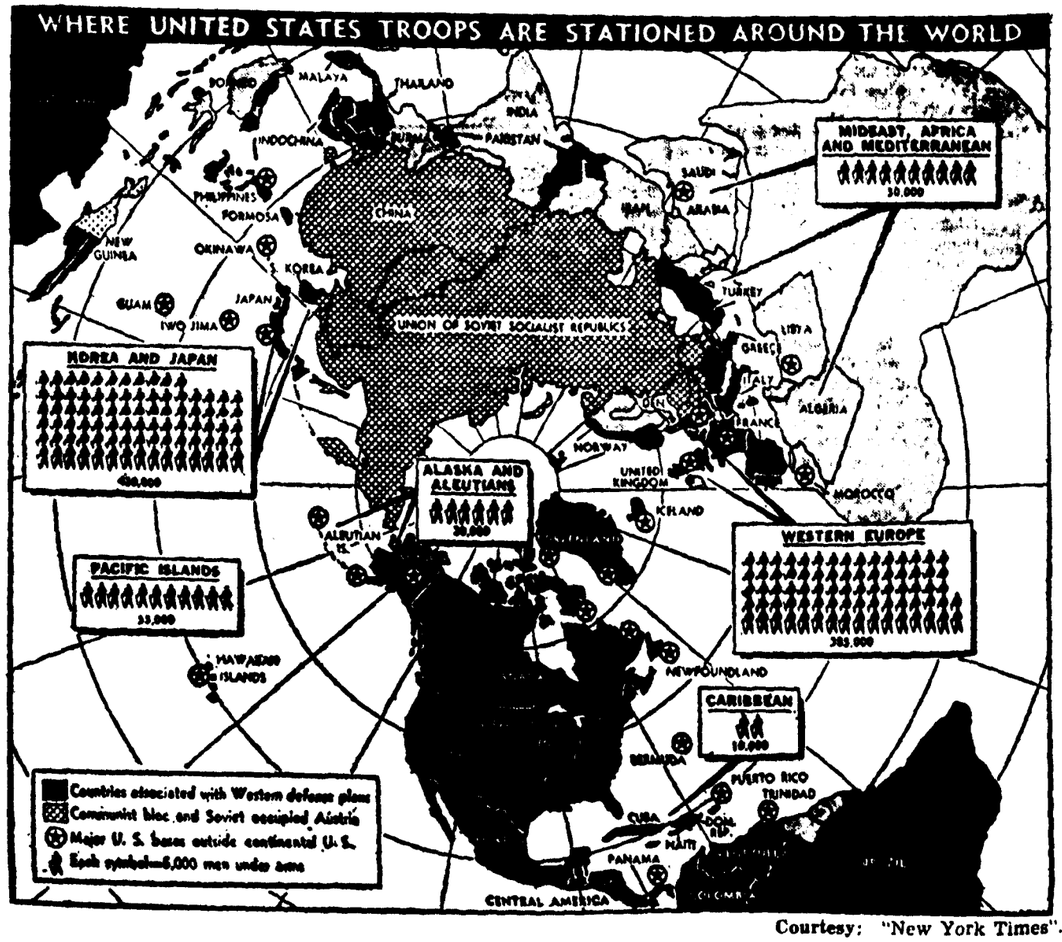
AS THE QUESTION OF 'COEXISTENCE' GROWS ACUTE—MAJOR POINTS OF FRICTION BETWEEN EAST AND WEST



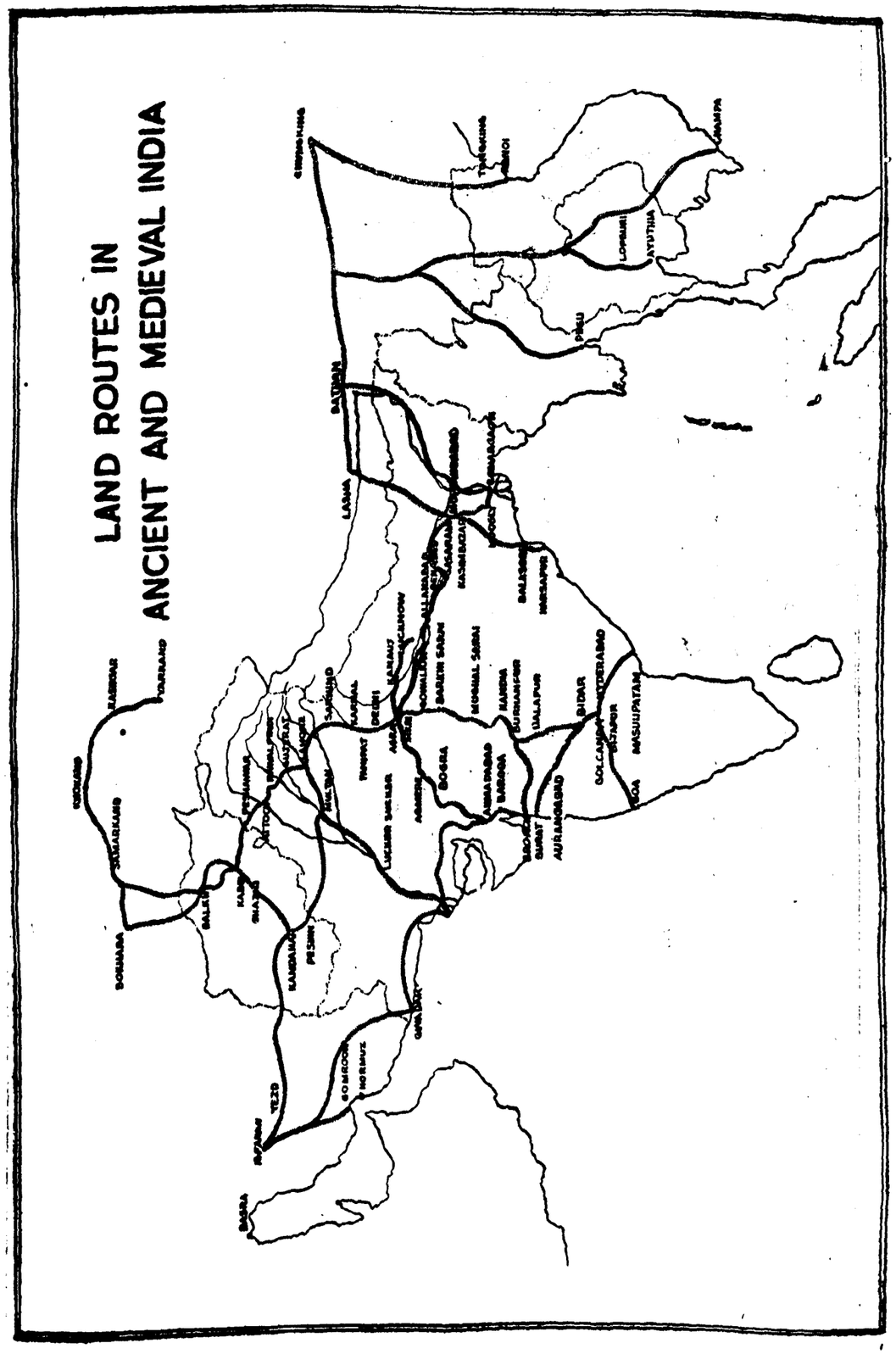
Courtesy: "New York Times".

The Working of the United States Containment Policy

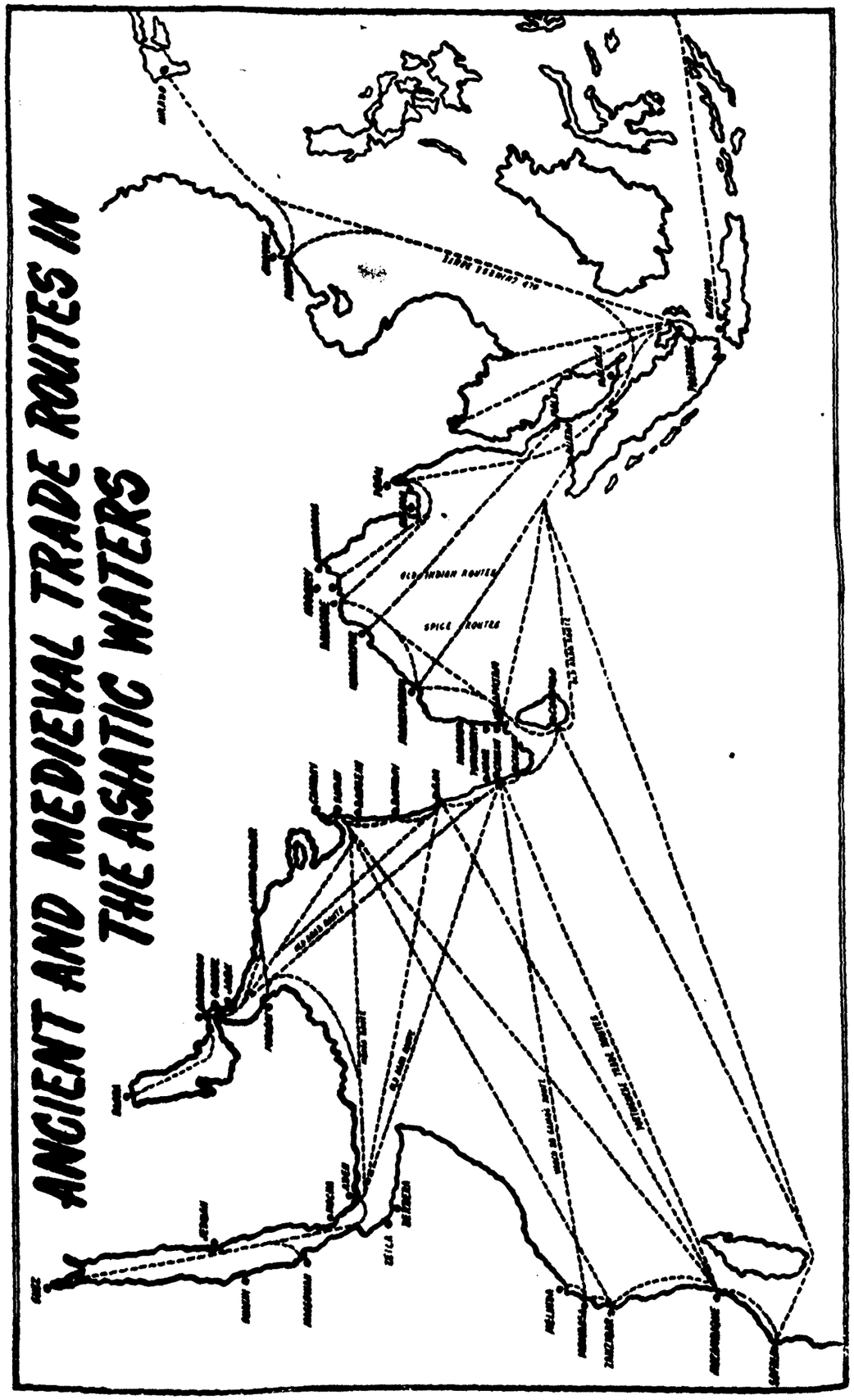
THE DISPOSITION OF TROOPS IN DECEMBER, 1954



Courtesy: "New York Times".



By Dr. Radha Kamal Mukherjee
Adapted from the Economic History of India





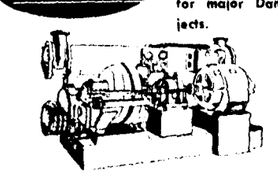
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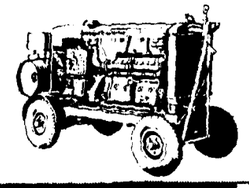
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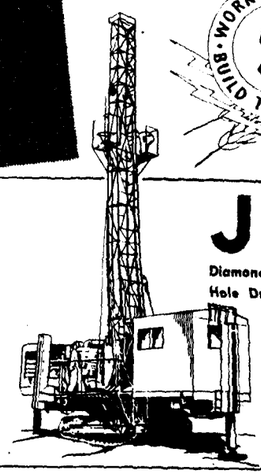
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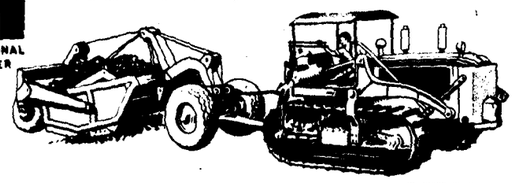
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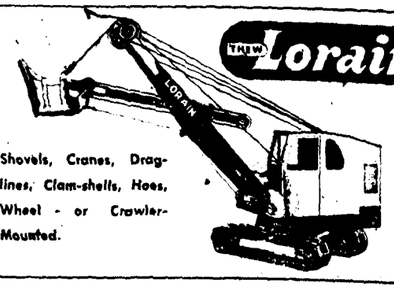
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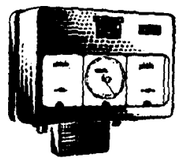


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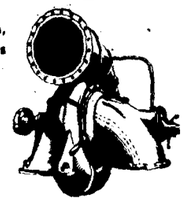


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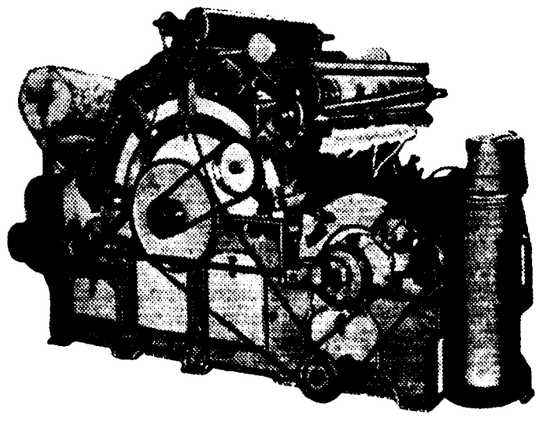
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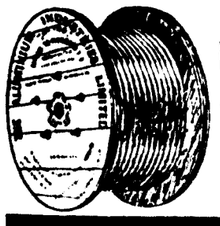
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PART I-B

AN OUTLINE OF ECONOMIC STRUCTURE

Agriculture in South-East Asia

1. POPULATION, LAND AND FOOD

DEMOGRAPHIC FACTORS

THE dominant fact that attracts notice about the demographic aspects of the region usually denoted by the term South-East Asia is that about 630 million people inhabit the area. This figure is larger than the latest population estimate of the mainland of China of 575 millions. These two big population totals still leave out another 120 millions in Japan, Korea and Formosa, who are linked directly or indirectly with these two major groups. The main difference between these major groupings is obvious. While the Chinese people form one distinct political and ethnic group, the South-East Asian people are distributed among six major and six small nation states and are in addition, by reason of their past history, socially and culturally more composite. They lie spread across the tropical islands and peninsulas of South Asia.

POPULATION SPREAD

The pressure of population on the land varies widely from one political entity to another. India, Pakistan and Ceylon at one end and the Philippines at the other, present the largest population density areas while the rest situated in between have a relatively favourable position. The total surface area comprising the nearly dozen political entities in South-East Asia is slightly smaller than the whole of China (including the outlying provinces and Tibet and Manchuria). But the area as a whole, in spite of the forest lands of Burma and Indonesia, and upland areas in Malaya, the Philippines and Nepal, has shown a much higher proportion of utilisation of land.

MORE LAND AND LOW PRODUCTIVITY

While the people of China have utilised only less than one-sixth of the land area for cultivation, the countries of South-East Asia have utilised about one-fourth of their total land area. In absolute terms, this is about 30 per cent larger than the total acreage under crops in China, for a population which is only about 10 per cent larger than China's. But average productivity is far less in South-East Asia than in China; particularly in rice, which is the staple food grain of the region as a whole, the productivity in China is double the average rate obtained in the South-East Asian countries. This points to a less efficient utilisation of cultivated area but it also emphasises the scope that exists in this area to double productivity by the methods practised in China, Japan and Korea, the areas in which the yields are now the highest.

QUEST FOR WATER

It is in this connection that the development programmes in agriculture in the region assume prominence. The irrigation programme in the region is indicated in the figures below.

In some countries the programme is limited. Even so, more attention is being devoted to the development of land and water than for the spread of agricultural techniques or for animal husbandry and livestock. Not enough attention has been shown to improvement of soil fertility, improved seed, better storage and control of plant diseases. The exception is India, where a good beginning has been made with the Japanese system of rice cultivation and the spread of the use of chemical fertilisers. These experiments will have to be extended over the rest of the area to get quick short-term results because the heavy outlay required on irrigation programmes will not be possible in the underdeveloped countries and the short-term increases in output can to a great extent finance further development.

Irrigation Programme in South-East Asia

(In '000 hectares)

Country	Arable Land (1946)	Irrigated Area (1952)	Additions to Irrigation by 1956-57
Burma	8,754	537	3
Ceylon	1,312	412	56
India	136,437	20,318	7,463
Indonesia	11,000	4,316	220
Malaya	2,121	113	105
Nepal	1,487	24	19
Pakistan	21,100	8,623	1,110
Philippines	8,180	578	185
Thailand	4,751	884	436
Indo-China	4,700	699	25

Source: F.A.O. Agriculture in Asia and the Far East.

In India, the emphasis has been on multi-purpose projects besides minor irrigation schemes. Reclamation of new land which has been given a lower place in India's scheme assumes greater importance in Pakistan's plans for the future. Burma has still a problem of restoring use of land thrown out of cultivation during the war. The development of the Greater Chao Phya area in Thailand involves irrigation and drainage. In Malaya, there are proposals for reclamation of marshy lands. Quite a different type of problem faces Indonesia and the Philippines; the two archipelagoes have population concentrations in one or more of the hundreds of islands scattered in the ocean and a redistribution of population by migration and settlement would by itself go a long way towards solving the problems of population pressure and development of unused land. The problems thus seem varied but underlying them all is the present low productivity levels and the possibility of increases becoming practicable at a quick pace, provided the resources are available and there is capacity to apply them effectively for development.

CHANGING PATTERNS

The major fact about the agricultural situation in South-East Asia is that the region as a whole is approaching towards food self-sufficiency after a long period of deficits during and after the war. Just as China has a rice bowl in the Yangtse valley, South-East Asia's rice bowl is in Burma, Thailand and Indo-China, irrigated by the Irrawady and the Mekong rivers. Around this lie the areas normally deficit in food in varying degrees—the Philippines, Indonesia, Malaya, Ceylon, India and Pakistan—but they are now approaching to near self-sufficiency as the following figures relating to the trade in cereals indicate:

Trade in Cereals in South-East Asia

(In '000 metric tons)

	1934-38 Average	1948-50 Average	1951	1952	1953	1954
Exports						
Burma	3.04	1.20	1.27	1.25	0.95	1.50
Indo-China States	1.78	0.15	0.33	0.19	0.17	0.15
Thailand	1.37	1.16	1.59	1.40	1.32	1.40
Others	2.29	0.22	0.36	0.90	0.05	0.10
TOTAL	8.48	2.73	3.55	3.74	2.49	3.15
Imports						
Ceylon	0.56	0.66	0.69	0.69	0.80	0.80
India	1.97	3.02	4.97	3.96	2.07	0.90
Malaya	0.62	0.64	0.69	0.63	0.72	0.60
Others	0.70	1.03	1.63	1.92	2.32	1.20
TOTAL	3.85	5.35	7.98	7.28	5.91	3.5

Source: F.A.O. The State of Food and Agriculture, 1954

This reduction in the demand for imports does not, however, indicate that the problems of malnutrition and poverty have been tackled. This indicates that as and when development and raising of standards make progress, the surpluses will get absorbed. Japan will continue to remain a substantial importer of rice from the region and may, in due course, be able to meet not only the needs of capital goods for industrialisation but also supply agricultural machinery and fertilisers, of which India alone is the only consumer now on any significant scale in South-East Asia. But the uneven distributions of population and natural resources in the area must ultimately make for the growth of complementary economies. The tropical primary products of the Philippines, Burma, Indonesia, Malaya and Indo-China which the world needs very much cannot be expanded otherwise, nor will industrial techniques spread as fast in some of these areas as in the others.

2. RICE IN SOUTH-EAST ASIA

RICE accounts for over two-thirds of the total cereal production in the area and remains the predominant item of food for the people of the region. The setback caused to rice cultivation by the war in Burma, Indo-China, Indonesia and the Philippines has been the major difficulty, which coincided with a period of droughts in India and an increasing population. Still South-East Asia is providing more than half the world's supply of rice, the other half being contributed by China, Japan, Formosa and Korea. The static trends in rice production in the region have now been broken even though the rate of expansion has not been as fast as can be desired; in many cases even pre-war levels of productivity have not been attained. These two distinct groups of countries are indicated in the following table:

Pre-War and Post-War Gross Production of Rice (Paddy) in S.-E. Asia

(In Million Metric Tons)

Country		1934-38 Average	1948-50 Average	1953
A: Thailand	..	4.36	6.77	8.20
Malaya	..	0.51	0.64	0.66
Philippines	..	2.18	2.62	3.22
Pakistan	..	11.17	12.58	13.94
B: India	..	34.18	33.56	41.27
Indonesia	..	9.99	9.39	9.62
Ceylon	..	0.34	0.30	0.51
Burma	..	6.97	5.22	5.62
Indo-China	..	6.50	4.73	4.60

The first group of countries has shown an increase and the second group has shown a decline. The position has, however, changed since 1950 in all these countries. Except Burma and Indo-China other countries have regained earlier levels or surpassed them showing the effects of development work over a long period. In the these two countries, further progress would depend largely on political developments which could facilitate extension of cultivation over a larger area. The major increase has occurred in India due largely to favourable seasons but the fact that compared to a pre-war period of good seasons production is much higher shows that the extension of acreage and irrigation facilities, together with the incentives offered by the high post-war prices for food grains, have been responsible for the increase. A second factor which has disclosed higher production levels is the revision of statistics, particularly in India, through crop-cutting sample surveys. One of the unfortunate consequences of the post-war phase of food shortages was the tendency to under-estimate food production. There is, however, no doubt that the shortage was real and substantial up to 1951, and that the subsequent increase has been equally real, considering the easier position of supplies and of prices:

Rice Trade in South-East Asia

(In '000 Metric Tons)

Countries		1950	1951	1952	1953
EXPORTERS:					
Indo-China	..	115	333	230	215
Burma	..	1,198	1,268	1,261	971
Pakistan	..	..	206	14	88
Thailand	..	1,508	1,612	1,413	1,342
TOTAL	..	2,821	3,419	2,918	2,616
IMPORTERS:					
Ceylon	..	452	413	359	410
India	..	336	783	704	221
Indonesia	..	333	500	630	330
Malaya	..	496	511	529	538
Philippines	..	7	111	63	..
Others	..	60	140	83	64
TOTAL	..	1,684	2,458	2,367	1,563
NET SURPLUS	..	1,137	961	551	1,053

A comparison of the figures in the above table with the net trade in all cereals of this region (shown earlier) discloses the surplus position in rice in South-East Asia. Japan, situated outside the area, is in a position to absorb the bulk of this surplus and the balance has to be disposed of among a number of smaller purchasers. With a decline in consumer prices as production increases, nutritional standards can be raised and also

with the increasing population, and the shifts in consumption patterns of cereals, there can be no doubt that present lower rice offtake will not prove a hindrance to higher production.

RICE PRICES

That makes it necessary for us to look into the price trends of rice in the region. These are inevitably mixed up with the various policies of the Government regarding controls and state trading. The decline of imports has been responsible for the accumulation of stocks which at the end of 1953 were estimated to amount to one million tons. Price reductions were thus unavoidable. The Burmese Government reduced its prices by about 20 per cent on long-term contracts; the price for 1954 being £50 a ton, £48 for 1955 and £46 for 1956. India's financial agreement with Burma involving rice purchases has been one of the major factors bolstering up these prices. With the steep decline in international wheat prices and its repercussions on other grains, it becomes inevitable for rice exporters to make readjustments in price relationships which will make rice more attractive to importers.

INTERNAL PRICES

Internal prices of rice have depended essentially on the Government policies. In the deficit countries Government regulations were intended to protect the consumer; in the exporting countries, State trading and the desire of the Governments concerned to make the maximum revenue out of the rice trade made it necessary to regulate the market. Ceylon and Malaya abolished compulsory procurement of grain in 1948 and 1951. India started relaxing controls in 1952; earlier, a beginning was made in restricting subsidies on food grains which were completely withdrawn later in 1952. Ceylon withdrew the subsidies in October 1953. The effect was to increase consumer's prices sharply, leading to a decline in offtake. Rationing is, however, still in force in Ceylon and Malaya, the two permanently deficit areas.

The problems of rice have thus played a considerable part in the affairs of Governments. On the one hand, a substantial part of the revenues had to be spent on subsidies on high cost imported food in the deficit countries while, on the other, Burma and Thailand derived revenue from such high prices. When subsidies were abolished, the consumer paid high prices without the producers in the exporting countries reaping the benefit thereof.

Burma and Thailand succeeded to a large extent in insulating the domestic market against the impact of the high export prices, and in buying at low rates. Thailand's dual exchange rate system was an additional instrument; the Government paid the Rice Office in domestic currency at the official exchange rate and sold the foreign exchange at the free exchange rates. In Burma, consumer prices of rice have remained stable. But the Government export monopoly in these two countries cannot any longer be very lucrative and a situation may arise when the trade may have to be restored to more flexible and enterprising private channels, so as to maximise sales abroad.

OTHER GRAINS

Though wheat is the most important cereal in the world, its relative unimportance in South-East Asia is indicated by the fact that only India and Pakistan are wheat producers to the extent of about 11 million tons. About two million tons of wheat and wheat flour were imported in 1953-54 in the whole region including these two countries. The total supply represents the current normal needs of the region, though in 1951-52, imports were as high as 4.5 million tons.

In respect of millets and sorghum grain, India is the leading producer. Indian production has increased from a rate of 11.5 million tons a year up to 1951 to 13.7 million tons in 1953, which is one-fourth of the world's production in each variety, and is now nearly equal to China's output. Pakistan's output is just about half a million tons. In barley, India alone is a producer in South-East Asia to the extent of about 2.7 million tons, which is 5 per cent of the world's production. The other countries of the region contribute only in the production of maize but even here, Indian production now leads over Indonesia as indicated below:

Maize Production in South-East Asia

(In '000 Metric Tons)

Country		1948-50 Average	1951	1952	1953
India	..	1,960	2,053	2,868	2,900
Indonesia	..	2,284	2,400	2,666	2,723
Pakistan	..	394	402	381	444
Philippines	..	667	762	709	760

Pulses, which constitute another major item of food and animal feed, are grown almost to the extent of 90 per cent in India and Pakistan. Thailand and the Philippines have expanded their small production.

India's grain production alone is thus as varied as China's, though in each case the quantities produced are nearly half of Chinese output. This is caused by the fact that while the cultivated acreage in India is nearly as extensive as in China, productivity in all cases—except perhaps in barley—is lower. When this is raised, it would be possible to produce animal feed and improve livestock quality side by side with the better nutrition of the growing population in the region.

3. OTHER PRIMARY PRODUCTS

THE survey of food grain production in South-East Asia has given clear evidence of the fact that the Indian agricultural economy is more varied in its structure than that of any other country in the region and is comparable in its variety to China's, except in the matter of yields. An examination of the output of other primary products further reinforces this view. A large number of commercial crops are grown in the region in which India is either the main or the leading producer, like sugarcane, tea, tobacco, oilseeds and cotton and jute fibres. The exceptions are copra and rubber, in which the other South-East Asian countries have a lead. The region as a whole can thus, except in terms of quantity which can be increased without much difficulty, be described as China plus. India by herself may not have much scope to add to the existing variety of her primary products. India's land surface area is only 40 per cent of South-East Asia's though the cultivated area is about 65 per cent. So while India concentrates on extending productivity in each field, the other countries can not only increase yields but also add to acreage and to the variety by paying attention to crops now not sown at all or grown only in limited quantities without sufficient knowledge of the modern techniques of cultivation.

The production of cane sugar is a leading instance. Per capita consumption of sugar in the region is low

and one of the consequences of rising standards of living will be an increase in the demand for sugar for which the countries concerned have the natural facilities in their tropical climate and in their plantation economies. The mainland of China at present barely produces half a million tons of cane sugar and Formosa's production is only a little in excess (though pre-war Formosan production was over a million tons). On the other hand cane sugar in South-East Asia amounts in all to about 8 million tons (including raw sugar like gur in India and Pakistan and non-centrifugal sugar elsewhere). Indian production is over two-thirds of this total and it is undisputed that in India the yield of sugarcane and extraction has not been above average efficiency. Cuba, growing less sugarcane than India, has been in a position to produce more quantities of sugar.

Sugar Production in South-East Asia

(In thousand tons. Figures in brackets show non-centrifugal sugar and gur)

Country	1934-38	1948-50	1951	1952	1953
Burma ..	23	7	15	23	23
India ..	1,090	1,270	1,725	1,542	1,451
Gur ..	(2,800)	(2,970)	(3,330)	(3,360)	(3,360)
Indonesia ..	913	182	427	458	618
		(36)	(104)	(150)	(213)
Pakistan ..	27	42	75	76	76
Gur ..	(544)	(610)	(595)	(762)	(853)
Philippines	1,017	744	1,020	1,074	1,286
Thailand ..	19	32	34	36	36
	(15)	(19)	(19)	(19)	(19)
Viet-Nam ..	50	7	6	6	6
TOTAL ..	3,139	2,264	3,292	3,215	3,496
..	(3,359)	(3,635)	(4,048)	(4,291)	(4,445)

Refined sugar production in the Philippines is already very nearly equal to India's. Indonesia has yet to recover her substantial pre-war rate of output and Pakistan can build a modest sugar industry on her present base. Even now the small quantities exported from Indonesia and the Philippines to the extent of 0.2 million tons is more than the import requirements of Ceylon, Malaya and Pakistan. If these surpluses could be increased, even India, which has a serious problem of increasing refined sugar production in the short-term, may be in a position to absorb them until internal production increases sufficiently. India's imports to the extent of 800,000 tons this year shows the potential demand in the area. The most effective incentive is the development of new consumption patterns in each of the countries which would widen the domestic markets, and it already exists in sufficient measure to enable sugar expansion.

FATS AND OILS

Almost a similar situation prevails in South-East Asia in respect of fats and oils. Though Asia as a whole leads in respect of certain oilseeds—groundnuts, rapeseeds, sesame seed and copra—cottonseed production in North America has enabled other regions to share this importance. In Asia, China is a major producer of every type of seed except linseed and copra; India comes next. Copra production is largest in the Philippines, with Indonesia, Ceylon and India taking the next three places below. The increase in China's cotton production has added to her strong supply position in cottonseed. Exports from Asia of oils and oilseeds have fallen by half below the pre-war levels and this share of world trade has been taken over by North America Even the present quantities of exports must eventually decline because of increasing local consumption unless great efforts are made to step up cultivation of oilseeds in the region.

The parallel between India and China is clear in the table below. China has superiority in soyabeans and rapeseed. When the other countries of South-East make a start towards the diversification of their agricultural economies, oilseeds, like sugar, would offer rich possibilities, because the internal markets for oils in these countries are bound to grow.

FIBRES

India and Pakistan have a special position in the matter of fibres in the whole of Asia and though China is the largest single producer of cotton, the combined importance of cotton and jute in this subcontinent is much greater. The other South-East Asian countries have hardly any fibres, except to a very small extent in the Philippines. The following are the production figures:

Fibre Production

(In thousand tons)

Country	Cotton	Jute	Wool
India ..	727	600	18
Pakistan ..	106	650	6
China ..	1,170	..	22

It is clear that South-East Asia, like China, must develop sufficient cotton to clothe its millions at much higher standards than what now prevail outside India. But it seems improbable at least in the immediate future that this will be undertaken except on a small scale outside the Indian sub-continent.

PRODUCTS FOR EXPORT

Jute is essentially a commodity which adds to the exchange earnings of the two countries producing it. There are a few others in this category of mainly commercial products like tea, rubber, tobacco and spices. Except in tobacco, S.-E. Asia has a special monopoly position. Production figures for the most recent years are as follows:

(In thousand tons)

Country	Tobacco	Tea	Rubber	Pepper
Borneo and Sarawak ..	—	—	67.4	7.0
Burma ..	46	—	10.0	—
Ceylon ..	—	156	90.0	—
India ..	254	276	18.0	21.5
Indo-China ..	13	3	53.0	2.0
Indonesia ..	—	37	760.0	10.0
Malaya ..	—	—	594.0	—
Pakistan ..	90.4	25	—	—
Philippines ..	27.5	—	2.0	—
Thailand ..	49.8	—	100.0	—
CHINA ..	603	20	—	—
ASIA ..	1,450	570	1,800.0	43.5
WORLD ..	3,290	595	—	—

India is the largest single producer in the region in tobacco, tea and pepper. The post-war decline in the world production of pepper by more than half is partly responsible for India's lead and when Indonesia recovers her pre-war level of 62,000 tons the position will be altered. The strategic position of rubber is well known. The main threat to this position arises from the production of synthetic rubber by the United States, the main consumer. But the possibility of synthetic rubber is in turn limited by a political consideration namely the necessity to prevent the Communist countries from securing the supplies of natural rubber. Tea is currently in the news for the extraordinarily favourable conditions it enjoys in the international market in spite of a slightly larger output. The immediate prospects for tea are therefore very bright and hopeful.

Oilseeds Production in South-East Asia in 1953

(In thousand tons)

Country	Groundnuts	Cottonseed	Linseed	Soyabeans	Sesame	Rapeseed	Copra*
Burma	194	36	.	..	44	..	..
Ceylon	..	..	..	..	..	..	249
India	3,832	1,358	361	..	539	839	220
Indonesia	325	..	..	278	..	..	507
Malaya	..	..	.	..	..	..	162
Philippines	13	..	..	..	..	..	1,056
Pakistan	..	510	12	..	37	276	..
Thailand	78	18	..	20	8.6	..	..
China	2,100	1,550	..	9,150	670	2,750	..
Asia	6,700	4,000	440	10,300	1,400	4,200	2,250
World (Ex-USSR) ..	10,800	13,300	2,500	17,700	1,700	4,800	2,710

* Copra production figures for 1951.

4. SUBSIDIARY FOODS AND PER CAPITA FOOD SUPPLY

THE position of subsidiary foods, which greatly add to the nutritional levels of the people of the well-fed countries of the world, is not very strong in the South-East Asian region. The cultivation of vegetables and fruits has not been developed on the scale known in Europe or North America. Very often they are grown in the backgarden for the consumption of a family or a small community and not extensively enough on a commercial scale except near urban centres. Stock-farming also is carried on only to a limited extent, partly because fodder and feed-stuffs are not grown and forest and pasture land is also restricted, except in a few countries. These limitations, however, point to the possibilities ahead for development along new lines to solve the nutritional requirements of the population of South-East Asia.

In potatoes, for example, Asian production is only 5 per cent of the world's. China and Japan produce more than three-fourths of the Asian total; the Indian share is barely one per cent of the world's output. Quite a good deal of useful research work has been carried out in India and the knowledge, if applied on a wide scale, can supplement the deficiencies in the diet of the people and reduce their cereal requirements. Sweet potatoes are grown on a large scale in China and Japan which produce two-thirds of the Asian production of about 33 million tons; the countries of South-East Asia cultivate this variety in small quantities for local markets. Indonesia grows cassava on a large scale (along with Brazil, Belgian Congo and Nigeria). India produces as much per head of dry beans as China does but the latter has a predominant share of dry peas and broadbeans. South-East Asia's lack of broadbeans is more than offset by Indian and Pakistani crops of chickpeas to the extent of 4.5 million tons, of which Pakistan's share is one-sixth. Similarly, Indian production of lentils is half the world's, supplemented in Asia only by the Middle East countries.

LIVESTOCK PRODUCTS

The table below shows the most recent figures available for livestock production and fish supplies every year, illustrating the low per capita availability over the whole region.

Livestock Products

('000 tons)

Country	Meat[1]	Poultry	Milk[3]	Fish
Burma ..	109	..	135	..
Ceylon ..	25	1	92	40
India ..	738	35	17,976	531
Indo-China ..	71	1	..	266
Indonesia ..	231	17	13	472
Malaya ..	24	7	9	72
Pakistan ..	308	31[2]	5,816	250
Philippines ..	144	40	40	250
Thailand ..	92	..	..	150

(1) Beef and veal, pork and mutton and lamb. (2) Offals only. (3) Cows, goat and buffalo.

NET FOOD SUPPLY

Thus the net food supply per person according to the most recent estimates available for each country is low in comparison with these levels in other countries.

Net Food Supply Per Person

(In Kilograms per year : 1 kg.=2.205 lbs.)

	Cereals	Roots, Potatoes, etc.	Sugar	Pulses	Meat	Milk	Fats & Oils	Animal Food Percentage
Burma ..	154	8	6	10	6	8	3	10
Ceylon ..	125	30	18	6	3	13	4	5
India ..	110	6	9	17	2	43	3	7
Indo-China ..	152	58	6	7	4	13	2	4
Indonesia ..	128	57	6	3	5	1	3	2
Pakistan ..	153	5	12	11	4	73	2	10
China ..	163	35	1	22	10	..	6	6
Jtaly ..	151	33	12	7	15	96	11	16
France ..	118	125	27	3	56	156	13	27
U.S.A. ..	76	49	42	4	75	253	20	40

5. LIVESTOCK, FISHERIES AND FORESTRY

LIVESTOCK numbers serve a number of purposes. Horses, mules, asses, cattle and buffaloes are useful as draught power in agriculture and transport. This function will decline in importance with increasing mechanisation of transport and ploughing but there are serious limitations at the present time in the latter field because of the small-scale agriculture in the region. Livestock also provides important nutriment for the soil. Dairy and meat production also depend on animal numbers. In Asia, the importance of cattle and buffalo as draught power has always been high. That is the reason for the large numbers of cattle in this continent, which are larger than those of Europe and North America put together. India and Pakistan together possess nearly two-thirds of the animal units of Asia as the table below indicates. This creates a serious problem of feeding livestock; there is a danger of cattle competing with human beings for the limited food supplies. There is probably a two-sided problem involved in South-East Asia of growing sufficient numbers in some areas and of reducing large numbers in some others.

During the war, the Philippines, Indonesia, Burma and Malaya suffered heavy losses in cattle and buffaloes and much land had to be abandoned for lack of draught animals. The Philippines has made attempts to mechanise some processes. The problem in India, on the contrary, is the improvement of the quality and efficiency of cattle in order to reduce the numbers required on the farms. Very little has yet been achieved in the field of animal husbandry. The problem of increasing fodder production without diversion from area devoted to human food and industrial crops has also to be tackled. Finally there is the question of improving milk yields. In India it is estimated that with the present number of milk animals a 30 per cent increase in milk production could be achieved by disease control, a further 50 per cent through better feeding and management and an additional 50 per cent through breeding. Some progress is being achieved in disease control but hardly much in other respects; a large-scale vaccination programme for rinderpest is being undertaken in India, Pakistan and Burma. Better feeding involves exploration of the possibilities of utilising by-products of cultivation, industrial waste product, jungle herbage, and conservation of protein feeds like groundnut cake by preventing its use as fertiliser. Better breeding depends on the import of special breeds and opening of sufficient numbers of breeding centres, and the utilisation of the techniques of artificial insemination. The objectives in cattle breeding differ in the various countries of South-East Asia; the countries which have suffered depletion during the war are anxious to build up their draught power as soon as possible while the rest, especially India and Pakistan, are interested in increasing milk yields. More meat is also sought by Philippines and Thailand, which are also trying to improve pig and poultry farming.

FISHERIES

In the main the fisheries of South-East Asia are devoted to subsistence fishing. In all countries except Malaya, production has reached pre-war levels but considering that all the areas have plenty of inland waters and access to the seas, the scope is very large for expansion. The intra-regional trade in fresh and frozen fish is now confined to Malaya importing from Indonesia and Thailand, and West Bengal obtaining supplies from East Pakistan. The limitations of animal husbandry in many countries of the region compels attention to fisheries as sources of supply of animal protein for human consumption. The economic and technical problems—of handling the catch, preserving and marketing—are more serious than the question of increasing the catches. In India, Norwegian technical assistance has been availed of for the purpose. Special harbour and fleet facilities and cold storage are necessary and have been undertaken in Karachi, Bombay, Colombo, Bangkok, Singapore and Indonesia. Mechanized fishing craft are coming into use for sea-fishing.

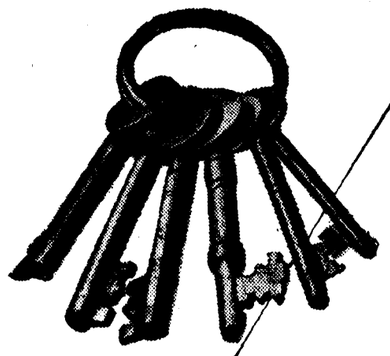
For the vast masses of rural populations in the area, the unmeasured catch of all types of fish and crustaceans in rivers, lakes, ponds and in rice fields would remain the easiest sources of supplies. Assistance is being given for fish culture through the introduction of new varieties and the elimination of noxious weeds. The community projects may have a useful contribution to make in reorganizing this occupation on a large scale in areas where local demand exists and fishing communities are large.

Livestock Numbers in South-East Asia
(In '000)

Country	Total Animal Units 1948-49* (In Millions)	Horses	Mules	Asses	Cattle	Pigs	Sheep	Goats	Buffaloes	Poultry**
Borneo & Sarawak	..	..	..	..	14	81	..	14	71	482
Burma	5.3	12	1	..	4,454	390	25	173	725	..
Ceylon	1.5	1	..	..	1,072	75	51	411	568	1,559
India	160.2	1,527	59	1,226	150,298	4,173	39,975	47,121	42,854	35,592
Indo-China	4.4	15	..	..	1,114	1,819	3	26	742	7,081
Indonesia	7.6	508	..	..	4,230	1,198	2,008	4,376	2,600	41,500
Malaya	0.6	1	..	..	243	311	21	227	223	10,000
Pakistan	26.2	470	41	913	24,296	104	6,145	10,067	5,800	27,373
Philippines	4.8	207	..	..	715	4,159	32	377	2,343	33,301
Thailand	..	230	..	..	5,000	2,000	..	..	5,700	..
China	44.7	2,023	1,905	8,561	18,200	59,510	14,000	14,200	9,716	311,500
Asia	247.0	10,000	2,900	16,000	235,000	83,000	133,000	..	..	..

*Weights: Buffalo .. 1.0 Cattle .. 0.8 Pigs .. 0.2 Sheep and Goats .. 0.1

**Mainly chickens but including ducks estimated at 5,000 each in India and Pakistan, 8,500 in Indonesia and 2,000 in Viet-Nam.

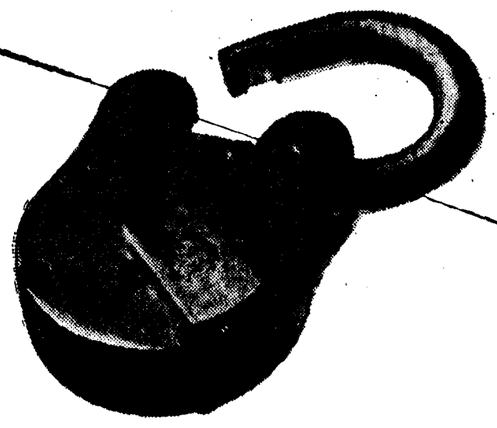


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ESTIMATED ENERGY AND PROTEIN CONTENT OF NATIONAL AVERAGE FOOD SUPPLIES PER CAPUT

COUNTRY	Calories				Total Protein				Animal Protein			
	Pre-war	1951-1952 *	1952-1953 *	1953-1954 Change from 1952-1953	Pre-war	1951-1952 *	1952-1953 *	1953-1954 Change from 1952-1953	Pre-war	1951-1952 *	1952-1953 *	1953-1954 Change from 1952-1953
	Number per day			Per-cent.	Grams per day			Per-cent	Grams per day			Per-cent
Western Europe												
Austria ..	* 3000	2660	2730	+ 1	88	78	82	—	39	36	38	+ 4
Belgium-Luxembourg	2820	2930	2945	+ 1	84	86	86	—	34	40	42	—
Denmark ..	3420	3220	3250	—	91	91	92	— 2	57	51	52	— 4
Finland ..	3000	3250	..	..	95	101	..	.	44	53	..	..
France ..	2830	2750	2850	+ 1	93	92	97	—	39	41	46	+ 2
Germany [Western] ..	3070	2760	2839	+ 2	84	76	78	+ 1	42	37	38	+ 5
Greece ..	2600	2400	2500	..	84	77	78	..	23	17	19	..
Ireland, Rep. of ..	3400	3480	3300	..	99	97	95	..	48	49	47	..
Italy ..	2520	2510	2580	+ 2	82	78	79	+ 3	20	21	21	+ 5
Netherlands ..	2920	2890	2890	—	87	80	79	—	44	40	40	—
Norway ..	* 3210	3060	3120	+ 2	90	96	96	—	49	54	54	—
Sweden ..	3120	3230	3000	+ 2	95	93	88	— 1	59	55	55	— 2
Switzerland ..	3140	3180	3110	.	96	96	94	..	54	51	51	..
United Kingdom ..	3120	3080	3060	+ 3	83	85	85	—	46	44	44	+ 5
North America												
Canada ..	3010	3010	3130	—	84	90	96	+ 3	48	54	60	+ 5
United States ..	3150	† 3085	† 3117	— 1	89	† 89	† 90	+ 1	50	† 59	† 61	+ 1
Latin America												
Argentina † ..	2730	3110	2710	..	98	96	96	..	62	63	57	..
Brazil † ..	..	2360	2350	..	..	60	57	..	..	17	41	..
Chile † ..	2240	2340	2490	..	69	71	77	..	21	24	26	..
Colombia ..	1860	2400	..	..	47	56	..	..	20	30	..	..
Honduras ..	..	2030	..	..	..	57	.	.	..	18	..	..
Mexico † ..	..	2210	2270	..	.	61	65	..	..	16	15	..
Peru † ..	..	2440	2290	..	..	67	62	..	..	17	14	..
Uruguay † ..	..	3070	2940	..	..	101	99	..	..	66	67	..
Venezuela † ..	..	2280	..	..	..	59	..	..	..	21	..	..
Oceania												
Australia ..	3310	3200	..	..	103	95	..	..	67	63	..	
New Zealand ..	3260	† 3380	† 3340	..	100	† 103	† 102	..	67	† 62	† 69	
Far East												
Ceylon ..	* 1730	2140	2150	..	* 50	50	50	..	*16	12	12	..
India ..	§ 1970	1590	1640	+ 1	§ 56	43	44	+ 2	§8	6	6	—
Japan ..	2180	2130	2150	..	64	53	58	..	10	10	13	..
Philippines ..	1920	2060	2080	+ 1	45	42	42	—	11	11	11	—
Near East												
Egypt ..	2450	2360	2340	—	74	70	68	—	9	11	10	..
Turkey ..	2450	2560	2580	+ 1	79	82	83	+ 1	13	15	16	+ 2
Africa												
Union of South Africa	2300	† 2350	..	..	68	† 72	..	..	23	† 26	..	..
Southern Rhodesia ..	..	2280	..	..	..	69	..	..	..	17	..	..

* Revised figures.
† Figures refer to the calendar years during which split year begins.
§ Including Pakistan
.. Not available.
— None or negligible.

Source : F. A. O.

TEA PRODUCTION

Country	Area (000 Hectares)				Production (000 Metric Tons)			
	1948-50	1951	1952	1953	1948-50	1951	1952	1953
Ceylon	225	230	231	232	140.2	148.0	143.7	155.6
India	313	315	314	—	267.6	290.8	306.3	275.7
Indonesia	57	68	65	76	25.2	46.5	37.0	36.6
Malaya	3	3	3	4	1.3	1.7	1.7	1.9
Pakistan	30	33	30	30	21.9	24.2	24.1	25.3
Viet-Nam	—	—	—	—	0.6	3.5	4.6	2.4
South-East Asia Total ..	—	—	—	—	457	515	517	498
S.-E. Asia's Percentage of World Total ..	—	—	—	—	87.0	85.8	84.1	83.7
Asia Total ..	—	—	—	—	505	573	590	570
World Total (excl. U. S. S. R.)	—	—	—	—	525	603	615	595

TEA-TRADE

(Thousand Metric Tons)

Country	1950	1951	1952	1953	1953		1954	
	Quarterly Average				3rd Quarter	4th Quarter	1st Quarter	2nd Quarter
Exporting Countries								
Ceylon	33.8	34.6	35.7	38.0	39.5	36.6	39.9	46.0
India	45.6	50.9	46.9	56.3	61.9	82.8	42.9	19.2
Indonesia	7.0	10.0	8.0	7.2	6.3	7.5	9.3	10.0
Pakistan	1.8	5.4	2.7	3.0	4.5	4.1	0.6	1.0
Total S.-E. Asia ..	88.2	100.9	93.3	104.5	112.2	132.3	92.7	76.5
World Total ..	105.0	115.0	110.0	125.0	130.0	155.0	115.0	95.0
Importing Countries								
Ireland	2.7	4.2	2.0	1.8	0.5	4.1	4.7	1.1
Netherlands	2.2	1.9	2.0	2.0	2.9	2.1	3.3	2.1
U. K.	41.8	52.6	56.3	55.9	52.2	73.5	75.8	34.1
Europe Total ..	46.7	58.7	60.3	59.7	54.7	79.7	82.8	37.3
Canada	6.2	4.8	5.2	5.2	3.7	5.2	4.8	6.7
U. S. A.	13.0	9.8	10.6	12.2	11.6	11.4	14.7	19.0
America (North & Central) Total	19.2	14.6	15.8	17.4	15.3	16.6	19.5	25.7
Hongkong	1.5	1.9	1.8	1.5	1.4	1.3	0.9	1.6
Iraq	1.7	2.4	2.1	3.0	3.0	3.5	3.3	1.8
Malaya & Singapore	0.8	0.9	0.8	1.0	1.0	1.4	1.9	2.6
Asia Total	7.1	9.1	7.7	7.8	9.2	8.0	8.0	7.5
Anglo-Egytian Sudan ..	1.4	1.3	2.0	1.2	1.1	1.7	1.8	1.8
Egypt	4.0	4.0	4.0	5.0	4.8	4.7	4.6	3.3
French Morocco ..	2.7	2.7	3.1	3.5	3.7	3.4	4.0	3.0
Union of South Africa ..	2.3	2.5	2.8	2.9	3 2	3.3	2.5	2.8
Africa Total ..	10.5	10.6	11.9	12.6	12.8	13.2	12.9	10.9
World Total ..	100	115	115	115	110	140	145	95

FORESTRY

The importance of forestry in South-East Asia lies in the fact that the percentage of forest area to total area is the lowest when compared to other regions whereas the needs of the region are among the largest. The fuel requirements of the vast populations, the needs of timber for proper housing and of paper for a growing literate population are all matters which would demand solution in the future when development proceeds ahead. The forest area is 20 per cent in India but it is even less than 9 per cent in China. The pressure of population has been mainly responsible for denudation of forests. Forest area under natural vegetation is of importance in checking erosion and regulating water supply.

The plan for afforestation is important in India. It is proposed to increase the land under forest from the present level of 20 per cent. In deforested parts of the region where wind erosion is severe, the rehabilitation of forests as wind belts and hedges becomes necessary as part of the Soil Conservation Service. As part of this programme, it would be necessary to discourage wood fuels wherever possible. In the utilisation of timber for housing, the experiments now in progress with Burma timber are expected gradually to bring into use much of the material now regarded as unsuitable. The bamboos of South-East Asia if grown and utilised on a large-scale provide the raw material for paper manufacture.

Forest Areas in The World

	Forest Area (In mil. hectares)	Percentage of Land Area	Per Capita Forest Area (h.a.)
Europe ..	136	28.4	0.3
U.S.S.R. ..	743	33.9	3.8
N. America ..	656	36.1	4.1
Latin America ..	927	41.1	5.5
Africa ..	801	27.0	3.9
Asia ..	567	21.0	0.4
Pacific Area ..	85	9.9	6.6
TOTAL ..	3,915	29.5	1.6

Source: F.A.O. The State of Food and Agriculture, 1954.

6. DEVELOPMENT PATTERNS: COMMUNITY APPROACH

IN the last two or three years, the idea of community development has gained support in South-East Asia with amazing rapidity. The community approach was not unknown before. It was attempted on a limited scale both in India and elsewhere in this region sometimes under a different name. The readiness with which the Planning Commission here was converted to the idea to extent of making provision on a large scale, as part of the general plan of economic development, had much to do with the spread of its popularity and the technical and other assistance which was forthcoming to promote community developments from the United States Government and the Ford Foundation added to its importance.

A NEW LIFE MOVEMENT

Whatever be the immediate results, this importance is bound to increase in the future since the community approach to the problems of development seems to offer the easiest method by which the transformation of the social and economic life of the villages could be attempted. In terms of outlay, the requirements are not exacting; the tangible results may not always be substantial but if persistence over a sufficiently long period with these methods, varying with the cultural patterns of particular communities, can foster the spirit of self-reliance, it would go a long way towards economic progress. It shows a way of mobilising the social capital of the region, which is the only capital available in abundance. Whether it is used to spread education, health and business habits in agriculture or build roads, wells and houses, they would be equally useful ends to further economic advance. Industrious and self-reliant men will not only make the best of the available resources to improve their standards but also achieve a sense of contentment which is as much a goal of economic activity as the creation of wants.

INDIAN LABORATORY

The experiments are just beginning. In India, a decision has been taken to launch the community projects on a nationwide scale, in the full knowledge of the fact that success depends often on proper leadership which is not visibly in abundance at the present time. There is every possibility of this large-scale experiment by itself producing that leadership in sufficient measure since this is a field which need not and should not depend only on the educated elite whose interests do not lie usually in the villages. Training facilities on a growing scale are made available but the most profitable training may be only in the school of experience. Ceylon and the Philippines have also made a good start and Thailand, though somewhat behind, has also adopted this way. Burma and Pakistan have also shown keen interest in the organisation of these schemes in India, which may properly be regarded as a large-scale laboratory for the region. The foregoing pages have made it sufficiently clear that India's agriculture is diversified; the results achieved here in the actual methods of farming would, therefore, apply and become transferable to most other communities in this region.

SELF-HELP—NOT WELFARE SERVICE

The particular types of improvements sought under the community projects are not new. Irrigation is an old principle of state policy in India. So is rural credit, co-operation, development of panchayats, communications, literacy and health. But the problems have never been tackled before with the drive and enthusiasm that was needed. Even to the limited extent to which success was achieved before in these fields they were regarded as social and welfare services rather than as the means of self-help. Thus Ceylon, with her much higher per capita national income, a higher standard of health services, co-operative movement and educational system than many other countries of the region, has not been in a better position to promote self-reliance than the others. In spite of the population pressure and food shortages, the utilisation of unused land in Ceylon has not been achieved though there is scope for nearly doubling the cultivated area. Similarly in Thailand, irrigation has been a free service. In these areas government activity has to take on a new complexion, and shape the existing institutions in such a manner as to promote voluntary contributions of capital, either in physical effort or money. This is possible only when the people concerned are convinced that they must desire progress and that a

substantial portion of the means to satisfy that desire lies in their hands. This is no easy task and quick results cannot be expected.

ADMINISTRATION CARRIED TO THE VILLAGE

It is possible that in each area where community schemes are put into operation, the responses will vary and there can be no single yardstick for purposes of evaluation. They are a part of the democratic technique of modern planning and even a mere increase of civic consciousness among the rural communities in the first instance should be sufficient reward in itself. In time, this is bound to be reflected in the improvement of the democratic process of administration and the decentralisation of responsibility for much of the planning at local level. Since the administrative services of underdeveloped countries are weakest at the village level—even in India, the traditional link between the ordinary village and the government was often only one village officer—the community approach would provide a sufficient number of officials with knowledge of the rural problems. Secondly, even the modest improvements in rural life that become possible will provide substantial incentives to the industrial side of the economy, where it is well developed as in India, by extending the market for its goods. Thirdly, where substantial additions to productivity are possible merely by change of techniques, more resources are created and can be mobilised for a higher rate of development.

It was the Indian experiment in Etawah which impelled the making of this large-scale experiment. In India, a start was made with the intensive type of projects but it was considered necessary that it should be expanded if quick results should be obtained among a large population and a large country. So, a system of extension services through a more general type of community approach has been evolved. In order to serve the 'multipurpose' farmer the 'multipurpose worker' is being developed. Advice and precept are of no avail unless they are backed by such practical aids as supplies of seed and fertiliser, finance and technical guidance for solving the farmer's immediate problem.

The rural development societies of Ceylon have undertaken this task, assisted by the departmental field staff of the rural development department. Village committees are attempting to utilise local initiative. The school teacher and schools are the focal point for village activity in the Philippines. The Bureau of Extension has plans for co-ordination of extension work in the Philippines. In Thailand it is proposed to cover the entire country under extension service by 1956; with the co-operation of M.S.A., it is also proposed to train farm youth. In Burma, district extension services are being expanded for the improvement of seeds and methods of cultivation and there is awareness of the benefits which such services had brought in Japan to improve productivity during the last half a century. The idea of Extension Services and Community Projects has caught on and gathered prestige in a chain reaction.

7. OLD FAITHS AND NEW PERSPECTIVES

THE main conclusions of this survey may now be gathered together. South-East Asia, the home of one-fourth of the human race, is a distinct region marked off from another quarter of the world's population inhabiting the North Asian land-mass of China by many distinguishing characteristics. The people of South-East Asia are more widely dispersed and divided into many national groups, though their surface land area is even less than in China. But they yet possess not only the common bonds created by their colonial past but also similarities in climate, cultural patterns and economic structure. Their future will not be determinated or planned by a single centralised agency as in China, but if their development should be on a scale comparable to the centralised system to their north, they have to discover ways of co-ordination of the decisions made by six major, and more than six smaller, governments. Their agricultural economies though varied in the character of the products, present common problems of low productivity and inadequate techniques for a growing population and for rising standards of living.

The rate of increase in their numbers is only slightly lower than that recently estimated for China, of two per cent per annum, though in particular countries like Ceylon and the Philippines it is very much higher. The urgency is not any the less because of a lower rate. The countries of this region have to hit upon methods of developing it as a whole. They all belong to the underdeveloped areas of the world and, except in India, there is very little of industrialisation. This does not mean that industrialisation is the key to their future progress. The foregoing survey of the primary sectors of this region shows that there is vast scope for increasing the profitability of existing occupations in agriculture. The beginning in development can well start with the transition on a large-scale from farming for subsistence to farming as a business and a growingly better business. The achievement of this transformation could by itself provide not only the material resources for investment and better standards of occupation but also tone up the capacity and character of the people by giving them confidence in their ability to achieve economic progress.

India's substantial industrial structure was built up in the past even while paying relatively little attention to agriculture. This does not mean that the other countries of the region should also do likewise now. The conditions are different in many respects. Many of the countries—Burma, Indonesia, Thailand and Malaya—are in a position to provide fuller opportunities for employment of their population in the primary sectors than India, Pakistan or Ceylon. Development of agriculture, moreover, does not necessarily mean a neglect of industry; and it is now well understood even in India that in a predominantly agricultural economy, an increase of employment and incomes in the primary sector is necessary before there can be markets for local manufactures.

Apart from the general preference for industrialisation for strategic reasons or for diversification of occupations (where there is much pressure on the land available), agricultural countries had in the past been held at a disadvantage in their terms of trade with the manufacturing countries. Post-war developments have greatly reduced this disadvantage. The food problems of the underdeveloped countries of South-East Asia during the last decade have also restored some perspective on the relative importance of agriculture and industry. These countries now seek the large dynamic elements which would help them to move fast first in fields which are already familiar to them. Land reclamation, irrigation, fertilisers, betterseeds, animal husbandry and new farming techniques are all acquiring new meaning today. There are still vast problems of organisation ahead, of finding not only the seeds and the fertilisers but also of providing the means for their purchase and use. New social techniques have to be learnt and applied in agriculture. Their pursuit need not conflict with either industrialisation or of rapid raising of the standards of living.

RICE (PADDY)

Area and Production, 1948-50 1951, 1952, 1953.

Country	Area ('000 hectares) 1948-50	1951	1952	1953	Production ('000 metric tons) 1948-50	1951	1952	1953
World (excl. U.S.S.R.) ..	93,000	94,300	95,200	98,400	152,300	152,200	159,500	168,100
Europe ..	270	320	350	350	1,130	1,390	1,650	1,670
N. and Cent. America ..	1,080	1,200	1,190	1,300	2,310	2,680	2,790	3,050
South America . ..	2,350	2,360	2,600	2,800	4,040	4,180	4,510	4,410
Africa ..	2,860	2,800	2,800	..	3,610	3,000	3,200	3,400
Asia ..	86,400	87,600	88,200	91,000	141,100	140,900	147,200	155,500
South-East Asia								
Burma ..	3,827	3,816	4,000	4,044	5,220	5,500	5,841	5,616
Ceylon ..	392	450	399	424	..	554	479	510
India ..	30,221	29,811	30,030	31,017	33,539	31,611	34,282	41,268
Indonesia ..	6,000	6,436	6,532	4,017	8,400	9,210	9,630	6,452
Malaya ..	353	324	334	330	637	550	711	662
Pakistan ..	8,865	9,098	9,314	9,928	12,580	11,800	12,416	13,944
Philippines ..	2,223	2,466	2,456	2,598	2,620	2,831	3,144	3,226
Thailand ..	5,063	5,736	5,130	5,898	6,767	7,325	6,602	8,206
TOTAL ..	56,944	58,137	58,195	58,256	69,763	69,381	73,106	82,622
S.-E. Asia's Percentage of World Production ..	61.2	61.7	61.1	59.2	45.8	45.6	45.8	49.2

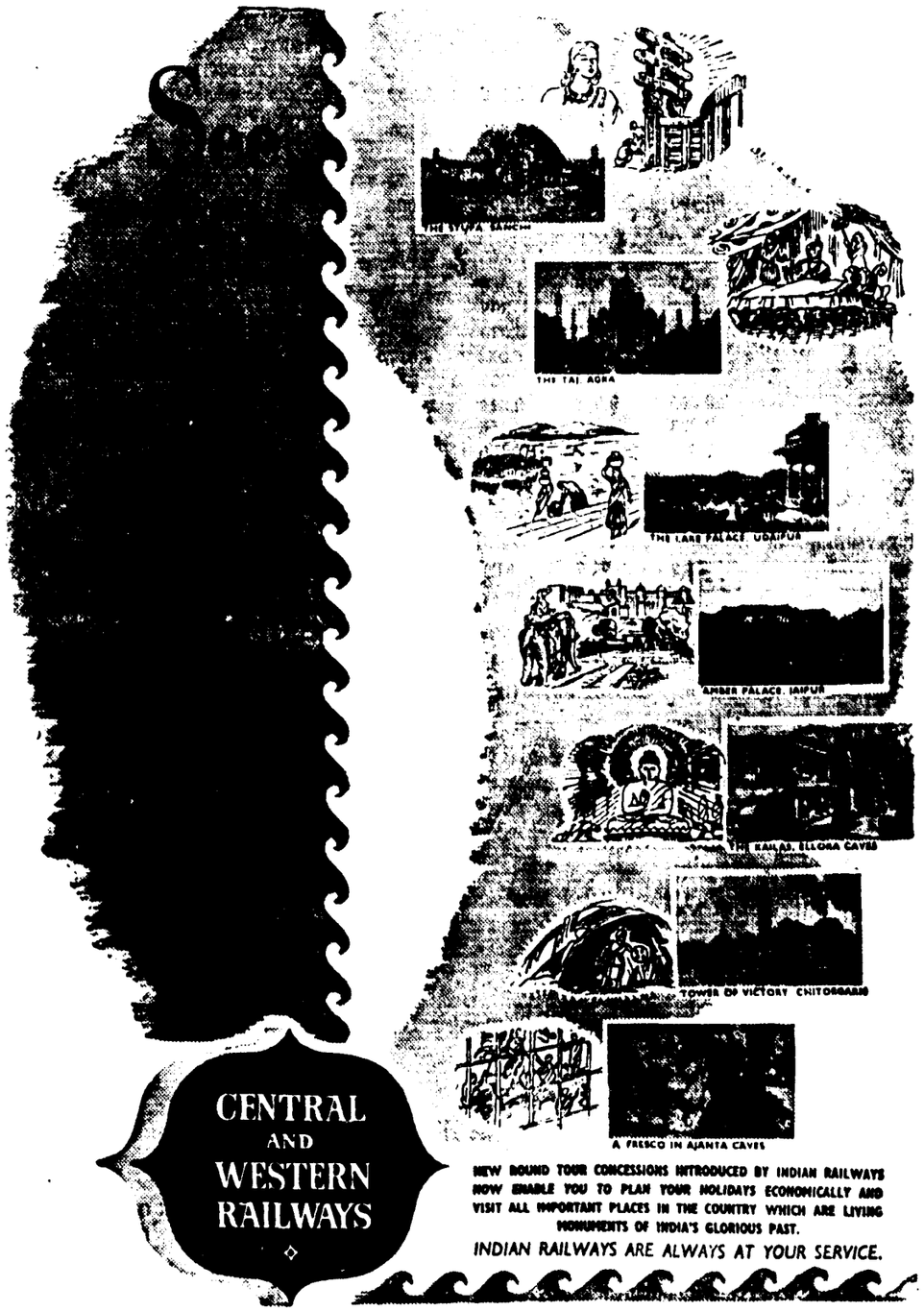
RICE—TRADE

Exporting Countries

Country	1950	1951	1952	1953	1954 1st Quarter	1954 2nd Quarter
World Total	3991	4855	4479	3920	1045	891
South-East Asia						
Indo-China	115	333	230	215	92	65
Burma	1198	1268	1261	971	323	428
Pakistan	..	206	14	88	..	..
Thailand	1508	1612	1413	1342	254	233
TOTAL	2821	3419	2918	2616	669	726
S.-E. Asia's Percentage to World Total	70.7	70.4	65.1	66.7	64.0	81.5

Importing Countries

Country	1950	1951	1952	1953	1954 1st Quarter	1954 2nd Quarter
World Total	3991	4855	4479	3920	1045	891
South-East Asia						
Ceylon	452	413	358	410	82	36
Hong Kong	164	209	208	304	22	14
India	336	783	704	221	..	..
Indonesia	333	500	630	330	146	8
Malaya and Singapore ..	496	511	529	538	75	47
Philippines	7	111	63	..	1	..
TOTAL	1788	2527	2492	1803	326	105
S.-E. Asia's Percentage to World Total	44.8	52.0	55.6	46.0	31.2	11.8



Mining and Industry

1. INDUSTRIAL ENTERPRISE— PRIVATE AND PUBLIC

IT seems rather odd to survey at length the industrial progress of South-East Asia when much of the story is contained in the details of India's industrial production and plans which are examined separately elsewhere. The record in India in recent years has been one of steady and rapid progress to a near full utilisation of existing capacity with only moderate additions of new capacity. This in itself has, in the last four years, yielded a 40 per cent increase in total industrial output and has conditioned the atmosphere for making blue-prints of more ambitious industrialisation under the second Five-Year Plan.

TWIN APPROACH TO INDUSTRIALISATION

The rate of this increase now contemplated is well outside the range of possibilities of extension to the rest of South-East Asia for a considerable time to come. Except in Pakistan and, perhaps, to a lesser extent in the Philippines, there have been so far only modest beginnings in processing and manufacturing industries without any overall plan of development. The processing is attempted in the raw materials which are the chief items of export. This has to be expanded, while industries can also start at the opposite end by replacing imported goods of the elementary types or in assembling parts manufactured abroad. It is only when this double process goes some way that real industrialisation plans would become feasible.

Meanwhile, the experience gained in India would provide valuable lessons to these countries because, as in the community projects, these experiments are made in a comparable social mileu and many of the problems and solutions would be common. Some variations would also be inevitable since it is unlikely that the assimilation of new industrial techniques by semi-skilled industrial workers would be possible on the wide scale or with the same rapidity as in India or Pakistan.

COMPETENCE IN THE PUBLIC SECTOR

Secondly, industrialisation in underdeveloped countries, it is now generally conceded, would depend very much on the governments since there may often be little or no spirit of enterprise among private individuals or ability to mobilise resources and take risks. But the capacity of the governments themselves in many countries effectively to provide the leadership which is absent in the private sector is doubtful. Many of them are hardly in a position even to perform the police function of maintaining political stability which is the first condition of all economic advance. When they succeed in achieving this—in Burma, the Associated States of Indo-China, Indonesia and to a lesser extent in Thailand and the Philippines this problem has to be tackled with different degrees of urgency—they will have a large task in opening up the economy of their countries by the provision of transport and communication facilities, education and technical training and a sufficiency of credit facilities for ordinary commerce. It is quite possible that when these steps are taken, there will be sufficient private initiative forthcoming for industrial development so that the state in each area is left only with the problem of supplementing it where necessary in the public interest. Even when the entire field of industry has to be tackled by the state, directly or indirectly, competent personnel required at all levels of the administration of industry for making a success of public enterprise would be available only at the later stages.

There may thus be no need to bemoan the lack of substantial investment in industrialisation so long as there is sufficient attention being paid to the creation of the social conditions under which alone it would be eventually possible. A theory that is frequently heard is to the effect that the lack of a middle class in most underdeveloped countries is responsible for the poor supply of entrepreneurial ability. There is a substratum of truth in this idea and most of the countries of South-East Asia, (like those of Latin America or Africa) suffer this deficiency.

SOCIAL PATTERNS FOR NEW ENTERPRISE

India has been somewhat of an exception in this matter because social stratification had long maintained a middle class, not depending on economic status but on birth and heredity. Risk-bearing became the profession of certain social groups of hereditary merchants, small traders and money-lenders who even carried on their transactions abroad in South-East Asia and East Africa. But when modern industry became involved in complex processes the social groups competent to absorb the new techniques of science were different from these trading communities and have all along remained separate. The sectional outlook of the Indian business communities—like the Parsees, Gujerathis and Marwaris—in the choice of managers and partners in enterprise were more relevant to the earlier conditions of ordinary risk-bearing in trading and the initial manufacturing stages. It is no surprise that they have not been able to create a class of the more versatile type of business managers required by modern industry. Thus India has, even with the middle class component in the social structure which has produced enough able lawyers, politicians, administrators, doctors, engineers and teachers, proved unable to face up to this problem successfully.

MANAGERS UNDER PUBLIC RISK

The question is whether state enterprise will find a solution for the problem. The point in favour of this course is that when the state becomes the risk-bearer, the administrators who are well-versed enough to assimilate new ideas and trends can become competent managers and entrepreneurs. Against this, we should consider the possibility of entrepreneurial ability not being extended fully or not becoming sufficiently diligent under state auspices when the risk element is wholly divorced from management. This depends very much on the sense of social responsibility prevailing in any community. If it is high as in some Western countries, it would be reflected even in private business; if not, the consequences can be bad even for the management of public enterprises.

This is the general background to the current discussions about the working of state enterprises in the South-East Asian countries. In India, great emphasis has lately been placed on the expansion of the public sector, because of the divorce of managerial ability and social responsibility from the qualities of risk-bearing in the private sector. On the other hand, the ex-

perience in the Philippines and in Ceylon has been to the contrary. The former country auctioned away many public enterprises some years ago and in Ceylon a recent inquiry body has recommended the closure of state enterprises in steel rolling, acetic acid, ceramics, paper manufacture, coir and drugs factories and the transfer of a glass factory and tannery to private enterprise. There is little industry in the rest of the region (except in the Indian sub-continent) which is not owned and managed by foreign capital and foreign business men. The Indian experience will therefore contribute much to the ideas on this subject in the whole region. So far, in spite of the shortcomings of public enterprise, many of them have been established on a satisfactory basis and have become good 'showpieces' for the public sector like the Sindri and Chittaranjan factories, Hindustan Aircraft at Bangalore, Hindustan Cables at Rupnarainpur and so on.

The test of financial success which is largely valid for the private sector becomes only one of the several criteria of assessment of the value of the public sector. Other broader national considerations like the provision of certain services to the public as in fertilisers, of training and employment opportunities, saving of foreign exchange—which are also in some measure applicable to the private sector—are more liberally interpreted in favour of state enterprises. There is also an attempt being made to combine the virtues of the private and public sectors and avoid the faults of either by the constitution of autonomous corporations or private limited companies. The object everywhere is to institutionalize industrial enterprise.

2. MINERALS AND METALS

SOUTH-EAST ASIA is not a very rich area in the basic minerals like coal and iron ore or mineral oils, but there are other mineral resources which are of value. So far, tin alone has achieved prominence because of its strategic value but there are others which would in due course attain importance when the industrial development of the region progresses. Bauxite, ilmenite, chromite, manganese and mica are known to exist in large quantities and when further geological investigations are completed, the mineral map of the region may show significant changes. Mineral production is not considerable now because it depends mostly on the export demand, which is not stable in all cases.

There have been improvements in the production of pig-iron, manganese ore, chromite, ilmenite, and in non-ferrous metallic minerals. In India, the total value of all the minerals has recently been estimated at Rs. 140 crores. The following trends in production reveal this rapid increase in recent years. Except in coal, a substantial proportion of Indian production is for export. The major development in this field of mining in India is the pilot project for lignite mining in South India and the 25,000-ton ferro-manganese plant in Orissa. The Indo-German agreement for the establishment of a steel plant in Rourkela will enable further exploitation of iron ore resources.

Production and Exports of Indian Minerals
(In Thousand Tons)

	1950		1953	
	Production	Exports	Production	Exports
Coal ..	32,207	911	35,979	1,271
Iron Ore ..	2,965	55	3,784	1,095
Manganese Ore	883	760	1,864	1,654
Chromite ..	18	3	35	15
Ilmenite ..	213	..	215	126
Mica* ..	162	316	152	245
Magnesite	53	..	93	..
Gypsum ..	206	..	571	..

* In 1000 cwts.

TIN

The boom in tin which followed the Korean war has now declined and exports have returned to the levels of 1949.

Exports of Tin
(In Thousand Tons)

	1938	1949	1950	1953
Tin in concentrates (Burma, Indonesia & Thailand) ..	30	40	43	40
Tin Metal (Malaya) ..	62	59	83	64

The International Tin Agreement signed in June 1954 may stabilise the position and the stocks which have accumulated in Malaya and Indonesia are expected to decline. The recovery of pre-war levels of mining of tin ore in Burma will depend largely on political factors; production of ore is still only one-fifth of the pre-war level.

NON-FERROUS METAL ORES

After Japan, India is the main producer in Asia of zinc, lead and copper. There was a decline of copper production in 1953 by about 30 per cent to 238,000 tons. There has since been a recovery in 1954. Lead concentrates amount to 3,000 tons and zinc concentrates to 4,000 tons. Bauxite production has been steady at about 67,000 tons per annum. Indonesian reserves of bauxite are estimated at 18 million tons and at present the ore is being exported to the United States and Japan; Bauxite production declined in Indonesia from 692,316 tons in 1951 to 199,552 tons in 1953.

The other important item is mineral oil. The total production of the region was 14 million tons in 1953 of which two-thirds was in Indonesia and the rest in Brunei. Indonesia exports almost the whole of the oil. In terms of quantity, production is now 2½ times the level of 1948 while export earnings have expanded many times more. In Burma the disruption caused by the war has to be repaired. The refineries at Chauk will just be able to process about 60 million gallons of crude oil annually which will be about equal to domestic requirements. In Pakistan, production of crude petroleum of about 200,000 tons is less than a fourth of internal needs.

Production of tungsten ore has increased in Burma, India and Thailand. American aid has been forthcoming for Thailand's project to improve tungsten mining. Antimony output declined in India from 376 tons in 1950 to 130 tons in 1953 though it is expected to revive in the current year; Pakistan and Thailand also produce antimony.

3. INDUSTRIAL PRODUCTION AND PLANS

THE countries of South-East Asia are now earnestly engaged in planning for industrialisation. A few industries exist which were built up in the colonial phase of their history and some of the old ties with foreign companies still persist in such lines as the petroleum refineries in Burma and Indonesia, affording the help of foreign capital and technical skill. Rubber processing, desiccated coconut factories, leather and ceramics, soap and footwear are easily manageable with local talent and resources. The governments are engaged in the establishment of financial institutions to help such industries while plans for heavier industries are being more boldly formulated with hopes of securing foreign participation from Japanese, German or British business men or of assistance from the World Bank.

BURMA

Burma has made some progress in cotton textiles, rice-milling, vegetable oils, cement works and lastly sugar, the output of which quadrupled in three years to 20,000 tons. The government-owned spinning factory has increased annual production of yarn from 2 to 3.5 million pounds. The seven-year Economic Development Programme which will be greatly assisted by latest Japanese reparations agreement contains plans for industrial projects in jute, salt, cement and paper. Burma's forests can provide the raw material for a large paper industry. A brick and tile factory has been built and it is intended to complete a steel rolling mill with a capacity of 2,000 tons to use a large accumulation of war-time scrap. Other projects have been suggested in a technical report.

CEYLON AND INDONESIA

In Ceylon, there is little private industry except the manufacture of matches, soaps and equipment for tea and rubber factories. There is only one spinning and weaving mill. The potential capacity of the soap industry—6 large and 34 small-scale units—is 19,500 tons and production is now at 12,000 tons. In Indonesia, a printing works, three rubber re-milling factories and a 30,000-spindle cotton mill have been erected under government auspices. German assistance has been sought to establish an automobile plant at Surabaya, and an iron and steel plant in South Sumatra. Coal production is now at a level of about a million tons a year. The government has invested about 60 million rupiahs for cotton textile production to establish plants for caustic soda and penicillin.

PHILIPPINES, THAILAND AND THE REST

Early this year, the Philippines announced a Five-Year Plan which places emphasis on industrialisation. The Philippines industry has so far concentrated on production of light consumer goods industries such as cigarettes, sugar, soft drinks, wearing apparel and knitted fabrics; in the public sector a fertiliser plant has been completed. Cloth production is now about 14 million yards a year. In Thailand, there are plans for a steel plant and a cement factory, and for expansion of manufacturing capacity for jute. In Viet-Nam, coal production amounted to 890,000 tons and cement output increased to 300,000 tons. In the other smaller countries—Cambodia, Laos and Nepal—the question of setting up industries must be considered only after the more important task of establishing transport and communication facilities is completed.

PAKISTAN

This survey leaves only Pakistan (besides India) to be considered. Both in planning and implementation, Pakistan has been very much ahead of the countries mentioned above. The production of electricity increased to 34 million k.w.h. in 1953. A large number of schemes have been planned and are being executed in several fields. By 1955, 6,000 jute looms would be installed, which when worked to full capacity in double shifts can produce 200,000 tons of jute goods. Already some exports are reported to have commenced.

Cotton Textiles

The following figures show the progress made by the cotton textile industry in Pakistan:

Date:	Capacity Spindles	Capacity Looms	Monthly Output (Million metres)
January '53	410,226	6,964	13.3
October '54	900,000	14,000	25.0
Further Orders for	441,000	7,000	100.0 (Target)

There are 8 woollen mills and one more is proposed.

Chemicals and Cement

There are 4 cement factories in West Pakistan and one in East Pakistan and total production is silghtly below 600,000 tons a year. When the new plants and extensions are completed, the production capacity is expected to increase to one million tons a year. A 50,000-ton ammonium sulphate plant, now under construction at a cost of Rs. 63.5 million, is expected to go into production.

Other Industries

Pakistan has attained self-sufficiency in paper with the attainment of full capacity by the Karnafuli Paper Mill in East Pakistan with a production of 30,000 tons a year. An output of 7,500 tons of paper board is also expected when the two units now under construction are completed. There are also proposals for more sugar factories, to increase sugar output from the present level of 82,000 tons to 200,000 tons a year. A sulphuric acid plant at Lyallpur, a caustic soda plant at Nowshera and a wire and cable factory at Karachi are among other schemes in Pakistan's industrial development plan involving Rs. 600 millions of total expenditure. When the projects are fully completed, Pakistan will have one-fifth of India's cloth and jute production, one-eighth of cement and about one-sixth of India's sugar, fertilisers and paper.

India's role in this region as the leading industrial country is one which she shares with Japan just outside the area and the Western countries whose assistance is vital for the development of the whole region. India is not only a manufacturer of consumer goods in surplus like textiles, soap, and footwear but also a producer in considerable quantities of capital goods and transport equipment. Indeed, it is the latter factor which in due course may prove important because India, better than the more highly industrialised countries like Japan and those in the West, can design and produce the simpler types of machinery such as, textile machinery which are suited to the levels of technical ability in the underdeveloped areas. Many Indian engineering products like sewing machines are also cheaper. The rest of the trade in consumer goods with South-East Asia would depend largely on world trade developments. But a more certain and useful role will be India's serving as the training ground for technical education for the countries of South-East Asia, not only in a direct task of training personnel, but also in an indirect manner by demonstrating the most convenient paths to developments.

PRODUCTION OF SELECTED COMMODITIES

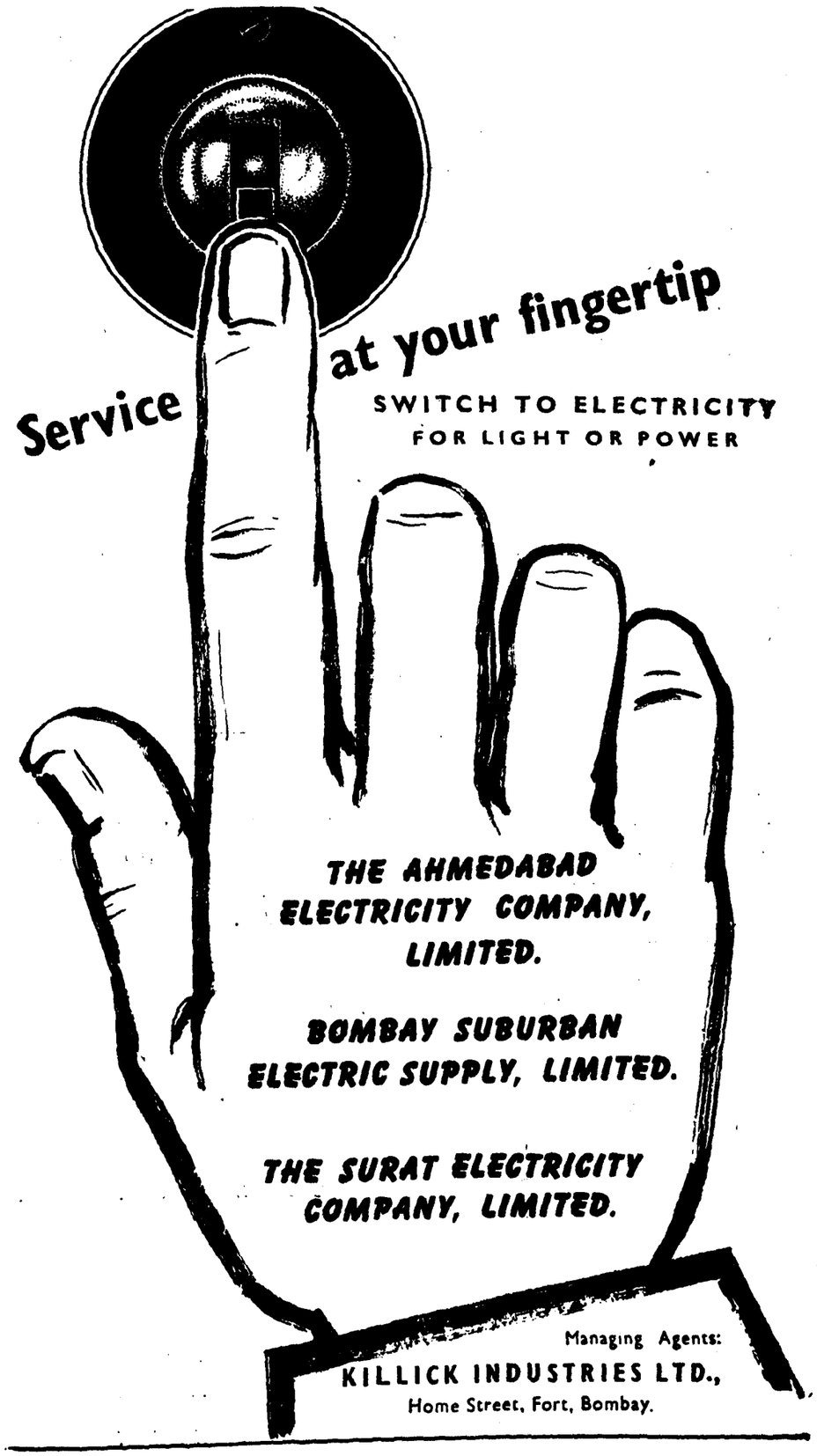
Calendar Months Or Monthly Averages

(Thousand metric tons)

	1950	1951	1952	1953	1954*
COAL					
India ..	2,735	2,915	3,067	3,035	3,058
Indonesia ..	67	72	81	75	73
Korea (South) ..	47	14	48	72	67
Malaya § ..	35	32	27	24	18
Pakistan (a) ..	37	43	51	49	60
Viet-Nam ..	42	53	72	70	82
ELECTRICITY (Million Kwh)					
Cambodia ..	1	1	2	2	1
Ceylon ..	7	9	11	12	13
India ..	425	488	516	560	578
Korea (South) ..	34	28	53	61	66
Malaya ..	56	76	80	88	—
Pakistan ..	15	19	25	34	—
Philippines (Manila) ..	38	41	46	52	56
Thailand (b) ..	4	5	5	7	8
(Bangkok) ..					
Viet-Nam ..	14	16	19	—	—
PETROLEUM, CRUDE					
Brunei ..	343	415	423	407	406
Indonesia ..	534	620	710	852	835
Pakistan ..	12	13	15	16	—
Sarawak ..	5	4	4	4	—
IRON ORE (c)					
India ..	250	310	332	301	313
Malaya ..	42	72	89	90	77
Philippines ..	50	75	97	101	117
TIN CONCENTRATES (tons)					
Burma ..	120	138	93	80	80
Indonesia ..	2,718	2,624	2,964	2,864	2,579
Laos & Viet-Nam ..	5	8	12	22	17
Malaya ..	4,872	4,840	4,812	4,763	4,864
Thailand ..	878	805	802	885	769
TIN METAL (tons)					
Malaya ..	5,821	5,581	5,320	5,284	5,935
NATURAL RUBBER (d)					
Cambodia ..	1.2	1.3	1.5	1.9	1.3
Ceylon ..	9.6	8.9	8.2	8.3	7.1
India ..	1.3	1.5	1.7	1.8	1.3
Indonesia ..	59.0	69.0	63.4	58.6	58.3
Malaya ..	58.8	51.3	49.5	48.6	45.7
Sarawak ..	—	3.6	2.7	2.0	1.5
Viet-Nam ..	2.7	3.1	3.4	4.2	2.9
COTTON YARN ..					
India ..	43.7	49.0	54.7	56.9	57.4
Korea (South) ..	0.8	0.5	0.8	1.1	1.2
COTTON FABRICS (Mn. metres)					
Ceylon (Mn. Sq. metres) ..	0.5	0.6	0.7	0.6	—
India ..	275.0	319.0	350.0	373.0	372.0
Korea (South) ..	4.1	2.3	3.3	4.6	4.9
Pakistan ..	8.1	9.7	13.3	18.1	—
Philippines ..	0.7	0.8	0.5	0.9	1.2
CEMENT					
Ceylon ..	—	5.3	5.1	5.2	6.8
India ..	221.0	271.0	299.5	326.0	373.7
Korea (South) ..	0.8	0.6	3.0	3.5	3.0
Pakistan ..	35.1	42.2	44.9	50.3	41.3
Philippines ..	24.9	26.3	26.4	26.5	21.2
Thailand ..	13.8	19.1	20.6	24.0	27.1
Viet-Nam ..	12.0	17.7	18.5	24.2	23.0

§Lignite. *First quarter average only.

(a) Including lignite, (b) Relates only to the consumption of electricity generated by the Bangkok Electric Works, (c) Approximate metal content of ores are as follows: India, 65 per cent; Malaya, 60 per cent and the Philippines, 55 per cent; (d) Including latex.



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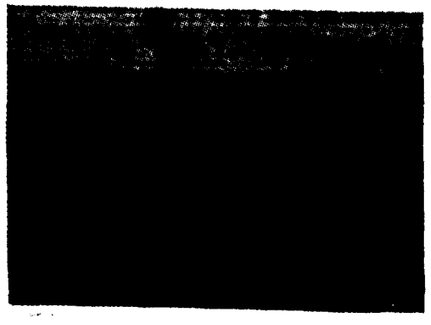
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AN ECONOMIC PLAN FOR SOUTH-EAST ASIA

1. Introduction

IN the pages that have gone before, there has been sketched briefly an outline of the present economic structure of production in South-East Asia with the barest indications of the lines on which improvement is possible. It is now necessary to set out a concrete programme of action. If there is one thing that is clear it is that South-East Asia as a whole has no plan today. This is paradoxical in view of the fact that every country within the area has its plans. Planning has indeed been a popular occupation; only it has hitherto been conceived in national terms. This is not the first time that a national outlook has been a source of distortion.

THE LIMITATIONS OF THE COLOMBO PLAN

And yet there is in some sense a South-East Asia Plan. But this—the Colombo Plan—fails properly to qualify. The first criticism of the Colombo Plan is that it is an envelope of national plans without any thought of the problems of inter-regional development, that is, development by co-operation between the countries themselves. This is not to suggest it was entirely mistaken on that account. The Third Annual Report of the Consultative Committee on Economic Development in South-East Asia, which has just been issued, will indicate that, notwithstanding its limitations, the Colombo Plan has given precise form and shape to the economic development in this area. To say this is not, again, to admit that the form and shape should be continued: both need changes.

The first need is a change in philosophy; the second a change in size. It is argued in the pages that follow that a true plan for South-East Asia must be conceived differently and on a much grander design.

THE PHILOSOPHY OF THE COLOMBO PLAN

Broadly speaking, the philosophy of the Colombo Plan was based on the application of a catalyst to change the form of static economies into economies which, slowly and ponderously, would provide the means of their own development. This was because when the Colombo Plan was first conceived, all the economies of South-East Asia were believed to be static with an obstinate attachment to stationaries both in agricultural and industrial production. It was believed that capital and technical skill were both necessary to break this stationary state and, in so far as there was some competition between the two, the weightage was more on the side of capital than on technical kill. It is now clear in the light of the experience of some countries, particularly India, that the impulse to break the stationary state might come about by quite different means, and in particular with much less expenditure, particularly of the foreign kind.

THE INDIAN EXAMPLE

Both Indian industry and Indian agriculture, for example, exhibited in the last two years dynamism of a kind which makes the assumptions of the Colombo Plan unwarranted and the size of the Colombo Plan deeply inadequate. The official Interim Index of Indian Industrial Production has risen steadily from 121 in 1951-52 to a figure of 149 in July this year. In a matter of the last four years, Indian industrial production has risen by about 50 per cent. This has been accomplished largely by the effort of industries in which there was no new foreign capital and no new technical skill. At the same time, agricultural production has risen in India by about 20 per cent under conditions where foreign skill was of a very small order and was measured by such small capital-consuming techniques as the Japanese method of rice cultivation.

BY THEIR OWN BOOTSTRAPS?

The Indian example seems to suggest that in India certainly, and probably in most countries of South-East Asia, the capacity for under-developed countries to raise themselves by their own bootstraps is very large. In a sense this experience runs contrary to a classical *theory of economics for under-developed countries*. The familiar vicious circle that poverty and low production must go together is now shown to be not a necessary condition. India's rate of capital formation has risen significantly in the last two years notwithstanding the fact that a great majority of her people are still desperately poor. Secondly, it is now seen that no arduous virtuous circle is necessary before production investment takes place. The familiar chain of reaction of classical economists which flowed from 'good climates' for saving and investment is not necessary, although it is a desirable condition for economic advance. Against the chain of saving or capital formation, investment with a good opportunity of profits, and then a real rise in incomes, there is now available the possibility of direct public investment which raises incomes straightaway. The Indian experience can be applied elsewhere. There are indications that in vital points, notably in the purchase of South-East Asia's strategic materials, rubber and tin in particular, assistance by the Free World will be necessary. By and large, it is possible for a great plan of economic development to be set to work without major foreign capital assistance. This is at present a classical heresy. But it is believed it will be found to be the truth.

This line in the pages that follow is analysed in terms firstly, of agricultural and industrial production; secondly, in terms of capital formation and investments; thirdly in terms of the problem of payments; fourthly, in regard to the character of inter-regional trade and finally as a whole as a problem of administering an economic plan of this kind. It is hoped there will be found also the broad outlines of a philosophy which will provide a basis of unity for like minds as do the recommendations provide a sound basis for a new co-prosperity sphere.

MINERAL PRODUCTION IN SOUTH-EAST ASIA

(Monthly Averages)

(Thousand metric tons)

	1951	1951	1952	1953	
COAL					
India ..	2,735	2,915	3,074	3,035	3,036
Indonesia ..	67.0	72.3	80.7	74.8	70.8
Korea (South) ..	52.8	13.5	48.0	72.2	68.7
Pakistan (Including Lignite) ..	37.0	42.8	50.8	49.0	..
Philippines ..	13.2	12.5	11.6	..	..
Viet-Nam ..	42.0	53.0	71.0	70.0	..
LIGNITE					
Malaya, Federation of ..	35.2	32.4	26 7	24.2	18.4
Korea (South) ..	2.3	0.5	0.2	..	..
PIG-IRON AND FERRO-ALLOYS					
India ..	142	154	157	150	158
CRUDE STEEL					
India ..	122	127	134	128	138
COPPER ORE					
India (Refined Copper) ..	0.56	0.60	0.61	0.42	0.57
Korea ..	..	..	0.05	..	..
Philippines ..	0.87	1.06	1.18	..	..
LEAD ORE					
India (Refined Lead) ..	0.05	0.07	0.10	0.14	0.15
Burma ..	0.10	0.50	0.46	..	..
TIN					
Malaya and Singapore ..	5.82	5.58	5.23	5.28	5.96
ALUMINIUM					
India ..	0.30	0.33	0.30	0.32	0 32
CRUDE PETROLEUM					
Brunei (Specific gravity 0.84) ..	343	415	423	404	403 (f)
Indonesia (Specific gravity 0.85) ..	534	620	710	852	850
Pakistan (Specific gravity 0.84) ..	12.0	12.7	14 9	16.1	..
Sarawak (Specific gravity 0.84) ..	4.79	4.38	4.33	4.75	5 (f)
Burma ..	6.1	9.8	10.7	..	
IRON ORE					
India (Metal content 65%) ..	251	310	332	309	367
Malaya (Metal content 60%) ..	42 2	71.7	89.4	90.0	74.2
Fed. of					
Philippines (Metal content 55%) ..	49.9	75.3	97.5	101.6	..
TIN CONCENTRATES					
Burma ..	0.13	0.09	0 10	0.08	0.08
Indonesia ..	2.72	2.62	2.94	2.86	2.70
Malaya, Federation of ..	4.87	4.84	4.81	4.76	5.00
Thailand ..	0.84	0.80	0.80	..	..
Laos & Viet-Nam ..	.005	.009	.013	.01	..
MANGANESE ORE					
India ..	425	611	601*	..	..
Korea ..	..	..	2.9	..	..
Philippines ..	11.9	8.9	8.3	..	..
Portuguese India ..	15.7	35.6	49.0	..	..
BAUXITE					
Federation of Malaya ..	..	..	1.83	..	..
India ..	5.41	5.66	..	..	..
Indonesia ..	44.25	53.50	28.66	..	..

§Average of first six months only. *Exports
'f) First quarter of the year.

II. The Problem of Production

IN the table on page 1060 is given the existing position in regard to industrial production in most countries of South-East Asia. On the opposite page, a similar table sets out the position in regard to mineral production. The section dealing with Agriculture in South-East Asia contains various tables regarding agricultural production. These tables give rise at once to the question whether or not an increase of production can be obtained by planning peak production for each commodity in each country as a first stage of a development programme for South-East Asia. In the case of India, peaks in the past in Indian agricultural and industrial production have been surpassed in recent months. This is unhappily not true of other countries in South-East Asia, and in two or three cases in which strategic elements in the production picture are involved, there has been a significant falling off from recent peaks

RUBBER AS AN ILLUSTRATION

In the case of rubber, for example, the peak figure of production was in fact attained in 1953 in only three countries. In other cases, both the years 1952 and 1953 have recorded significant decreases from the peak figure. If the peak of natural rubber throughout the area be taken at the monthly average of 157,000 metric tons, present production might not represent a figure of more than 139,000 or a decrease of 13 per cent. Similarly, in the case of tin concentrates, peak production in this area has been as high as 9,645 tons in monthly average terms, but at the present time average production is about 8,600 tons only, a decrease of 10.7 per cent. Ever in the case of tea, where there has been a great windfall as a result of record prices, present production runs about 8 per cent below the peak figure for South-East Asia.

Natural rubber and tin concentrates are here merely illustrations in the total picture. In practically every field, not excluding the central field of rice production, South-East Asia is now running considerably below its peak figure. On the basis of average figures, it might be said that total production, both in agriculture and industry, South-East Asia is running somewhere about 10 per cent less than a figure based on its best past performances. Here at least it cannot be said that a 10 per cent rise in the specific directions in which there has been a fall is an impossibility. This does not imply that a rise will take place automatically. But it certainly can be planned as a first stage in a plan for production in this area. There should be examined, in every single case, the reasons for fall in production and there should be a determination by collective action in the area to restore peak production in every field.

In a broad sense, it may be said that the major limitation in these cases has been the fall of demand. Therefore a plan for South-East Asia, in order to restore production at current prices, must be designed to produce demand at current prices or at prices reasonably close to them. Alternatively, by the application of new technique or additional investment, costs must be brought down to raise demand in the process. Conditions will naturally vary from industry to industry, but it should be clear here that the difficulties cannot be intrinsically very great. The example of India seems to suggest that with greater determination they can be readily overcome; world demand, after a lag, is rising again.

In the case of items which are largely for export, such as rubber and tin of Malaya and Indonesia or tea and jute of India and Pakistan, the international picture is far more important than the inter-regional one. Here some form of trade agreement between buying countries outside the region and South-East Asia will be essential. On the other hand, since South-East Asia is herself a consumer of most of her own rice and food grains, there is much more scope in some cases for a purely regional arrangement.

SECOND STAGE

This takes us only to the end of the first stage. The problem of production cannot be allowed to rest only on the attainment of past peak levels. The second stage of a plan in South-East Asia must involve a bold re-calculation of capacities which can be built in before 1960, that is, in the next five years or so. In the case of India, the dimensions of the second Five-Year Plan will involve an expenditure not less than 50 per cent above that of the first Five-Year Plan. In real terms, this is likely to involve a doubling of industrial production, a rise of something like 30 per cent in agricultural production and a doubling of capacity in transport. There is a presumption that similar targets can be established for most countries in South-East Asia.

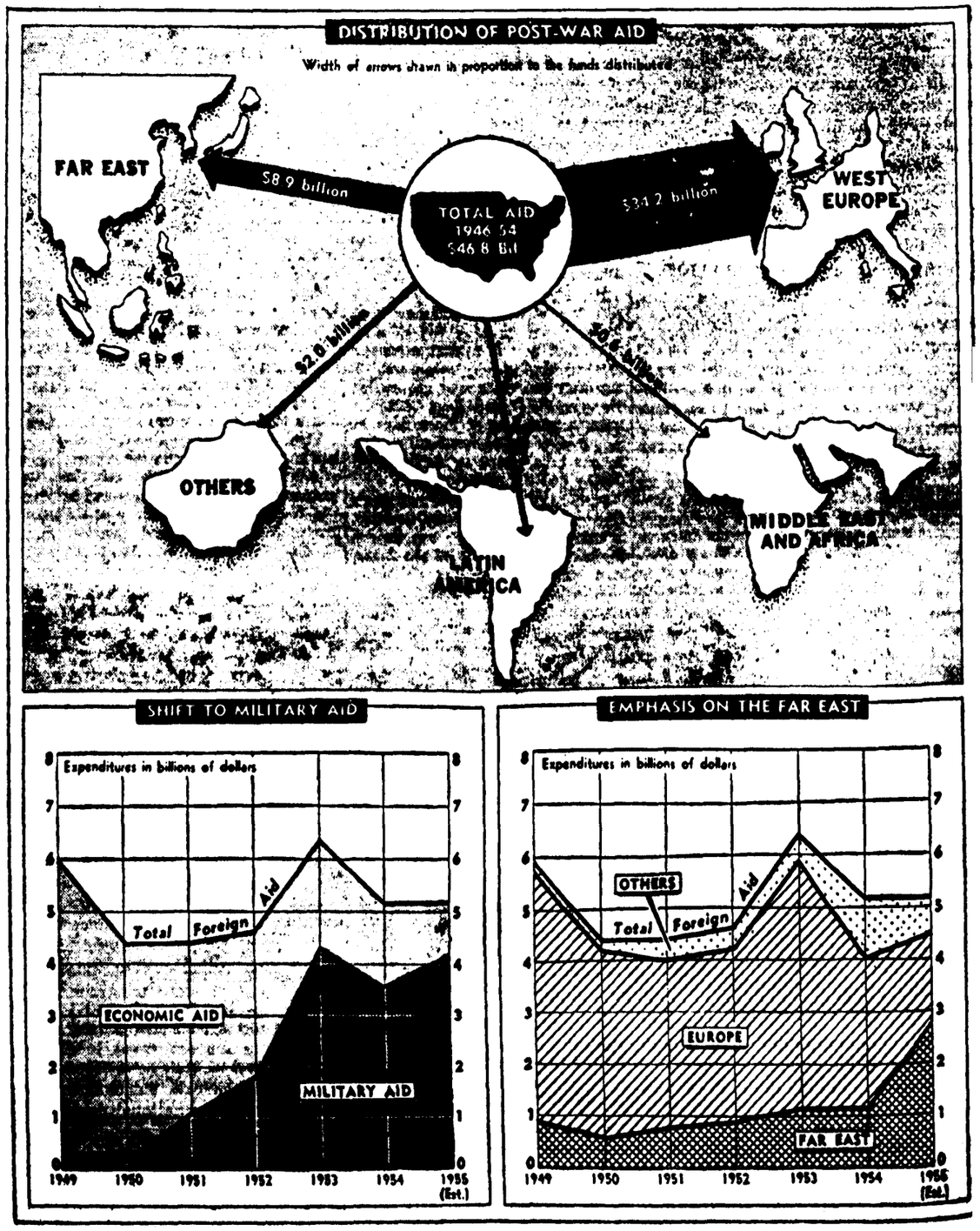
In respect of most commodities of importance, world demand may be presumed to rise adequately. In the case of some vital materials of South-East Asia, notably rubber and tin, this is certainly the case. The Paley report in the United States, for example, sets out the belief that natural rubber would need to rise by 50 per cent to satisfy the United States import demand by 1975 and tin would similarly rise by a sixth. This is only an estimate of United States demand and it is inconceivable that demand elsewhere would remain stationary. In the case of India, the doubling of industrial production is almost certainly likely to express itself in a doubling of both rubber and tin imports. Wherever possible, it should be possible by a series of international or inter-regional agreements to make sure that demand at a figure considerably higher than at present is guaranteed.

UNITY IS STRENGTH

Each government will naturally take its own view on the prospects of such development, and each will naturally be anxious in competing to secure as much for itself of the total world demand. Since the base on which a plan for South-East Asia should be built is a friendly and just distribution within the area and the avoidance of competition, the first attempt should be to raise the total foreign demand, and the whole negotiating power of South-East Asian countries should be thrown into the effort to secure agreement on a larger demand figure. Thereafter, it will be open to nations inside the area to bargain amongst themselves for supply, but with no narrow national considerations as a final determination.

The second stage of this production plan will need, because of the large range of negotiations on which it rests, some considerable time to get under way. Precisely for this reason there should be an immediate attempt to work in a policy, if necessary, by international agreement, to maintain peak levels in industries where they have fallen off. In this task there may well be need for inter-regional effort to purchase additional quantities without reliance on outside agencies. Charity for South-East Asia, as elsewhere, may well begin at home.

FOREIGN AID—AS EMPHASIS INCREASES ON ASIA'S 'COLD WAR' ROLE



III. The Problem of Capital

ALTHOUGH capital in underdeveloped countries does not now appear to be the vicious obstacle it was three years ago, it would be foolish to make light of capital difficulties. Broadly, it may be said that there are three lines from which capital can be found. The first of these is domestic saving, the second, private foreign capital and the third, foreign aid. In respect of domestic capital formation, there is now to be considered the dynamic effect of public investment rising at a significant rate. There is something in the evidence of the Indian economy in the last two years to suggest that the rate of capital formation in India has been significantly assisted by government payments. This is no more than a repetition of Indian experience in World War II where it was shown that where payments were prompt a virtuous circle might be established by which public expenditure stimulated deposits and thereby advances, and also aided public and private savings, out of the increased income which it generated. Of all the three lines of stimulation of capital formation in all these countries, this must be reckoned the most important.

DEFICIT FINANCING

It is also believed that the weapon of deficit financing has an assured place in the public financing of the development of plans in all countries in this area. It would appear that contrary to usual belief, where deficit financing is implied on productive schemes the inflationary factor can be reduced almost to nothing. This is largely because in most countries in this area the elasticity of savings is high. In the first Five-Year Plan in India, it was assumed that about half the increment of output would be saved. Recent studies of India's rate of capital formation in the last two years have indicated that this assumption in Indian conditions was well justified. It is likely that the rate of savings out of increments in output in other countries of South-East Asia would be rather lower than in India. It may be that on an average only a third of the increment would be saved. Even, however, if this were so, it will be seen that the capital base on which plans for short-period productive schemes can be prepared would be considerably higher than at present postulated. It is certain that the rate of capital formation will rise steeply with production, and, therefore, a large amount of self-financing can be readily introduced into the assumptions of national plans.

A RISE BY 50 PER CENT?

In the case of India the second Five-Year Plan now computed at an expenditure of Rs. 5,000 crores at the present prices it would be appropriate to conclude that rupee finance raises no significant problem. Plans for other countries in South-East Asia will necessarily have to be less ambitious, running perhaps in proportions in correspondence with the figures in the Colombo Plan. But even so they would imply a rate of rise of 50 per cent in investment and something like a similar figure in industrial and agricultural production in the next six years.

PRIVATE FOREIGN CAPITAL

The problem of private foreign capital is by no means so hopeful. In the statement below is evidence that no country of this area except Pakistan had a net inflow of private capital in the years 1948 to 1951. There is no reason to suppose although private foreign capital will be welcome, that it is waiting to force an entry into any country in this area. It is best to consider private foreign capital as being a negligible factor of total investment in this area for some years to come.

FOREIGN AID

The contribution of foreign aid is happily not so negligible. It would seem clear because of military aid, which some countries in this area are already receiving from the United States, that dollar aid will not fall in the near future. Indeed, it will almost certainly rise, and it is conceivable that, with economic aid added in, there might be a contribution of a billion dollars a year in the next five years. If that hope materialises, it would be legitimate to suppose that these resources could be appropriately shared, which would imply a great reduction of foreign exchange difficulties. In any case, the broad picture which arises from the conditions already mentioned is that the difficulties of finding the requisite capital are by no means as large as has been too frequently feared.

Net Inflow (+) or Outflow (—) of Private Capital (a) in Specified Asian Countries

(Millions of Current Dollars)

Country	1948	1949	1950	1951	Total
Burma	..	..	— 2.5	— 2.9	— 5.4
Ceylon (b)	+ 0.6	— 6.1	— 6.1	— 8.0	— 19.6
India	—49.3	—57.6	—17.0	— 6.1	—130.0
Indonesia	—28.0	—11.4	—19.5	..	— 58.9
Pakistan (c)	+ 0.5	+ 2.5	— 0.1	+ 7.6	+ 10.5
Philippines	+26.0	—13.0	—65.5	+ 5.0	— 47.5

(a) Excluding amortization. Figures converted from nation currencies to U.S. dollars equivalent on the basis of conversion factors supplied by the International Monetary Fund.

(b) Relates to long-term capital only.

(c) Excluding transactions with India, Nepal and Tibet.

IV. The Problem of Payments

CLOSELY associated with the problems of capital in this area is the problem of payments. At the present time only India seems to have a fully stable favourable balance. The conditions of payments of the area have not always been unfavourable, and, as the table below shews, there are times when almost all the countries in the area have had favourable payments. The Korean boom was one of these. It is conceivable that a time may come when a similar boom will appear even as elements in a peace situation. This, however, is not likely and, therefore, the question arises as to how South-East Asia might finance its developments without embarrassment on foreign exchange account.

SOUTH-EAST ASIAN PAYMENTS UNION

For some time past, there has been considerable discussion, largely academic, of a South-East Asian Payments Union. A Working Group of experts on payments problems met in Bangkok from the 19th to 28th July 1954 under the auspices of the Economic Commission for Asia and the Far East. They came to the conclusion that the scope for additional multilateral compensation in ECAFE was limited. The quantum of additional trade which could be offset multilaterally through a payments union for the region was only 5 per cent of the total intra-regional trade in 1952 and 12 per cent in 1953. But it was pointed out that the

European Payments Union (EPU) finances no larger a proportion of intra-regional trade, although EPU settlements include balances of payment outside Europe of the various monetary areas of EPU.

While there are advantages in setting up a Payments Union even for this small percentage of inter-regional trade which is not compensable, it would appear that a solution of the payments problem might be found not so much by a Union as by the making available of surpluses of one country for the purchases of another on mutually acceptable terms. For example, there is no reason why balances available with India in our Sterling Number One Account should not be used for short-term investments in Indonesia, Burma or Ceylon.

WANTED: A SOUTH-EAST ASIAN BANK OF DEVELOPMENT

This raises the question as to the best form in which investments should be provided as an element in production; and loans as an element in a payments policy. Much the best manner in which the difficulties of payments in South-East Asia could be reduced is by the formulation of a common policy in these terms, and its implementation by a new Bank to be called the South-East Asian Bank for Reconstruction, in which countries in South-East Asia could avail themselves of opportunities similar to those now available on a very limited scale through the World Bank. There is obviously scope for a new Bank to advance investment, and another which provides short-term funds to overcome payments difficulties. The South-East Asian Bank for Reconstruction can well undertake both functions. Its character may be similar, though obviously much more limited in purpose, to those of the World Bank and the International Monetary Fund.

It is not necessary to set out the problem in additional detail. It would appear that in 1937, 70 per cent of intra-regional trade was bilaterally balanced, 9 per cent was multilaterally compensable, and 21 per cent represented either net surpluses or deficits which were not compensable on trade accounts within the region in the same year. The normal position now is less favourable and yet there is no reason to suppose that a pattern of trade, could not be devised with the help of a suitable lending agency, to bring down the figure of trade not immediately compensable to 20 per cent of the total trade in this area. Indeed in 1953, the percentage was back to 20 per cent.

For this purpose it is unlikely that the resources of the area will alone be sufficient and thus it will be necessary for this Bank to enter into an arrangement with the World Bank or with those governments whose currencies are in short supply.

On the order of magnitudes in the second Five-Year Plan all that now need be said is that there is nothing unmanageable in this proposition, provided the United States is willing to support any new venture. This is an assumption which can be made with some justification.

Balance of Payments (Current Account)

(£ Thousand)

Country	1951-52 (Actual)	1952-53 (Actual)	1953-54 (Estimated)
Burma	..	+ 13,379	— 0,375
Ceylon	..	—18,997	+ 615
India	—106,000	+48,000	+36,000
Indonesia*	+ 63,600	—65,200	—43,300
Malaya*	..	+ 3,700	—11,200
Sarawak*	..	+ 2,550	+ 150
Pakistan	— 49,671	—43,918	— 3,065

*.Calendar years.

V. Inter-Regional Trade Agreements

THE present position in respect of trade agreements is set out on page 1069. Nobody need deceive himself on the marginal character of these trade agreements at the present time. They have merely put into writing, and in some cases ineffective writing, a pattern of trade normally taking place. In many cases, the full purposes of these agreements have not been realised, which implies both a change in demand and an unwillingness of the governments concerned to press hard for the spirit of the agreement where no specific quantity and price were entered.

It is obvious that if South-East Asia is to raise itself by its own bootstraps, inter-regional trade of this kind must be given far more understanding and implementation than it has hitherto had. On the side of the understanding must be considered the necessity of raising exports and imports back to their peak regional level. This cannot be done if countries in this area strive to become self-sufficient. In particular, India's self-sufficiency in rice is conceived in so insular a manner that it has done serious damage to the whole character of South-East Asian co-operation. A last minute decision to restore the purchase of rice from Burma has stopped the rot, but it will require far greater understanding to change the structure of thinking on national self-sufficiency and make it as much co-operation as possible for the whole.

WANTED: MACHINERY FOR ACTION

This, and nothing else, is the problem of South-East Asia's regional trade. At the present time, there is no body which has either the capacity to plan or the power to implement a programme of action conceived on regional lines. Certain clear evidence can, however, be given to indicate that it is possible for an inter-regional agreement to take place without significant loss to any country. For example, India's purchase of Burma's rice can be made permanent if Burma's purchase of Indian textiles is a provision of the same agreement, and the order of magnitudes is such that the trade here can proceed in a balanced form. Similarly, there is no reason why India should not import a great deal of her additional rubber requirements from Ceylon, thereby enabling Ceylon to import engineering products, of which she is in obvious need, from India's factories, many of which are very inadequately utilised. It is possible here again to plan this trade in a form which makes Ceylon's adverse balance with India no larger than at present. The trade of Burma, Ceylon and Indonesia can be similarly planned. Both Ceylon and Indonesia need Burma's rice and can well negotiate the agreement on parallel lines. It is, therefore, simply not true that the existing structure of internal trade on inter-regional account has been conceived in the

interests of any of these countries. It has been left to chance and hard and unimaginative bargaining on single commodities instead of being considered with the broad vision of a total picture in which the interests of all were at stake.

TRADING BOARD

If a plan of this kind is to be worked in detail what is required at the present time is that there should be set up by the Colombo Powers, for example, an Economic Board on which all the countries of the area should be represented which should function as a Standing Committee on all trade matters. Any country should be able to initiate a proposal for co-operation, and, in any case, where trade can be balanced in this area the repercussions of such trade on any particular country will need to be discounted, wherever possible, in favour of the larger trading units of the region.

At the same time, as inter-regional trade develops in this manner, it is necessary that in dealing with the countries outside the area there should be a common front so that the interests of South-East Asia are secured. Hitherto there has been too often an opportunity for other countries to drive a wedge between the countries of South-East Asia. This has risen because there has been no single trading body with a capacity to determine the limits of bargaining with the outside countries. In addition to the inter-regional Trading Board, whose function is essentially internal, South-East Asian countries should have a Council for Foreign Trade which would be designed to watch the interests of the entire unit where those interests are assailed by international purchases from members of the area at less than most favourable prices. It is a central condition of South-East Asian trade prosperity that there should be set up without delay two large units with their appropriate secretariats, one for inter-regional matters, and another as a watch-dog for South-East Asian interests abroad.

ECAFE INTER-REGIONAL TRADE AGREEMENTS

VALUE OF TRADE AND PRINCIPAL EXPORTS	METHODS OF TRADE AND PAYMENT	REMARKS
BURMA-INDIA		
(Valid through 1954)		
Total: not specified **Burma:** 900,000 long tons rice which may be shipped during 1954, or spread over a period of three years at prices ranging from £50 (1954), £48 (1955), and £46 (1956).	Part of the payment, which is in pound sterling, is to be applied to the settlement of Burma's debt to India.	
(Valid through May 1951—December 1955)		
India: (Usual commodities enumerated in 1951 agreement). The total value of trade is not fixed, but certain principal commodities have been specified by tonnage. The agreement consists of three parts. Under part I, effective from May 1, 1951 to December 31, 1951, Burma will supply up to 240,000 tons of rice to India, in exchange for 20,000 tons of jute bags, 10,000 tons of groundnut oil, 2,000 bales of cotton yarn of 400 lbs. each and 3,000 tons of galvanised iron sheets. Under part II, effective from January 1, 1952 to December 31, 1955, Burma will supply India with 230,000 tons of rice each year on Government-to-Government basis. In addition India will have the option to purchase 120,000 tons of rice from private sources. The price of rice to be supplied on a Government-to-Government basis, shall be determined in advance by mutual agreement every half-year. Part III, effective immediately on the day of initialling the instrument of agreement and applicable also to parts I and II of this agreement, provides for the accord of the most favoured nation treatment by each country to the other in respect to customs and trade regulations applicable to any other country in the sterling area, Burma agrees to the export of gram and pulses, seed potatoes, lead, teak wood and other articles and India to the export of cotton piecegoods, hosiery, rayon piecegoods, chemicals, coal and coke, paper and paper manufactures, electric goods, coir manufactures, leather and rubber manufactures, tea, spices, soaps and toilet requisites, fish, fruit and vegetables, provisions and oilman stores, tobacco and miscellaneous items.	Balanced trade under licence. Under Part I, the supply of rice of about 240,000 tons from Burma to India will be paid for one half in cash and the other half on barter basis.	Signed in March 1954. Shipments will begin in April. This agreement, supplementary to that signed in 1951, amplifies on the sales of rice.

(Valid through 1951-1955)

In line with the 5-year agreement signed in 1951, no ceiling on the value of trade was fixed. Ten additional items not previously included are now available for export to Burma: 1,000 sewing machines; 1,000 diesel engines; 2,000 centrifugal pumps; paints and varnish valued at Rs. 1.5 million; 5,000 tons of brass sheets and rings; 500 tons of copper sheets and rings; 500 tons of aluminium sheets; 150,000 hurricane lanterns; 25,000 tons of cement and Rs. 1 million worth of machine tools. Burma's principal exports to India are rice and timber.	Issuance of licences. Payment in pound sterling.	The exchange of letters supplementing the 1951 agreement was initialled in New Delhi on July 3, 1953. In 1951-52 trade between Burma and India was valued at Rs. 428.9 million and in 1952-53 it rose to Rs. 484.6 million.

BURMA-RYAKYN ISLANDS (OKINAWA)

(Valid through 1954-1957)

Total: Not Specified.

Burma: 40,000 long tons rice during 1954, and 30,000 tons annually for three successive years. Prices were fixed at the same level as in Ceylon and Japan agreements. (£50, £48, £46, £44 per ton respectively in successive years).	Payments in dollars.	Signed in early February 1954.

CEYLON-BURMA

(Valid through 1954-1957)

Ceylon undertakes to buy from Burma 200,000 tons of rice in the next four years at annual prices of £50, £48, £46 and £44 per ton respectively. Burma undertakes to sell to Ceylon, if requested every year during this period of 4 years a quantity in excess of 200,000 tons up to a maximum of 600,000 tons, if notice be given to Burma before November 15 of the preceding year.	Payment is to be made in pound sterling.	Approved by Ceylon on October 2, 1953.

INDIA-CEYLON

(Valid July 1953 to June 1957)

India exports 2,500 candies or 1.5 million pounds of Jaffna tobacco per year for the next four years, the import duty for which was agreed on by Ceylon to be at 12 annas per pound or Rs. 450 per candy. Ceylon has further agreed to reduce import duty on handloom woven towels and towelling to the lowest rate applicable for mill-made towels and towelling and to import beedi from India under the Open General Licence.	Issuance of licences.	Concluded on July 10, 1953.

INDIA-PAKISTAN

(Valid for 3 years beginning July 1953)

Pakistan exports 1.8 million bales of raw jute with the provision that the quantity may go up to 2.5 million bales for which the Indian Government will issue import licences in each of the three jute years beginning July. India exports coal by rail to Pakistan. Although the exact quantity of coal export and its duration have not been mentioned, it is reported India will supply up to 80,000 tons of coal per month for 3 years. India has also agreed to release 500 of the 1500 rail wagons to facilitate the transport of coal to Pakistan.	Issuance of licences. Payment in national currency.	Effective from March 25, 1953. Pakistan abolishes export duty on raw jute to India and reduces export duty on loose jute. India abolishes the surcharge on coal export to Pakistan. Pakistan also brings down the import duty per foot of exposed movie film imported into Pakistan from India to the same level as on such import from other countries.

VI. Facing Both Worlds

THE Plan of Economic Co-operation which has been described in the preceding pages is one which will have repercussions on many countries outside the area. It is designed, and bluntly, to reduce the dependence of South-East Asia on countries outside this area and to evolve a pattern of co-operation in both the framing and the implementing of policy which may well be regarded as unfriendly by nations whose activities will be restricted thereby. This, however, is no more to say than that any plan for South-East Asian economic co-operation of this kind is likely to be partially at the expense of some nations outside this area.

While countries in the Free World are most likely to be affected in this manner, it is not likely that they will view with alarm any pattern of co-operation of this kind. It has been argued previously that the strength of South-East Asia and its unity in action are the best guarantees of peace in this area on the assumption that the prime disturber is likely to be the People's Republic of China. By reason of the fact that the political and economic co-operation in South-East Asia is designed in some sense as a defence of a strategic area in the Free World, this plan should be politically acceptable to the United States and to most countries in Western Europe.

THE NATURE OF DEPENDENCE

It is on the United States and Western Europe that South-East Asian dependence is now great. Most of these countries have continued to bear the impress of Colonialism. The table below indicates the imports and exports of South-East Asia in relation to the metropolitan countries to which they were attached. It will be seen that there has been no lack of dependence on these countries after they emerged from the Colonial stage. This dependence is, perhaps, better illustrated in the table which follows of the share of Europe and the United States in the principal exports of South-East Asian countries. In the year 1950, 52 per cent of Ceylon's rubber and 70 per cent of India's pepper, 52 per cent of Malaya's tin, 64 per cent of the Philippines's copra, and 86 per cent of Thailand's rubber went to the United States. The position in some respects is even more marked in respect of Europe. For example, 92 per cent of Pakistan's tea went to the United Kingdom and 98 per cent of Indonesia's palm-oil to Europe. This pattern of dependence continues and is shown in some different form in the tables on pages 1072, 1075 and 1076.

AND THE COMMUNIST BLOC

The relations with the Communist bloc are not likely to be injured in any significant way only because those relations are insignificant at the present time. It may be that with a pattern of political friendship in the form of the Five Principles working itself out, there will be considerably more trade with the People's Republic of China. This does not need to be resisted if it contributes, as it certainly will, to the prosperity of South-East Asia. It is unlikely that this trade will be balanced if South-East Asia is to make the most of her own opportunities. It may, therefore, be that the People's Republic of China will need to pay in gold for these services. The addition of gold in this area means the addition of foreign exchange and may, therefore, be welcomed as increasing the scope of development not bound by currency restrictions.

It is, therefore, possible to take a wholly optimistic view of a plan of economic development of this kind. In the first place, there is evidence enough from the Indian illustration that economic progress under special circumstances can be significantly higher than it is at the present time. Secondly, there is an indication that there may be a regional component of this prosperity as well as the national component in each case. Finally, there is evidence that the whole area by building in strength in this fashion in economic terms will become potentially a considerable military unit for the purpose of resisting aggression.

SHARE OF EUROPE AND THE UNITED STATES IN THE PRINCIPAL EXPORTS OF ECAFE COUNTRIES

Commodity and country	Share of Europe: Total		United Kingdom		Share of the United States	
	1938	1950	1938	1950	1938	1950
Burma						
Rice	11	2	2	1	..	..
Cotton	11	..	11	..	..	..
Ceylon						
Tea	72	33	71	29	5	15
Rubber	41	36	19	18	49	52
Copra	40	16	..	..	..	..
Coconut and oil	54	72	36	23	..	1
India a						
Cotton, raw	42	59	15	32	2	22
Cotton, yarns and manufactures	..	..	3	..	1	..
Jute, yarns and manufactures	13	7	10	5	41	27
Tea	87	62	87	58	2	9
Hides and skins, raw	76	54	56	42	33	24
Pepper	21	21	7	11	30	70
Pakistan						
Cotton, raw	..	49	..	6	..	1
Jute, raw	..	78	..	29	..	12
Tea	..	92	..	92	..	1
Hides and skins, raw	..	62	..	12	..	25
Associated States of Indo-China						
Rice	54	28	1	..	..	..
Malaya						
Rubber	44	42	19	17	41	29
Tin	13	35	7	9	55	52
Palm-oil	43	97	57	95	..	1
Indonesia						
Rubber	33	19	9	4	35b	28
Tin	91	70	90	..	7	30
Copra	70c	88	..c	13	1c	3
Palm-oil	41	98	5	29	54	1
Tea	49	55	17	8	13b	8
Sugar	25	..	..	..	..	..
Philippines						
Copra	..	14	..	..	..	64
Abaca	..	11	..	11	74	56
Thailand						
Rice	14	7	2	2	..	..
Tin	..	..	..	..	..	27
Rubber	2	..	..	..	..	86

Source: National statistics

Note—Since the figures in this table are derived from export statistics of Asian countries and are based on values, they are not necessarily identical with corresponding data in the commodity appendices which are most often based on quantities.

a Pre-war figures refer to India and Pakistan.
b United States and Canada.
c 1934-39.

Import Of Formerly Dependent South-East Asian Countries From Their Metropolitan Countries As A Percentage Of Their Total Imports From Europe And The United States

Percentages Based On Trade Values At Constant 1950 Prices

Imports Into	Imports From	1928	1938	1949	1950	1951	1949-51
India, Pakistan, Ceylon and Burma	United Kingdom	59	41	47	46	37	43
Indonesia	Netherlands	34	35	33	30	19	27
Associated States of Indo-China	France	65	76	84	89	84	86
Philippines	United States	73	74	93	86	86	88

IMPORTS OF MACHINERY AND TRANSPORT EQUIPMENT INTO ASIAN COUNTRIES FROM UNITED KINGDOM, THE UNITED STATES, GERMANY[a] AND JAPAN[b]

(Millions of Dollars at Constant 1948 Prices, f.o.b.)

	India		Pakistan		Malaya		Indonesia	
	1938	1950-51	1938	1950-51	1938	1950-51	1938	1950-51
Machinery and tools	78.6	136.0	..	33.7	17.3	24.2	16.5	22.8
of which :								
Agricultural	0.8	5.8	..	0.5	0.2	1.4	1.4	2.3
Mining, well and pumping[c]	5.4	6.7	..	0.5	4.6	2.6	7.3	2.6
Constructional	2.3	9.7	..	1.9	3.9	3.1	0.4	1.8
Metal-working and machine tools	5.6	10.7	..	2.5	0.4	0.4	0.9	1.0
Textiles and sewing	28.9	33.4	..	10.4	0.4	1.8	0.8	0.9
Printing and bookbinding	3.5	4.7	..	0.3	—	0.2	0.1	1.2
Food and drink[d]	2.9	1.6	..	0.3	0.2	0.1	0.6	0.1
Power-generating	6.9	22.9	..	1.7	1.8	1.4	1.0	2.2
Office machinery[e]	1.4	2.4	..	0.5	0.3	0.7	0.5	1.4
Other machinery[f]	18.4	34.0	..	14.6	5.4	11.7	3.4	9.2
Machine accessories	2.4	4.1	..	0.5	0.1	0.8	0.1	0.1
Electrical machinery and appliances	32.2	55.4	..	12.2	7.1	19.0	5.2	7.4
Transport equipment	38.6	121.7	..	34.3	10.3	47.3	23.4	28.6
of which :								
Railway locomotives and rolling-stock	8.1	20.0	..	0.4	1.6	0.4	0.8	2.0
Motor-cars	7.5	13.0	..	3.8	3.0	13.2	3.2	2.5
Commercial vehicles and parts[f]	7.5	20.2	..	6.3	1.0	9.1	2.1	11.9
Tractors	0.6	10.8	..	1.2	0.1	0.6	0.5	1.1
Motor-cycles	0.3	0.8	..	—	0.1	1.2	0.1	0.1
Bicycles	4.2	6.3	..	4.5	1.1	11.2	1.2	4.9
Ships	1.5	5.9	..	—	—	—	—	0.2
Aircraft[g]	0.2	1.5	..	—	—	—	15.0	2.1
Interior combustion engines[h]	2.7	23.0	..	3.9	1.2	3.8	0.2	0.9
Other	6.0	20.2	..	14.2	2.2	7.8	0.3	2.9
TOTAL capital goods listed	149.3	313.1	.	80.2	34.7	90.5	45.1	58.8

[a] 1938 : the whole of Germany.
[b] Figures for 1938 do not include Japan.
[c] For Germany : including constructional machinery.
[d] For the United States : included in " other machinery "

	Philippines		Other Asian countries[i]		Total Asian excluding China and Hong Kong		China and Hong Kong	
	1938	1950-51	1938	1950-51	1938	1950-51	1938	1950-51
Machinery and tools	10.0	20.0	9.7	28.9	132.0	265.6	27.0	38.7
of which :								
Agricultural	0.5	1.6	0.3	1.4	3.2	13.0	1.2	1.9
Mining, well and pumping[c]	3.0	1.6	1.1	0.6	21.4	14.6	1.6	0.4
Constructional	0.9	1.9	0.4	2.8	7.9	21.2	0.9	0.4
Metal-working and machine-tools	0.3	0.8	0.7	0.4	7.9	15.8	5.1	0.4
Textiles and sewing	2.2	1.4	2.0	2.1	34.3	50.0	4.4	5.6
Printing and bookbinding	0.7	0.5	0.2	0.2	4.5	7.1	0.1	0.1
Food and drink[d]	0.1	0.1	0.1	—	3.9	2.2	0.4	—
Power generating	0.7	2.8	0.4	1.7	10.8	32.7	6.1	0.3
Office machinery[e]	0.7	0.9	0.4	0.5	3.3	6.4	0.2	0.8
Other machinery[f]	0.9	8.3	4.0	19.1	32.1	96.9	6.9	8.7
Machine accessories	—	0.1	0.1	0.1	2.7	5.7	0.1	0.1
Electrical machinery and appliances	4.6	11.6	12.7	15.1	61.8	120.7	12.4	14.0
Transport equipment	12.7	19.0	13.9	34.2	98.9	285.1	53.7	15.6
of which:								
Railway locomotives and rolling-stock	0.8	0.9	1.6	4.1	12.9	27.8	3.7	0.1
Motor-cars	3.7	1.2	2.4	6.5	19.8	40.2	2.7	2.3
Commercial vehicles and parts[f]	5.1	10.0	1.6	6.6	17.3	64.1	29.4	2.0
Tractors	0.5	2.7	0.3	1.3	2.0	17.7	0.2	—
Motor-cycles	—	—	—	—	0.5	2.1	—	—
Bicycles	—	0.1	0.6	2.7	7.1	29.7	0.2	3.1
Ships	1.2	3.9	3.5	0.4	6.2	10.4	—	4.4
Aircraft[g]	0.8	0.1	1.6	—	17.6	3.7	13.3	—
Interior combustion engines[h]	0.5	0.1	0.7	1.1	5.3	32.8	0.6	0.3
Other	0.1	—	1.6	11.5	10.2	56.6	3.6	3.4
TOTAL capital goods listed	27.3	50.6	36.3	78.2	292.7	671.4	93.1	48.3

[e] For Germany : included in " other machinery ".
[f] For Germany : including motor-cycles.
[g] Geographical break-down available for the United States only.
[h] Except for the United Kingdom, included in the appropriate category above.
[i] Includes Ceylon, the Associated States of Indochina, Burma and Thailand.

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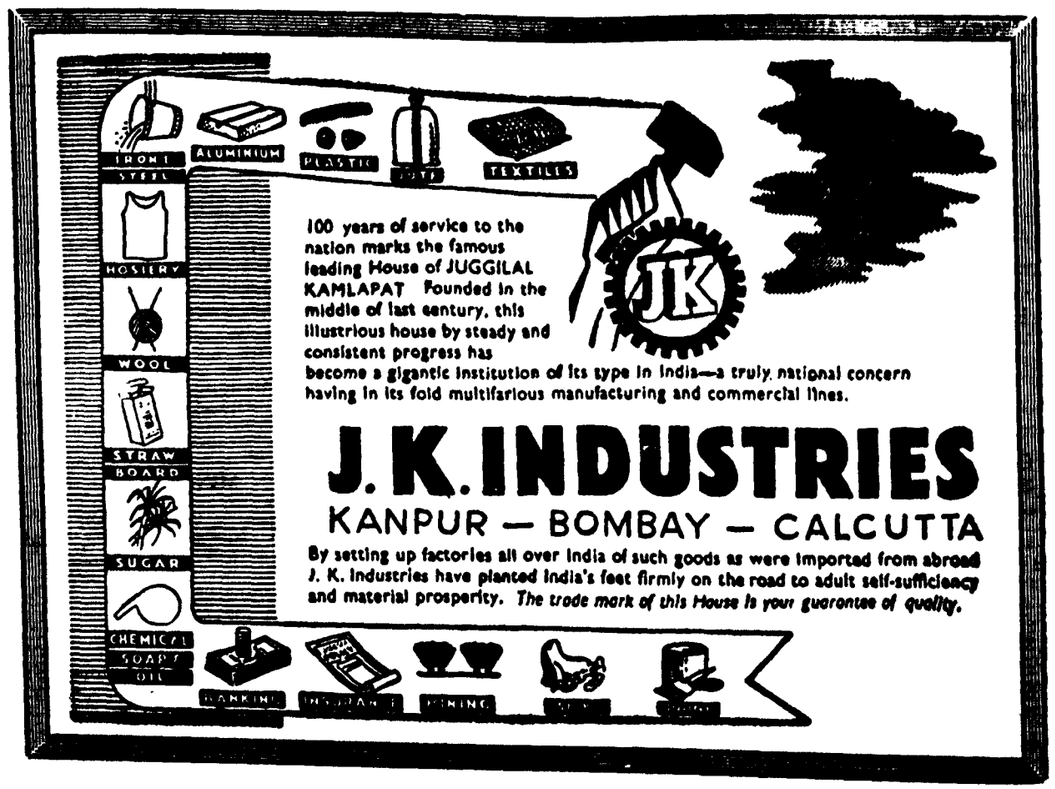
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IMPORTS OF SELECTED PRODUCTS FROM ASIA INTO WESTERN EUROPEAN COUNTRIES AND THE UNITED STATES

(Thousands of Tons)

Commodity	United Kingdom						France						Germany [a]					
	1928	1935-1938	1948	1949	1950	1951	1928	1935-1938	1948	1949	1950	1951	1928	1935-1938	1948	1949	1950	1951
Food and feeding-stuffs																		
Rice	72	93	39	54	44	—	250	602	30	23	19	33	374	139	—	1	7	12
Beet and cane sugar	8	56	—	—	—	—	58	19	—	—	—	29	13	1	—	—	—	—
Soybeans	194	93	3	2	—	3	3	19	4	2	—	42	848	553	—	—	19	210
Groundnuts	49	151	42	1	5	—	276	191	—	3	12	14	476	233	—	—	36	29
Groundnut oil [b]	—	3	7	7	—	7	—	1	5	1	—	21	—	10	—	—	2	6
Copra	32	52	4	32	27	78	92	52	70	29	7	44	191	164	21	64	62	134
Coconut oil	31	21	60	41	—	29	—	—	1	4	2	6	1	1	2	23	25	38
Palm oil	4	29	48	72	84	71	—	—	—	—	—	—	2	12	—	4	19	8
Oilcake and meal [b]	131	340	13	14	10	10	1	4	2	3	—	6	161	1	3	4	6	11
Aromatic crops																		
Tea	189	208	179	204	154	185	1	1	1	1	—	1	5	5	—	2	2	2
Coffee	3	2	—	1	1	—	29	19	—	—	—	—	7	4	—	2	7	2
Tobacco	5	9	10	17	22	18	—	1	—	—	—	—	38	23	—	—	2	2
Natural rubber and fibres																		
Natural rubber	—	121	176	147	212	283	38	60	147	94	100	126	39	74	51	78	91	88
Raw jute	202	188	94	97	114	116	110	93	62	54	73	115	141	109	21	50	51	68
Jute yarns and manufactures [b]	46	98	109	81	40	76	10	13	5	1	—	1	1	—	—	1	—	—
Hemp, including sisal, abaca and similar fibres [b]	63	66	30	29	41	31	10	16	6	10	5	10	21	22	5	6	5	7
Raw cotton	51	3	43	35	40	18	49	45	27	8	31	18	48	30	—	6	8	11
Raw wool	25	19	10	12	14	12	3	2	1	1	1	1	1	4	—	—	1	1
Raw silk	1	2	1	1	1	1	6	3	—	—	—	—	1	—	—	—	—	—
Other commodities																		
Tin (metal and concentrate) [bc]	..	3	—	—	4	10	..	4	2	2	3	8	..	7	1	2	3	4

Commodity	Other Western Europe						Total Western Europe						United States					
	1928	1935-1938	1948	1949	1950	1951	1928	1935-1938	1948	1949	1950	1951	1928	1935-1938	1948	1949	1950	1951
Food and feeding-stuffs																		
Rice	159	240	4	27	83	106	855	1 074	73	105	153	151	12	10	—	—	—	—
Beet and cane sugar	8	64	14	2	9	—	87	140	14	2	9	29	524	855	219	479	427	619
Soybeans	241	49	5	3	19	117	1 286	714	12	7	38	372	..	.	..	.	..	..
Groundnuts	184	232	15	19	58	30	985	807	57	23	111	73	..	..	..	..	..	..
Groundnut oil [b]	1	1	9	11	10	32	1	15	21	19	12	66	..	..	..	..	..	..
Copra	132	104	199	242	245	424	447	372	294	367	341	680	174	202	405	386	423	408
Coconut oil	5	19	14	15	34	40	37	41	77	83	61	113	132	156	48	52	63	51
Palm oil [b]	2	41	30	64	54	57	8	82	78	140	157	136	14	118	—	10	—	16
Oilcake and meal [b]	73	247	72	33	50	57	366	592	90	54	66	84	71	107	13	45	65	59
Aromatic crops																		
Tea	13	15	9	12	15	10	208	229	189	219	171	198	29	34	40	40	48	36
Coffee	26	23	2	1	2	8	65	48	2	4	10	10	23	12	—	—	1	1
Tobacco	2	22	5	4	7	7	45	55	15	21	31	27	..	..	..	..	..	..
Natural rubber and fibres																		
Natural rubber	22	51	72	87	86	117	99	306	446	406	489	614	388	495	723	646	784	705
Raw jute	107	133	73	83	108	165	560	523	250	284	346	464	91	77	75	62	75	106
Jute yarns and manufactures [b]	1	9	13	4	7	5	58	120	127	87	47	82	258	439	247	216	199	158
Hemp, including sisal, abaca and similar fibres [b]	38	36	11	5	7	9	132	140	52	50	58	57	66	69	49	30	46	75
Raw cotton	89	179	42	24	14	21	237	257	112	73	93	68	.	..	..	..	..	..
Raw wool	—	1	1	1	—	1	29	26	12	14	16	15	30	18	17	11	20	6
Raw silk	6	—	—	1	1	1	14	5	1	2	2	2	38	27	3	1	4	3
Other commodities																		
Tin (metal and concentrate) [bc]	..	27	20	18	26	27	..	41	23	22	36	49	..	62	57	57	68	22

Sources: National trade statistics of importing countries were used, with the following exceptions: For the years 1935-1938, and the commodities listed below, data were taken from *International Trade in Certain Raw Materials and Foodstuffs*, League of Nations, Geneva: rice, tea, groundnuts, copra, rubber, raw cotton, raw wool, raw silk, coffee, tobacco, sugar, coconut oil. For all years, imports of tin were taken from the *Statistical Yearbook*, International Tin Study Group.

Country coverage. The term "Asia" covers, in so far as it is specified in import statistics of western European countries, the following countries: Burma, Ceylon, China, Hong Kong, India, Associated States of Indochina, Indonesia, Japan, Malaya, Pakistan, the Philippines and Thailand.

"Western Europe" includes the following ten countries: Austria, Belgium-Luxembourg, France, Germany (western Germany for post-war years), Italy, the Netherlands, Portugal, Sweden, Switzerland and the United Kingdom For lack of data, the imports listed below have not been included:

Importing country	*Commodity*
Austria	Coconut oil, copra, raw silk, soybeans, sugar, tin
Netherlands	Raw silk, soybeans
Portugal	Coconut oil, coffee, palm oil, oil cake, raw silk, soybeans.
Sweden	Raw silk, soybeans
Switzerland	Copra, groundnuts, soybeans

In addition to the ten selected European countries the following imports have been included

Denmark	Oilcake, soybeans, tin
Finland and Norway	Tin

The figures relate to special imports from Asian countries (as specified above) for all the western European countries included except for the United Kingdom (general imports).

A special method was used for tea and rubber: total re-exports from the United Kingdom were deducted from its imports from Asia, whereas imports from the United Kingdom into the other western European countries were added to their special imports from Asia.

[a] Western Germany for post-war years.

[b] 1937-1938 average.

[c] In terms of metal content.

IMPORTS OF SELECTED PRODUCTS FROM ASIA INTO WESTERN EUROPE AND THE UNITED STATES

Thousands of tons and percentages

		Quantities imported from Asia (Thousands of tons)			Imports from Asia as percentage of total imports		
		1928	1935-1938	1948-1951	1928	1935-1938	1948-1951
FOOD AND FEEDING-STUFFS							
Rice	Western Europe	855	1 074	121	76	83	38
	United States	12	10	—	67	29	1
Beet and cane sugar	Western Europe	87	140	13	3	6	1
	United States	524	855	436	15	31	13
Soybeans	Western Europe	1 286	714	107	97	72	33
Groundnuts	Western Europe	985	807	66	62	49	9
Groundnut oil	Western Europe	1	15 a	29	..	..	..
Copra	Western Europe	447	372	421	71	63	72
	United States	174	202	405	76	95	100
Coconut oil	Western Europe	37	41	84	..	..	.
	United States	132	156	53	100	99	99
Palm oil	Western Europe	8	82 a	128	..	..	..
	United States	14	118 a	7	18	76	19
Oil-cake and meal	Western Europe	366	592 a	74	..	..	..
	United States	71	107 a	46	63	91	31
AROMATIC CROPS							
Tea	Western Europe	208	229	194	98	97	95
	United States	29	33	41	71	86	93
Coffee	Western Europe	65	48	7	12	8	2
	United States	23	12	1	4	2	—
Tobacco	Western Europe	45	55	23	15	17	8
NATURAL RUBBER AND FIBRES							
Natural rubber	Western Europe	99	306	489	67	92	91
	United States	388	495	714	83	98	93
Raw jute	Western Europe	560	523	336	94	99	97
	United States	91	77	79	99	98	98
Jute yarn and manufactures	Western Europe	58	120 a	86	..	..	..
	United States	258	439 a	205	83	82	86
Hemp b and fibres	Western Europe	132	140 a	54	39	35	22
	United States	66	69 a	50	35	43	24
Raw cotton	Western Europe	237	257	86	12	15	7
Raw wool	Western Europe	29	26	14	4	3	2
	United States	30	18	14	28	19	8
Raw silk	Western Europe	14	5	2	54	81	50
	United States	38	27	3	95	98	79
OTHER COMMODITIES							
Tin (metal and concentrate) c	Western Europe	..	41 a	32	..	66	72
	United States	.	62 a	51	..	88	58

Sources National trade statistics of importing countries were used, with the following exceptions. — For the years 1935-1938, and the commodities listed below, data were taken from *International Trade in Certain Raw Materials and Foodstuffs*, League of Nations, Geneva: rice, tea, groundnuts, copra, rubber, raw cotton, raw wool, raw silk, coffee, tobacco, sugar, coconut oil. — For all years, imports of tin were taken from the *Statistical Yearbook*, International Tin Study Group.

Country coverage: The term "Asia" covers, in so far as they are specified in import statistics of western European countries, the following countries: Burma, Ceylon, China, Hong Kong, India, Associated States of Indochina, Indonesia, Japan, Malaya (including Singapore), Pakistan, Philippines and Thailand.

"Western Europe" includes the following ten countries: Austria, Belgium-Luxembourg, France, Germany (western Germany for post-war years), Italy, the Netherlands, Portugal, Sweden, Switzerland and the United Kingdom. For lack of data, the imports listed below have *not* been included:

Importing country	*Commodity*
Austria	Coconut oil, copra, raw silk, soybeans, sugar, tin
Netherlands	Raw silk, soybeans
Portugal	Coconut oil, coffee, palm oil, oil-cake, raw silk, soybeans
Sweden	Raw silk, soybeans
Switzerland	Copra, groundnuts, soybeans

In addition to the ten selected European countries, the following imports have been included:

Denmark	Oil-cake, soybeans, tin
Finland and Norway	Tin

Total imports: For all commodities, total imports (on which the percentages are based) are special imports, i.e., where figures are originally given as general imports (United Kingdom) re-exports have been deducted. Moreover, for certain commodities, exports have been deducted from special imports in order to obtain net imports: oil-cake, palm oil, sugar and tin.

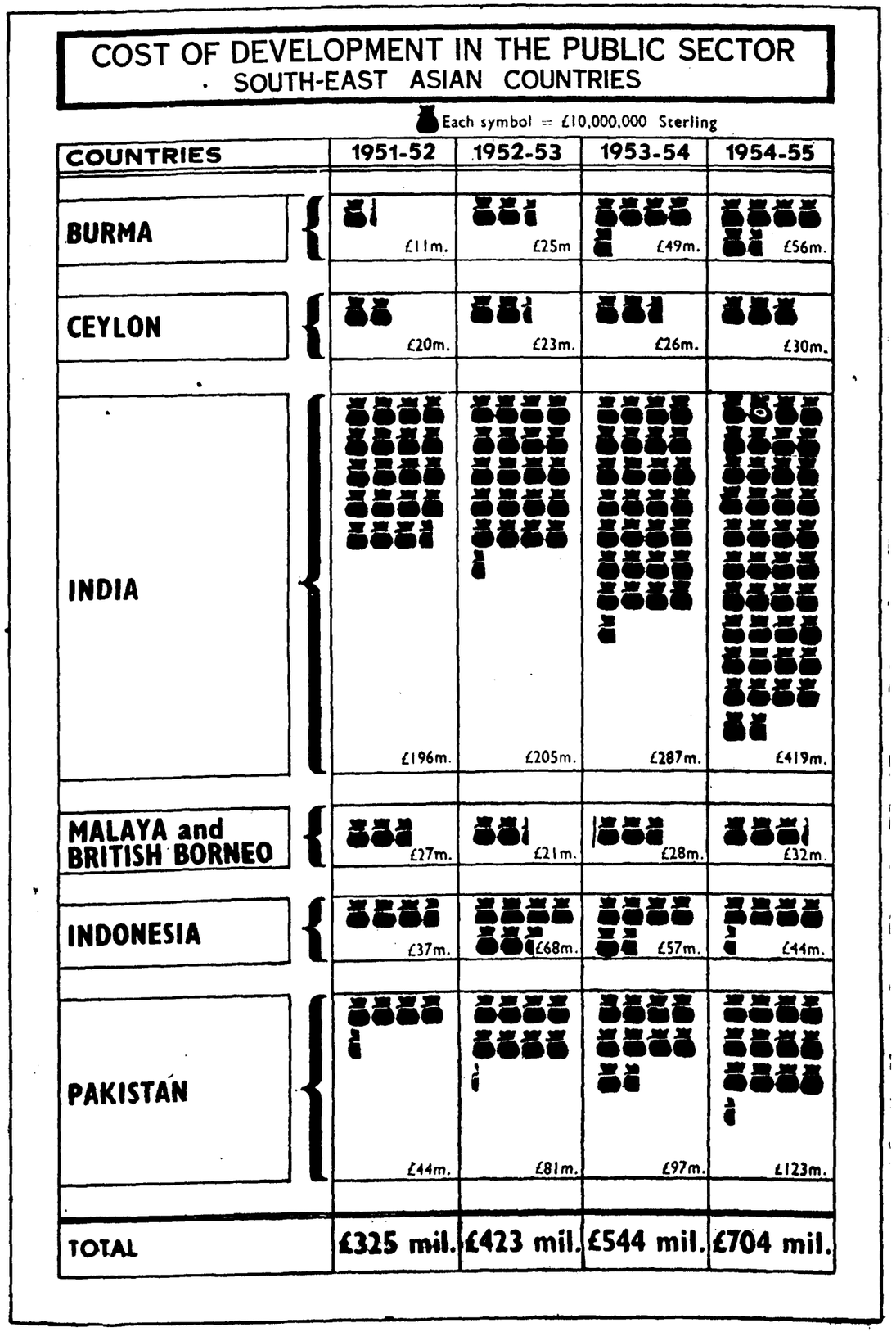
Imports from Asia: These imports relate to special imports from Asian countries (as specified above) for all the western European countries included except for the United Kingdom (general imports).

A special method was used for tea and rubber: total re-exports from the United Kingdom have been deducted from its imports from Asia, whereas *imports from the United Kingdom into the other western European countries* were added to their special imports from Asia.

a 1937-1938 average.

b Including sisal, abaca and similar fibres.

c In terms of metal content.



PRODUCTS OF THE FOREIGN TRADING FIRMS

NIKEX

Hungarian Trading Company for Products of Heavy Industry, *Budapest V., Dorottya u. 6. (Bp. 51, P.O.B. 25).*
Cables: NIKEXPORT, Budapest.
Mining Equipment, Rolling Stock and Railway Equipment, Ascensors, Cranes, Drilling Equipment, Acid Resistant enamelled Apparatus, Centrifuges.

TECHNOIMPEX

Hungarian Machine Industries, Foreign Trade Co., Budapest V., Dorottya-u. 6. (Bp. 62, P.O.B. 183).
Cables: TECHNOIMPEX, Budapest.
Electric Machinery, Machine Tools, Caloric Machines, Agricultural Machinery and Tractors, Industrial Machinery.

ELEKTROIMPEX

Hungarian Trading Company for Electrical Goods and Precision Instruments, Budapest V., Nador u. 21. (Bp. 51, P.O.B. 4).

Cables: ELEKTRO, Budapest.

Precision Mechanical Articles, Optical Articles, Telecommunication equipment, radios, X-ray apparatus, Vacuum Flasks.

MOGURT

Hungarian Trading Company for Motor Vehicles, Budapest VI., Benczur u. 13. Letters: Budapest 62. P.OB. 249.
Cables: MOGURT, Budapest.
Autobuses for local and long distance lines, motorcycles, Test Benches for auto-electrical equipment.

FERUNION

Hungarian Trading Company for Technical Goods. Budapest 51, P.O.B. 21. Hungary.
Cables: FERUNION, Budapest.

Bicycles, Sewing Machines, Hand tools for all industries, Agricultural tools, Hardware, Lamps, Burners, Textile utensils, Stationery, Building materials, Sanitary goods, Household articles, Glassware, Locks and padlocks.

CHEMOLIMPEX

Hungarian Trading Company for Mineral Oils and Chemicals, Budapest VI, Sztalin u. 64. (Bp. 62, P.O.B. 248).
Cables: CHEMOLIMPEX, Budapest.
Organic and inorganic chemicals, Mineral Oil and derivatives, other industrial oils, fats, and greases, colouring materials, Siccatives, Adhesives, Cosmetics, Soaps, Plant protecting chemicals, Textile Leather auxiliaries, Rubberware, Photographic, X-Ray and technical papers, Films and Plates, Essential oils.

MEDIMPEX

Hungarian Trading Company for Pharmaceutical Products, Budapest V., Falk Miksa u. 1. (Bp. 62, P.O.B. 326).
Cables: MEDIMPEX, Budapest.
Fine Chemicals, Medical Specialities for human and Veterinary use, Biologicals for human and Veterinary use, Vitamins, Medicinal herbs and botanical drugs of Hungarian growth, Baby foods.

FOR INFORMATION PLEASE CONTACT

1. TRADE COMMISSION OF THE HUNGARIAN PEOPLE'S REPUBLIC IN INDIA, "REVILLS", CUFFE PARADE, EXTENTION, BOMBAY-5. CABLES:— HUNCOMMAT, BOMBAY.

OF THE HUNGARIAN PEOPLE'S REPUBLIC.

TANNIMPEX

Hungarian Trading Company for Hides, Leather and Fur, Budapest V., Nador u. 31. (Bp. 4, P.O.B. 198)
Cables: HUNGDERMA, Budapest.
Leather Shoes, Furs.

TERIMPEX

Export and Import of Cattle and Agricultural Products, Budapest V., Egyetem u. 1. (Bp. P.O.B. 200).
Cables: TERIMPEX, Budapest.
Animal Products, Cannery produce, Dairy produce, Fruit and Vegetables.

HUNGAROTEX

Export of Textile Goods, Budapest V. Jozsef Nador ter 6-7 (Bp. 51, P.O.B. 12).
Cables: HUNGAROTEX, Budapest
Textile Products, Wearing apparel.

MONIMPEX

Hungarian Foreign Trading Co., Budapest V., Tukor-u. 4. (Bp. 62, P.O.B 268).

Cables: MONIMPEX, Budapest.

WINES, BRANDIES, LIQUORS, BEER and all kinds of Spirit, TOBACCO and CIGARETTES.

AGRIMPEX

Hungarian Trading Company for Agricultural Products, Budapest V., Nador u. 22. (Bp. 62, P.O.B. 278).

Cables: AGRIMPEX, Budapest.

Cereals, Seeds, Oil Seeds, Pulses, Sugar, Sugar-beet, Rice, Malt.

ARTEX

Hungarian Trading Company, Budapest V. Nador u. 31, (Bp. 5. P.O.B. 45).

Cables: ARTEX, Budapest.

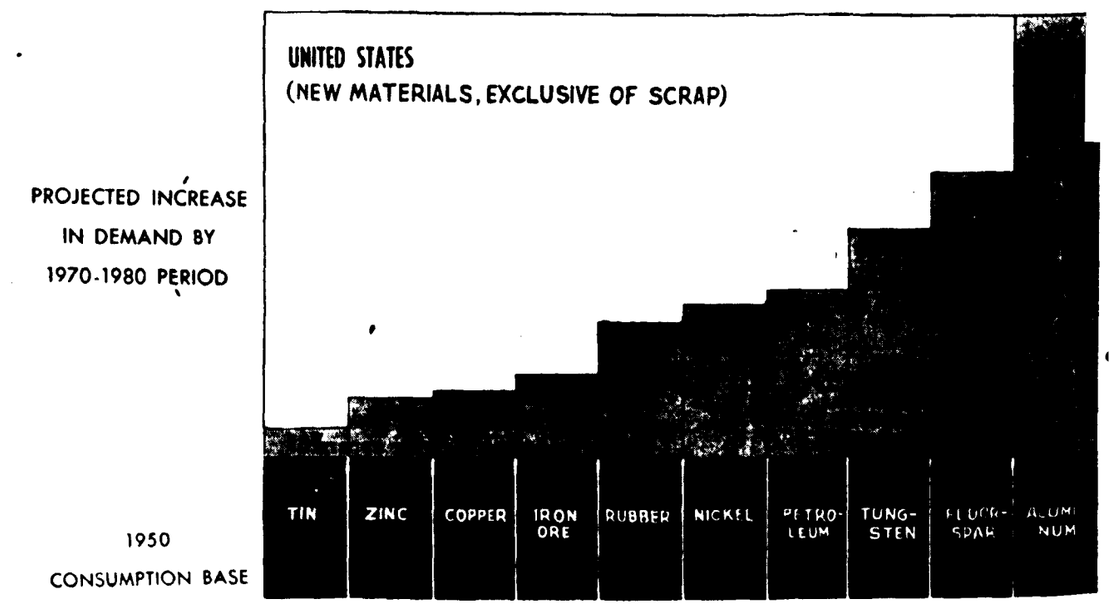
Bentwood chairs, Furniture, Handmade knitwear, Hand-embroidered Blouses, Sports-goods, Brushware of all kinds, Playing cards, Herend China.

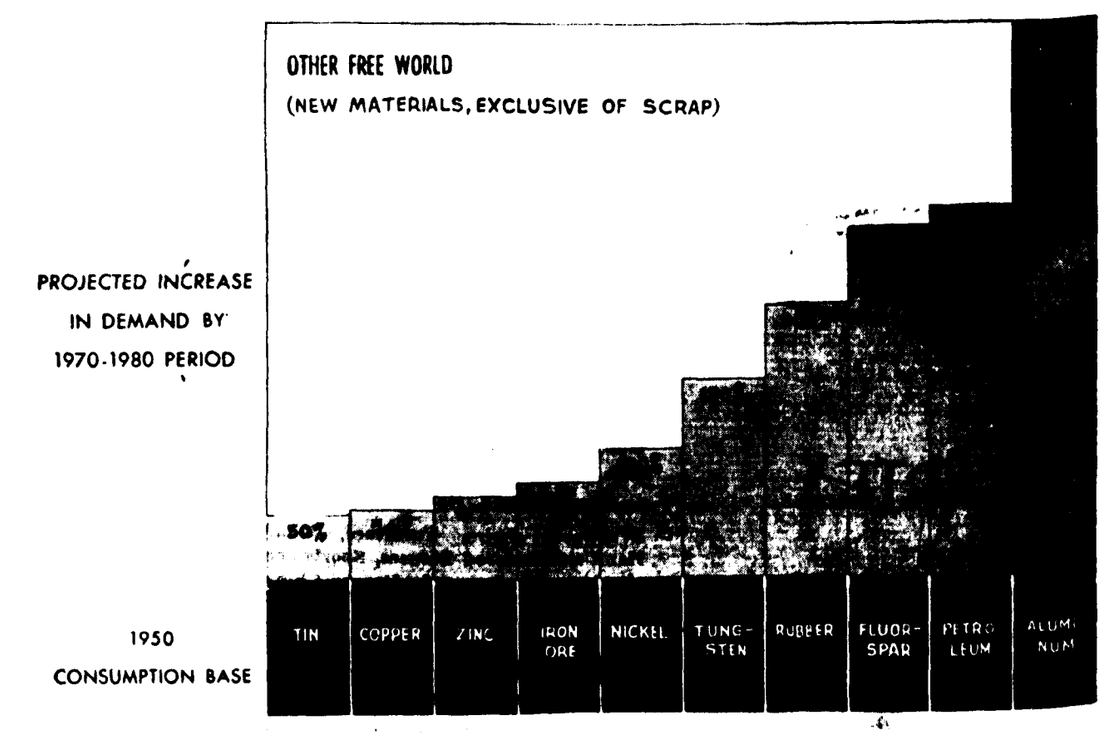
KULTURA

Export and Import of:
BOOKS, PERIODICALS, MUSICAL WORKS, GRAMOPHONE RECORDS and all kinds of PRINTED MATTER, Budapest 62, P.O.B. 149.

2. TRADE REPRESENTATION OF THE HUNGARIAN PEOPLE'S REPUBLIC IN INDIA, 148, SUNDAR NAGAR, NEW DELHI. CABLES:— HUNGTRADE.

MATERIALS DEMAND WILL RISE UNEVENLY



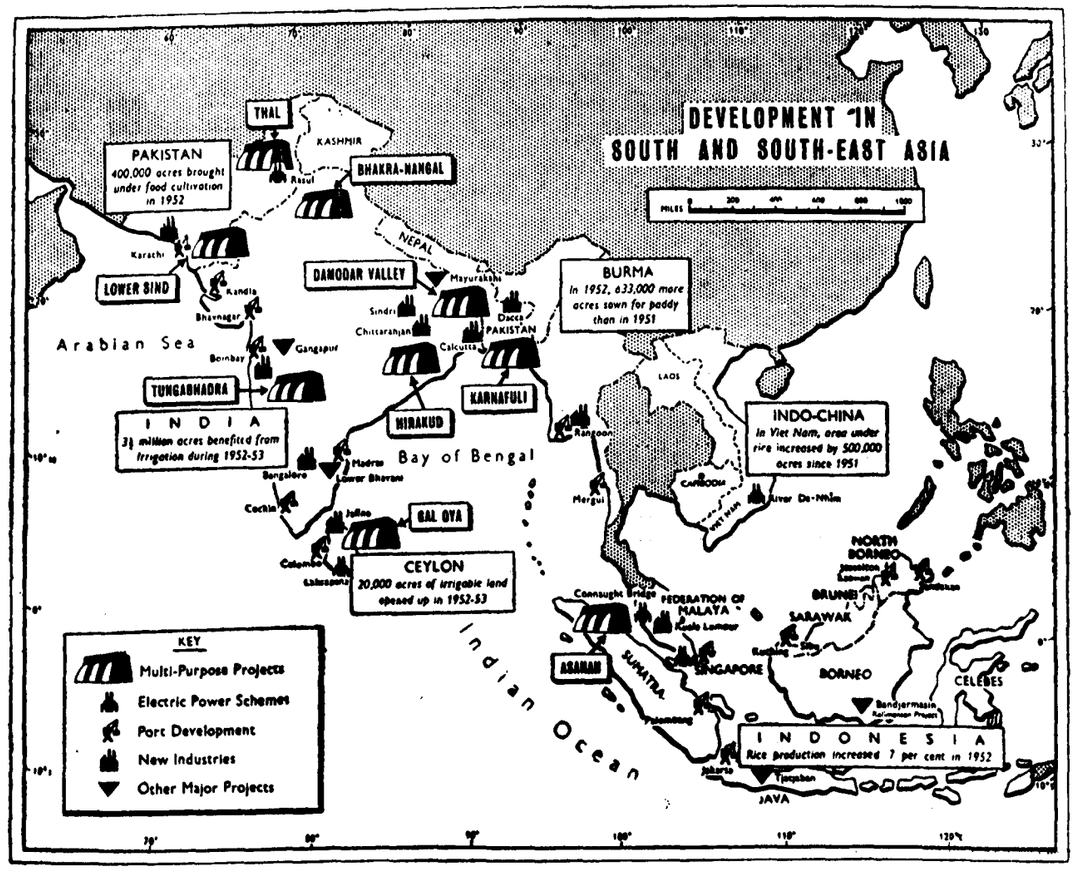


EXCHANGE RATES

U.S. Cents Per Unit Of National Currency

	1938	1949 Jan.-Aug.	1949 Sept.-Dec.	1951	1952	1953	1954
Burma (Kyat)	36.42	30.22	21.00	21.00	21.00	21.00	21.00
Ceylon (Rupee)	36.42	30.22	21.00	21.00	21.00	21.00	21.00
India (Rupee)	36.42	30.22	21.00	21.00	21.00	21.00	21.00
Indonesia (Rupiah)*							
Selling: Basic, non-dollar	54.99	37.59	26.25	26.25	8.74§	8.74	8.74
Basic, dollar	..	..	..	8.75	8.55§	8.55	..
Certificate	..	..	..	5.26	..††	..	..
Buying: Basic; non-dollar	55.02	37.81	26.39	26.39	(8.81§	8.81)	8.81
Basic, dollar	..	..	..	..	(8.67§	8.67)	..
Certificate	..	..	..	13.23	..††	..	..
Pakistan (Rupee)	..	30.22	30.22	30.22	30.22	30.22	30.22
Philippines (Peso)**							
Official	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Curb	..	43.86	43.86	35.09	33.33	34.48	34.89§§
Thailand (Baht)							
Selling: Official	42.37	45.25	45.25	45.25	45.25	45.25	45.25
Free	..	..	..	27.46	26.97	27.63	27.98§§

* From Feb. 1952, transactions are subject to tax.
§ Separate dollar and non-dollar rates established Feb. 4; level of non-dollar rates was changed slightly on Oct. 27, Dollar rates subject to fluctuation from February to October.
††Discontinued, 4 Feb.
**Since March 28, 1951, most sales of foreign exchange subject to tax.
§§First quarter only.



CURRENCY AND BANKING

	1948	1949	1950	1951	1952	1953	1954*
BURMA (Mn. Kyats.)							
Money supply	505	601	552	607	641	828	1,010
Currency: Net active	335	403	358	398	413	506	688
Deposit money	169	198	194	210	228	322	323
Loans, advances and bills discounted (commercial banks)	68	58	130	159	151	142	164
Bank Clearings	151	128	138	151	181	234	216
Foreign Assets of the Union Bank of Burma (a)	358	505	556	748	920	991	920
Rates of Interest (Per cent per annum) Call Money Rate	..	..	..	1.04	1.64	1.10	0.92
Yield of Long-term Government Bonds	..	..	3.0**	3.0	3.0	3.0	3.0
Internal Government Debt (b) held by Union Bank of Burma	16	18	20	22	16	6	6
Commercial Banks	8	19	27	31	25	68	61
Government Deposits and Cash in Hand							
Central Government Deposits with the Union Bank of Burma	2	..	57	77	50	4	53
Cash in Government Treasury	15	7	5	5	3	11	8
CAMBODIA, LAOS AND VIET-NAM							
(1,000 Mn. Pr.)							
Money Supply	..	..	..	..	10.92	12.52	14.86
Currency in Circulation	..	..	..	..	7.67	9.19	11.10
Deposit Money (Commercial Banks only) (C)	..	..	..	..	3.25	3.32	3.76
Loans and Advances (Commercial Banks)	..	..	..	..	1.01	1.67	1.71
Foreign Assets of I' Institute d'emission	..	..	..	..	0.68	1.67	2.39
Rates of Interest (Per cent per annum) Treasury Bill Rate	..	..	..	..	2	2	2
States Treasury Bills Outstanding (d)	..	..	..	..	0.30	1.20	1.25
CEYLON (Mn. Rs.)							
Money Supply	607	649	911	1,006	894	827	809
Currency: Net active	241	244	326	377	357	335	324
Deposit money	366	406	585	629	538	492	485
Loans, Advances and Bill Discounted (Commercial Banks)	..	132	182	257	241	253	258
Bank Clearings	391	422	549	691	688	671	648
Foreign Assets							
Central Bank of Ceylon	460	..	565	668	401	245	329
Government (e)	380	..	342	367	376	294	289
Commercial Banks	174	102	233	209	114	110	105
Rates of Interest (Per cent per annum) Call Money Rate	..	..	..	0.50**	0.50	0.96	1.50
Treasury Bill Rate (f)	0.22	..	0.87	0.48**	0.72	1.91	2.46
Yield of Long-term Government Bonds (g)	2.94	..	3.04	2.81	2.93	3.85	4.07
Internal Government Debt held by Central Bank of Ceylon	..	..	19	17	161	223	126
Commercial Banks	184	204	271	235	302	284	280
Government Deposits and Cash in Hand							
Government Deposits with the Central Bank of Ceylon	..	..	12	31	6	..	..
Currency Held by Government	4	4	6	6	5	6	4

	1948	1949	1950	1951	1952	1953	1954*
INDIA (1,000 Mn. Rs.)							
Money Supply (r)	18.84(y)	18.73	18.34	17.73	16.38	17.30	18.60
Currency: Net Active (r)	12.17(y)	12.07	12.03	11.70	11.22	11.60	12.20
Deposit Money (r)	6.67(y)	6.67	6.30	6.03	5.61	5.70	6.40
Advances and Bills Discounted (i) (Scheduled Banks)	4.42	4.11	4.45	5.54	4.85	4.61	5.38
Bank Clearings	5.55	5.27	5.25	6.56	5.71	5.49	6.00
Gold and Foreign Assets of the Reserve Bank of India	10.67	8.66	8.74	8.21	7.46	7.63	7.93
Rates of Interest (Per cent per annum) Call Money	0.50	0.66	0.58	1.01	2.02	2.12	2.88
Yield of Long-term Government Bonds (j)	..	3.06	3.11	3.39	3.69	3.64	3.63
Internal Government Debt held by Reserve Bank of India (k)	4.38	5.06	5.40	5.77	5.53	4.98	4.88
Scheduled Banks	4.26	3.40	3.57	3.06	3.23	3.36	3.19
Non-Scheduled Banks	0.11	0.10	0.10	0.09	0.21	0.14	0.20
Government Deposits Held by the Reserve Bank of India	2.14	1.52	1.64	2.10	1.75	1.10	0.66
INDONESIA (Mn. Rp.)							
Money Supply	3,008	3,596	4,392	5,132	6,719	7,642	8,014
Currency: Net Active	1,643	1,911	2,582	3,328	4,349	5,218	5,335
Deposit Money	1,365	1,686	1,810	1,804	2,370	2,424	2,680
Loans, Advances and Bills Discounted (All Banks) (m)	266	303	682	2,152	2,445	2,394	2,605
Gold and Foreign Assets of the Java Bank (n)	547	559	1,349	1,939	1,790	2,412	2,123
Advances to Government by the Java Bank	..	1,257	2,761	1,317	4,555	5,272	6,126
Government Deposits with the Java Bank	..	..	..	..	496	495	495
KOREA (South) (1,000 Mn. H.)							
Money Supply	0.53	0.94	2.52	6.50	12.13	26.51	30.35
Currency: Net Active	0.41	0.71	2.23	5.39	9.74	22.43	24.17
Deposit Money	0.12	0.23	0.29	1.10	2.39	4.08	6.18
Loans, Advances and Bills Discounted (All Banks other than the Bank of Korea)	0.43	0.87	0.46(z)	1.93	5.78	15.41	16.62
Bank Clearings	0.21	0.40	0.41	2.40	13.69	21.37	34.51
Gold and Foreign Assets							
Bank of Korea	..	..	1.16	2.34	4.79	18.38	18.74
Government (s)	..	..	0.58	1.79	2.64	2.68	1.99
Internal Government Debt held by Bank of Korea (q)	..	..	..	3.00	2.13	16.74	27.62
All Other Banks	..	..	0.02(z)	0.06	0.14	0.54	0.60
Treasury Deposits with the Bank of Korea	0.11	..	0.85	1.86	6.01	12.32	17.51
MALAYA (Mn. M $)							
Money Supply	899	887	1,402	1,731	1,620	1,486	1,503
Currency Notes: Net Active (t)	302	311	515	654	630	651	621
Deposit Money	598	576	887	1,077	989	835	882
Loans, and Advances of Commercial Banks	309	386	551	633	484	437	469
Debits to Current Deposit Account	..	..	..	..	4,167	3,396	2,946	2,682
Federation Treasury Bill held by Banks	30	7	23	26	14	10	10
PAKISTAN (Mn. Rs.)							
Money Supply	2,698	2,783	2,964	3,755	3,220	3,568	3,706
Currency: In Circulation	1,708	1,740	1,992	2,467	2,151	2,372	2,496
Deposit Money (u)	990	1,043	973	1,288	1,069	1,196	1,211
Loans, Advances and Bills Discounted (Scheduled Banks)	410	445	770	919	792	781	826
Bank Clearings (v)	326**	344	460	551	543	536	615
Gold and Foreign Assets of the State Bank of Pakistan (w)	1,629	1,424	1,188	1,627	933	935	1,065
Rates of Interest (Per cent per annum) Call Money Rate	..	0.45	0.99	0.94	2.10	1.01	2.04
Yield of Long-term Government Bonds (x)	..	..	2.96**	2.98	2.98	3.06	3.14
Internal Government	176	370	811(r)	864	1,214	1,250	1,300
Debt held by the State Bank of Pakistan	923	481	661	582	377	216	325

	1948	1949	1950	1951	1952	1953	1954*
PHILIPPINES (Mn. P.)							
Money Supply	1,145	978	1,148	1,053	1,082	1,101	1,115
Currency: Net Active	571	565	669	639	624	666	655
Deposit Money	574	414	479	414	465	435	460
Loans, Advances and Bills Discounted (All Banks other than the Central Bank)	511	564	533	685	694	773	769
Bank Clearings	381	443	462	457	480	520	568
Debits to Checking Accounts	772	723	674	733	686	743	..
Gold and Foreign Assets							
Central Bank of the Philippines	800	461	592	488	472	481	482
Other Banks	126	106	148	145	162	134	175
Internal Government Debts held by Central Bank of the Philippines	..	92	158	242	233	230	240
Other Banks	13	18	41	35	56	58	57
Government Deposits and Cash in Hand							
Deposits with Central Bank	..	2	19	153	98	45	48
Deposits with Philippine National Bank	..	32	81	46	59	95	100
Cash in Treasury Vaults	..	7	4	6	7	5	4
THAILAND (Mn. Baht.)							
Money Supply	2,881	3,107	3,967	4,907	4,932	5,438	5,686
Currency: Net Active	2,205	2,364	3,043	3,756	3,678	4,016	4,172
Deposit Money	676	743	924	1,151	1,254	1,422	1,514
Loans, Advances and Bills Discounted (Commercial Banks)	414	547	592	741	1,202	1,649	1,781
Bank Clearings	774	1,112	1,544	2,057	2,270	2,366	2,367
Debits to Slight Deposit Accounts	..	1,447§	1,973	2,786	2,989(r)	3,196	3,432
Gold and Foreign Assets of the Bank of Thailand	2,180	2,758	3,641	4,511	4,434	3,782(r)	3,641
Rates of Interest (Per cent per annum)							
Treasury Bill Rate	1.32	2.02	2.02	2.10	2.17	2.25	2.27
Internal Government Debt held by							
Bank of Thailand	18	142	155	166	261	247	281
Commercial Banks	150	119	116	118	102	174	129
Government Deposits with Bank of Thailand	392	394	317	423	396	698	642

NOTE:

All figures, other than bank clearings and rates of interest, relate to the end of month, end of quarter and end of year: bank clearings relate to monthly totals and their averages. **Net active currency:** Total currency outstanding less holdings in all banks including the Central bank and in Government treasuries. **Currency in circulation:** Total currency outstanding less holdings in all banks including the Central bank. **Deposit money:** Deposits in all banks (including Central bank) withdrawable by cheques but excluding inter-bank liabilities and Central Government deposits. **Bills discounted:** Excluding treasury bills. **Bank clearings:** Total value of cheques and other collection items cleared through clearing houses. **Gold and foreign assets:** Gross holdings of gold, foreign exchange and other liquid foreign investments. **Rates of interest:** All rates are those prevailing in the capital city of each country except in India, where rates in Bombay have been taken. **Call money rate:**

(a) Beginning July, 1952, includes foreign assets of the Burma Currency Board.
(b) Treasury bills and 3-year and 5-year Government Bonds.
(c) Includes in addition to deposits by business concerns and individual, the deposits of Indo-Chinese branches of the French National Treasury, and of the Autonomous Amortization Fund.
(d) Treasury bills of Cambodia and Viet-Nam only.
(e) Includes War Loan re-lent to U.K. Government, less the part by Central Bank.
(f) Weighted average of tender rates on bills issued within the period.
(g) Yield of a per cent national development loan 1965-70 calculated to earliest redemption date.
(i) Includes bills purchased.
(j) Yield of 3 per cent (running yield) to earliest redemption date.
(k) Includes loans and advances to Government.
(m) The Java Bank, Bank Negara Indonesia, Bank Industri Negara and Seven Commercial banks.
(n) Devaluation took effect on February 4, 1952, but foreign assets and gold holdings were not revalued until February, 6, 1952, and May 13, 1953 respectively.
(q) Includes advances to Government.
(s) Figures shown are on a net basis.
(t) Figures include British Borneo.
(u) Prior to April, 1952, includes inter-bank liabilities.
(v) Figures relate in 1948 and 1949 to 3 clearing houses in principal towns from January 1950—January 1952 to clearing houses in 4 towns and from February, 1952, in 5 towns.
(w) Including outstanding assets receivable from the Reserve Bank of India, under the partition agreements, but excluding foreign assets of Banking Department.
(x) Yield to maturity of 3 per cent bonds 1968.
(y) March.
(z) May.

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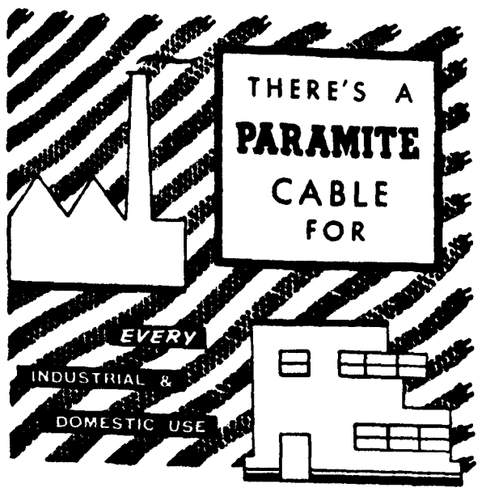
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SUBSCRIBED CAPITAL	„	**5,76,66,125**
PAID-UP CAPITAL	„	**3,14,54,250**
RESERVE FUND & OTHER RESERVES	„	**4,09,22,194**
DEPOSITS AS AT 30-6-1954	„	**1,26,84,78,112**

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Transport and Communications

1. RAILWAY EXPANSION IN ASIA

THE railway systems of the countries of South-East Asia continue to exhibit the drawbacks associated with underdevelopment. The backward state of their economies is probably the largest single factor responsible for the modest growth of the railways, but it is arguable with equal force whether imaginative and bold investment in railway undertakings would not have provided a powerful impetus to the healthy expansion of the economies themselves.

This controversy has ceased to retain anything but academic interest and in retrospect it is only fair to recognize the frank truth that but for Western investment and enterprise railway transport would have remained in a much more backward condition in this region. It is not really very material how far colonial patronage offered cover to this investment (this being a patent fact which needs no elaboration), but the emergence of integrated, though small, railway systems in this region is one of the outstanding contributions of a political phase which has now virtually ended. Japan, of course, is a singular exception to this fundamental trend.

The direction of railway development has generally proceeded to assist the dominant requirements of the ports which serve as the gateways of overseas communications, but even in this context the expansion of railways has not fully helped the exploitation of the resources of the hinterland. In the short post-independence period, the sole preoccupation of the countries has been to rehabilitate their railway systems out of the disruption or severe deterioration caused during the war. But once it is accomplished, the resources that will be spared for the expansion of the railways will have a determining influence on the progress of the economies of the region. In some countries, including, for instance, India, this crucial phase has practically arrived. If retarded development or positive stalemate is to be avoided, railway expansion projects will have to be taken in hand regardless of strict considerations of revenue in the initial phase. Positive expansion of railways must accompany, if not precede, the expansion of the other sectors of the economy. It cannot be postponed until actual traffic is generated and bottlenecks in transport throttle its growth. In India, the revised railway financial convention, which is to be made operative from next April, provides for certain concessions and moratorium for a minimum period of five years in the case of the loaned capital to be advanced by the Exchequer to the railway administration for construction of new lines.

Japan presents the solitary case of a country with a highly developed railway system. She possesses a network of railway lines extending over a mileage of 15,200 (exclusive of privately owned lines which form a small segment) and this gives the highest ratio in the region of 1 mile per 9.36 square miles of area. For a small country, with an extremely indented coastline and numerous islands studded all over, and possessing one of the most modernised sea transport systems in the world, Japan's railway communications are undoubtedly among the most advanced. In respect of the length of the aggregate route, India ranks highest in South-East Asia, her total mileage amounting to 34,300. The ratio of the route to the area is 1 mile per 37.01 sq. miles. In Korea this ratio is slightly higher at 36.72 sq. miles. The only other countries which possess moderately extensive railway lines, in excess of 4,000 miles, are China (13,300), Pakistan (7,000) and Indonesia (4,550). The precise relationship between the railway systems and area of each country as well as its population is set out in the table incorporated in this section. The divergencies in the development of railways in these countries are markedly wide, leading up to the maximum of 272 sq. miles and 33,530 persons per 1 mile of railway. Both these maxima pertain to China which underlines the fallacy of relating the level of railway development to the plain length of the route mileage. On the test of both the ratios, Japan, Korea, India, Pakistan, Malaya and Thailand would appear to have achieved appreciable progress in building up their railway systems. In the rest of the region rail communications have so far received inadequate allocations of outlay.

The physical condition of the railways over most of the region discloses a picture, which only seven years ago was very disturbing, but is now improving and appears to have been brought within manageable limits of complete restoration. In China, Indo-China, Indonesia and Burma, war operations totally destroyed more than half of the railway assets including entire tracks, bridges and rolling stock. In the Philippines the damage had not extended to the same magnitude, but the rail system, nevertheless, was subjected to considerable physical damage. In India, Malaya and Korea, the injury inflicted by the war was clearly visible in the grave depletion of the physical assets and utter negligence of repair. It was the priority task of the governments of these countries to restore the railway systems to their pre-war state as the irreducible minimum condition for the smooth functioning of their economies. But this vital project had to be deferred in Burma, China, Indo-China, Indonesia and Malaya owing to the existence of anti-colonial struggles or Communist subversive agitation. In India and Pakistan, the railway systems were not largely involved in partition, but the impact of partition on the economies of these two countries produced a dislocation and inevitably the process of rehabilitation of the railways was postponed even if for a shorter period. Over the region as a whole, the tracks that were either destroyed, or dismantled as a deliberate policy for use in strategic areas of war, have been very nearly restored. It would be safe to assume that the residue that remains to be revived represents either a fraction of the lost lines or tracks that are to be definitely abandoned on the criterion of economic utility. The renewal or strengthening of the track, however, is proceeding far less slowly than the urgent requirements of traffic indicate and in the result restrictions on the speed of trains continue to hamper stock utilisation.

The programme of restoration is intimately bound up with the rehabilitation of the rolling stock and in this key sector the accumulations of arrears are obvious in a majority of the countries. The relative position of the three categories of rolling stock—locomotives, passenger coaches and freight wagons—which is described in full detail elsewhere in a table must be interpreted with an important reservation. The strength of the stock as measured in numbers cannot be taken to indicate rolling stock capacity for potential transport, since a large portion of the stock is either over-aged or approaching the limit of replacement. In India, to take a progressive case where considerable finance is being allotted to a vigorous programme of stock restoration, 40 per cent of locomotives, 35 per cent of freight wagons and 50 per cent of the passenger coaches are estimated to be due for replace-

ment at the end of the country's first Five-Year Development Plan in March 1956. This does not in the least represent the normal annual ratio of replacement. Even on the basis of the apparent assessment in numerical terms, the extent of the shortfall in rehabilitation merits particular attention. In Burma, as against the pre-war wagon stock of 9,700, only 6,000 were in service in 1952 and, when it is recalled that the inland waterways which constitute another life-line of communications in this country are not yet fully revitalised, the handicaps to freight transport are easy to imagine. Her passenger coach stock is 40 per cent below the pre-war holdings. In Indo-China over 50 per cent of locomotives, 60 per cent of passenger coaches and 45 per cent of wagons are short as compared to the pre-war position. In Indonesia, one-third of the pre-war locomotives and one-fourth of the freight wagons still await restoration. In is rather difficult to comprehend why the Philippines has fallen into serious arrears of replenishment of freight wagons and locomotives in spite of a sizable plan for the rebuilding of the railway system. In the entire region, Japan and Thailand stand out as remarkable instances where substantial additions have been made to the rolling stock. Nevertheless, Thailand's significant increase of locomotives by more than double the pre-war strength and of freight wagons by nearly four-fifths has not been matched by commensurate increase in goods traffic. It implies, perhaps, much less intensive use of stock than before the war.

Still another weighty factor which must necessarily be taken into consideration in gauging the state of the transport systems of the region relates to the pressure of traffic on the capacity of the existing equipment. Railway traffic, in the passenger as well as freight sectors, has kept on rising at a rapid rate in most of these countries. Burma, Indo-China and the Philippines move in a category where the rail-borne traffic has shown a sizable decline. It is reasonable to infer that the limitations of rolling stock have contributed to this decline and at least in Burma and the Philippines the relative burden of the traffic on the stock is severe. The increase has assumed significant proportions in Japan, China, Thailand and Pakistan. It needs to be recalled, in assessing the real magnitude of the increase of traffic on the Indian railways, that the figures for 1953 indicate the position of post-partition India, while the position before the war discloses the combined traffic of the undivided sub-continent. This factor of the pressure of increasing traffic which is basic to a correct estimate of the condition of Asian railways is amplified in greater detail in the table below.

The volume of rail-borne traffic revealed in this interesting table is an indicator of the broad trends in the overall industrial and trade activity, but it is surely not an adequate measure of the growth in this activity. Rail transport capacity is nowhere sufficient to cope with the traffic offering in the region and it is a perfectly legitimate conclusion to draw that the higher volume indicated by the figures implies almost invariably a fair margin of accumulated traffic awaiting clearance. It is a paradox of the structure of the cost of post-war sea transport that it has proved to be costlier than rail transport at numerous points and in view of its relative higher cost sea transport has not eased the congestion on the railways on the normal scale. It has necessitated recourse to excessive use of stock, but the compulsion to continue to put into commission over-aged or worn out stock has involved heavy costs for stock repairs in addition to lower returns. Asian railway administrations cannot postpone the essential outlay on replenishment of equipment. But restoration of physical assets is only the immediate goal and positive expansion must be launched early to remove physical impediments to the progress of developmental projects. In the official pronouncements on railway projects, the accent on the extension of line capacity is generally absent or feeble. It would appear that the gains of the boom until the end of the Korean war have not been consolidated for the revitalisation and expansion of the railways. The failure of this precaution must now be compensated by accelerated allocation of finance, if development plans are to progress according to schedule. This is the responsibility of each individual government and external aid (as in the case of the U.S. aid programme of $21 million for the rehabilitation of locomotives and freight wagons for Indian railways) can only go to mitigate the strain on domestic resources. Meanwhile, a modest start has been made under the auspices of ECAFE for technical consultation and collaboration to raise the standards of operational efficiency of the railways.

Changes in Traffic on Asian Railways

Country	Passenger-miles operated (Million)		Ton-miles operated (Million)	
	1939	1953	1939	1953
Burma ..	449.3	353.4	697.7	264.7
China ..	702.8	8,202.1	376.0	2,796.2
Taiwan ..	628.2	1,170.2	564.2	805.3
India ..	18,521.8	35,351.0	23,868.7	30,586.3
Indo-China	593.4	94.0	247.9	144.7
Indonesia ..	1,028.4 (1937)	1,779.0 (1952)	579.7	418.9
Japan ..	26,133.6	51,919.2	15,269.5	25,180.4
Korea ..	2,656.4	1,953.6	2,342.6	1,707.5
Malaya ..	..	..	162.8	233.4
Pakistan ..	4,892.1 (1948)	5,914.2 (1952)	2,376.7 (1948)	3,267.2 (1952)
Philippines	269.1	234.9	100.7	83.5
Thailand ..	229.3	1,424.2	343.0	403.4

2. THE CHANGING PATTERN OF ASIAN SHIPPING

WATER transport has three-fold significance in South-East Asia in the domestic, intra-regional and distant external trades. The share of inland and coastwise shipping in the domestic trade varies from a high proportion, as in Indonesia comprising hundreds of small islands, or Japan or the Philippines, to an appreciable part in the rest of the countries with a more regular seaboard. In the intra-regional trade, land-borne traffic has negligible importance and traditionally shipping has played a very potential part. The distant international trade is carried essentially by ocean-going vessels. On a broad reckoning, the coastline of South-East Asia has been estimated to cover approximately 20,000 miles exclusive of the vast stretches of the outlying archipelagoes. It is unlikely that the development of freight traffic by air will make substantial inroads on the strategic share which shipping has historically enjoyed in the trans-continental trade.

The pre-war pattern of shipping in this region is now cast for a change in the positive direction of national shipping acquiring an increasing share in the world trade. It has been a deliberate policy of the countries of South-East Asia, after the exit of the colonial powers, to re-establish their status in international sea transport. Progress in this direction has not been fast enough in the initial phase and this is to

MADRAS GOVERNMENT

INDUSTRIAL PRODUCTION

COTTON FABRICS

Monthly averages — Million metres

Countries	1950	1951	1952	1953	1954*
Ceylon (Million sq. metres)	0.5	0.6	0.7	0.6	..
India	275	319	350	373	386
Korea (South)	4.1	2.3	3.3	4.6	4.9
Pakistan	8.1	9.7	13.3	18.1	...
Philippines	0.7	0.8	0.5	0.9	1.2

COTTON YARN PRODUCTION

Monthly averages — Thousand tons

Countries	1950	1951	1952	1953	1954*
India	43.7	49.0	54.7	56.9	58.7
Korea (South)	0.8	0.5	0.8	1.1	1.2

TIN METAL PRODUCTION

Monthly averages — tons

Country	1950	1951	1952	1953	1954*
Malaya	5,821	5,581	5,320	5,284	5,935

CEMENT PRODUCTION

Monthly averages — Thousand tons

Countries	1950	1951	1952	1953	1954*
Ceylon	...	5.3	5.1	5.2	6.8
India	221	271	299.5	320.0	373.7
Korea (South)	0.8	0.6	3.0	3.5	3.0
Pakistan	35.1	42.2	44.9	50.3	41.3
Philippines	24.9	26.3	26.4	26.5	21.2
Thailand	13.8	19.1	20.6	24.0	27.1
Viet-Nam	12.0	17.7	18.5	24.2	23.0

COAL PRODUCTION

Monthly averages — Thousand metric tons

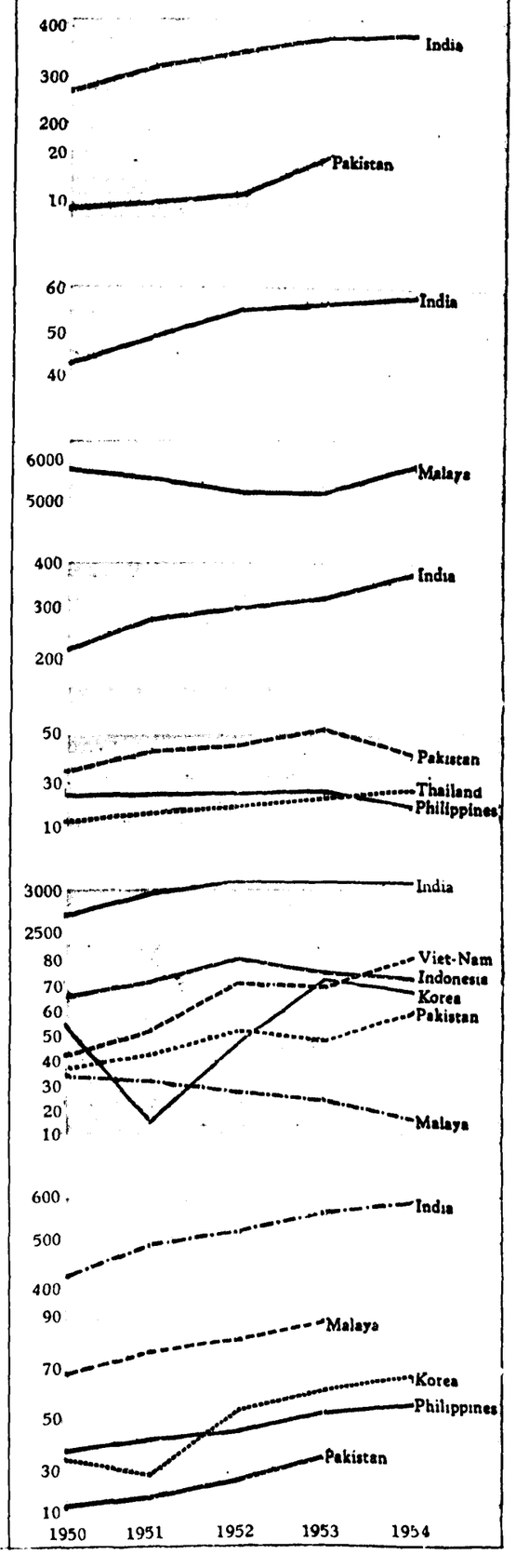
Countries	1950	1951	1952	1953	1954*
India	2,735	2,915	3,067	3,035	3,058
Indonesia	67	72	81	75	73
Korea (South)	53	14	48	72	67
Malaya (Lignite)	35	32	27	24	18
Pakistan (Including lignite)	37	43	51	49	60
Viet-Nam	42	53	72	70	82

ELECTRICITY PRODUCTION

Monthly averages — Million KWH

Countries	1950	1951	1952	1953	1954*
Cambodia	1	1	2	2	1
Ceylon	7	9	11	12	13
India	425	488	516	560	578
Korea (South)	34	28	53	61	66
Malaya	66	76	80	88	..
Pakistan	15	19	25	34	...
Philippines (Manila)	38	41	46	52	56
Thailand (Bangkok)	4	5	5	7	8
Viet-Nam	14	16	19	...	...

* First quarter average



MONEY SUPPLY & BANKING

Money Supply

(Currency in Circulation + Deposit money)

Country	Unit	1950	1951	1952	1953	1954*
Burma	Million K.	552	607	641	828	1,010
Ceylon	Million Rs.	911	1,006	894	827	809
Hong Kong	Million H.K.$	808	800	802	802	804
India	Million Rs.	18,340	17,730	16,380	17,300	18,600
Indonesia	Million Rp.	4,392	5,132	6,719	7,642	8,014
Malaya	Million M.$	1,402	1,731	1,620	1,486	1,503
Pakistan	Million Rs.	2,964	3,755	3,220	3,568	3,706
Philippines	Million P.	1,148	1,053	1,082	1,101	1,115
Thailand	Million Baht	3,967	4,907	4,932	5,438	5,686

CURRENCY IN CIRCULATION

Country	Unit	1950	1951	1952	1953	1954*
Burma	Million K	358	398	413	506	688
Ceylon	Million Rs.	326	377	357	335	324
Hong Kong	Million H.K.$	808	800	802	802	804
India	Million Rs.	12,030	11700	11220	11600	12200
Indonesia	Million Rp.	2,582	3.328	4.349	5.218	5.335
Malaya	Million M.$	515	654	630	651	621
Pakistan	Million Rs.	1.992	2.467	2,151	2.372	2,496
Philippines	Million P.	669	639	624	666	655
Thailand	Million Baht	3.043	3,756	3.678	4.016	4.172

DEPOSIT MONEY

Country	Unit	1950	1951	1952	1953	1954*
Burma	Million K.	194	210	228	322	323
Ceylon	Million Rs	585	629	538	492	485
India	Million Rs	6.300	6,030	5,610	5,700	6,400
Indonesia	Million Rp.	1.810	1.804	2.370	2.424	2.680
Malaya	Million M.$	887	1.077	989	835	882
Pakistan	Million Rs.	973	1.288	1.069	1.196	1,211
Philippines	Million P	479	414	465	435	460
Thailand	Million Baht	924	1.151	1.254	1.422	1.514

Bank Clearings

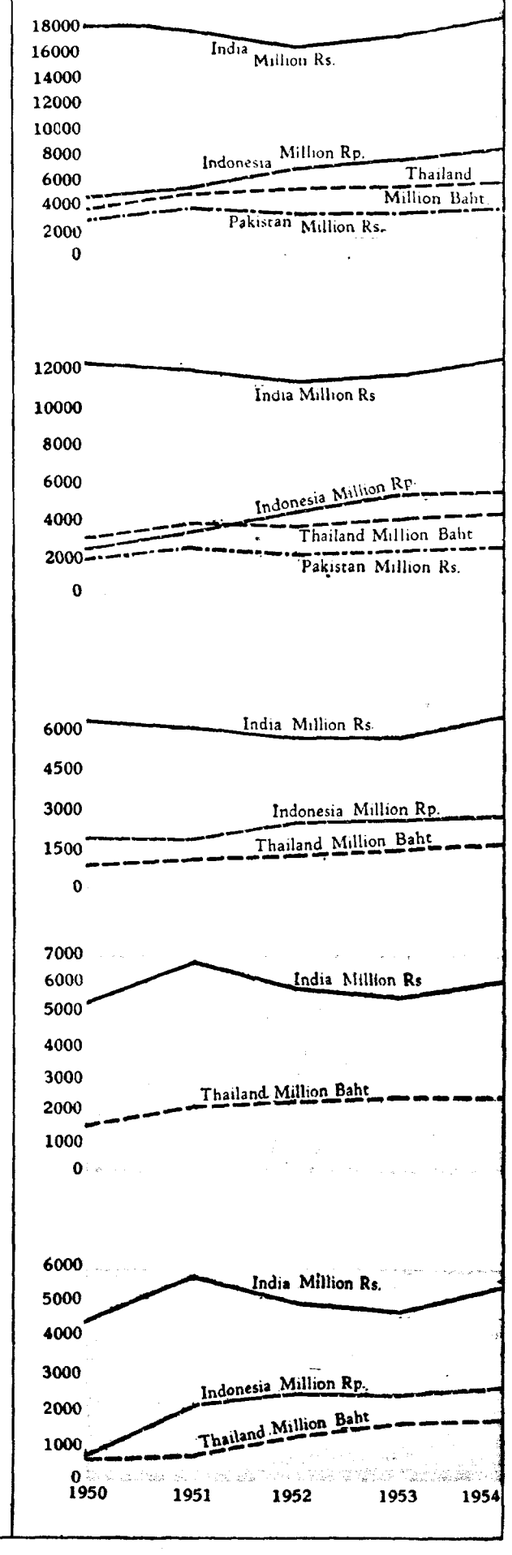
Country	Unit	1950	1951	1952	1953	1954*
Burma	Million K.	138	151	181	234	216
Ceylon	Million Rs.	549	691	688	671	648
Hongkong	Million H.K.$	1,199	1.506	1,195	1.035	1,036
India	Million Rs.	5250	6560	5710	5,490	6.000
Pakistan	Million Rs.	460	551	543	536	615
Philippines	Million P.	462	457	480	520	568
Thailand	Million Baht	1,544	2,057	2,270	2,366	2,367

Advances and Bills discounted

(Commercial Banks)

Country	Unit	1950	1951	1952	1953	1954*
Burma	Million K.	130	159	151	142	164
Ceylon	Million Rs.	182	257	241	253	258
India	Million Rs.	4,450	5,540	4,850	4,610	5,380
Indonesia	Million Rp.	682	2,152	2,445	2,394	2,605
Malaya	Million M.$	551	633	484	437	469
Pakistan	Million Rs.	770	919	792	781	826
Philippines	Million P	533	685	694	773	769
Thailand	Million Baht	592	741	1,202	1,649	1,781

* First Quarter end.



NATIONAL INCOME

Index Numbers of National Income and Per capita income in Constant Prices.

Year	Burma 1947-48 prices		India§ 1948-49 prices		Thailand 1948 prices	
	Gross domestic product	Per capita gross product	Net out put	Per Capita net output	Net domestic product	Per capita product
1938	139	160	...	...	62	75
1946	.....	.....	...	..	65	68
1947	85	86	...	..	86	88
1948	100	100	100	100	100	100
1949	90	89	101.9	100.6	125	123
1950	85	84	102.3	99.7	142	136
1951	97	94	105.9	102.2	.....	.....
1952	103	99	...	105.7	.....	.....
1953	.....	.....	...	...	.....	.....

§ Financial years :— 1948-49, 1949-50, 1950-51, 1951-52 and 1952-53

National Income

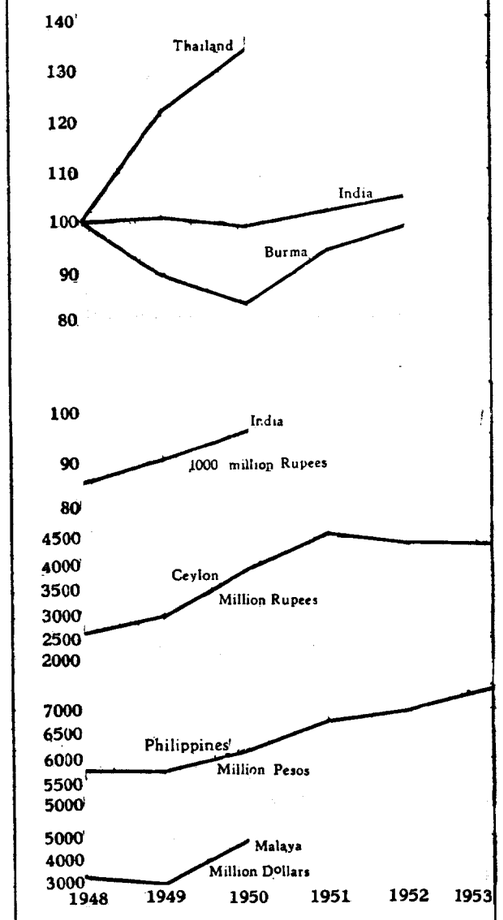
Year	Burma Million Kyats	Ceylon* Million Rupees	India§ 1000 million Rupees	Korea** Million U.S Dollars	Malaya Million Dollars	Philippines Million Pesos	Pakistan†† Million Rupees	Thailand† Million Baht
1938	1,214	600	...	...	...	...	...	855.5
1946	...	...	...	...	...	4,377	...	9,284.2
1947	2,629	2,310	...	...	3,196	5,579	...	14,407.0
1948	3,121	2,682	86.5	...	3,221	5,713	...	16,677.5
1949	2,913	2,925	90 1	...	3,022	5,668	16,919	20,064 0
1950	2,745	3,885	95.3	1,769.5	4,849	6,169	16,711	23,377.1
1951	3,192	4,527	..	...	...	6,816	...	.....
1952	3,556	4,441	...	1,383.9	...	6,952	...	.....
1953	...	4,419	...	1,721.2	...	7,375	...	.....

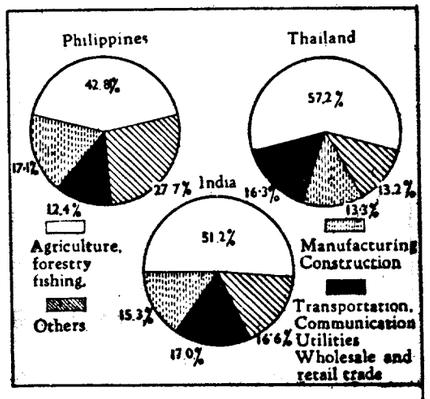
* Gross national product at factor cost.
** Financial years :— 1949-50, 1952-53, and 1953-54.
† Net domestic product at factor cost.
†† Financial years :— 1948-49 and 1949-50
§ Financial years :— 1948-49, 1949-50 and 1950-51.

Industrial Origin of Net Domestic Product.

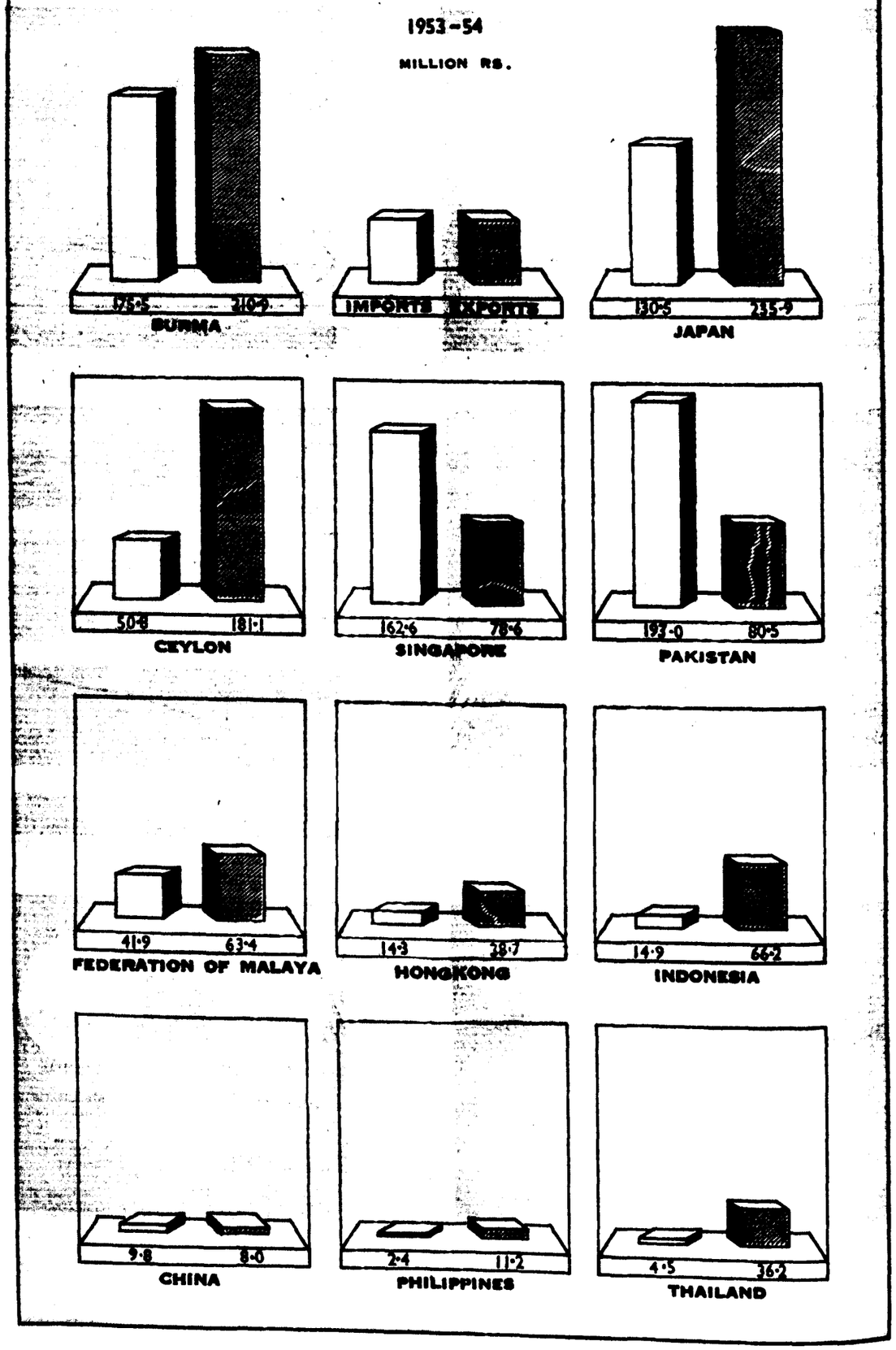
Year	India (1000 million Rupees) 1950-51	Philippines (Million Pesos) 1952	Thailand (Million Baht) 1950
1. Total	95.5	7,034	25,595.4§
2. Agriculture, forestry fishing.	48.9*	3,013	14,649.7
3. Mining	0.7	102	394.7
4 Manufacturing	14.6	952	3,238.8
5. Construction		252	162.9
6 Transportation, Communication Utilities	16.2	229	315.9
7 Wholesale and retail trade		642	3,865.3
8. Ownership of dwellings	4.1	.....	.....
9 Public administration and defence	4.3	461†	1,058.5
10 Other Services	6.7	1,383††	1,909.6

* Includes processing, marketing and ancillary activities performed by the farmer in respect of his own produce.
§ Gross domestic product at market prices.
† Includes all services of general government
†† Includes ownership of dwellings and net investment income from abroad.

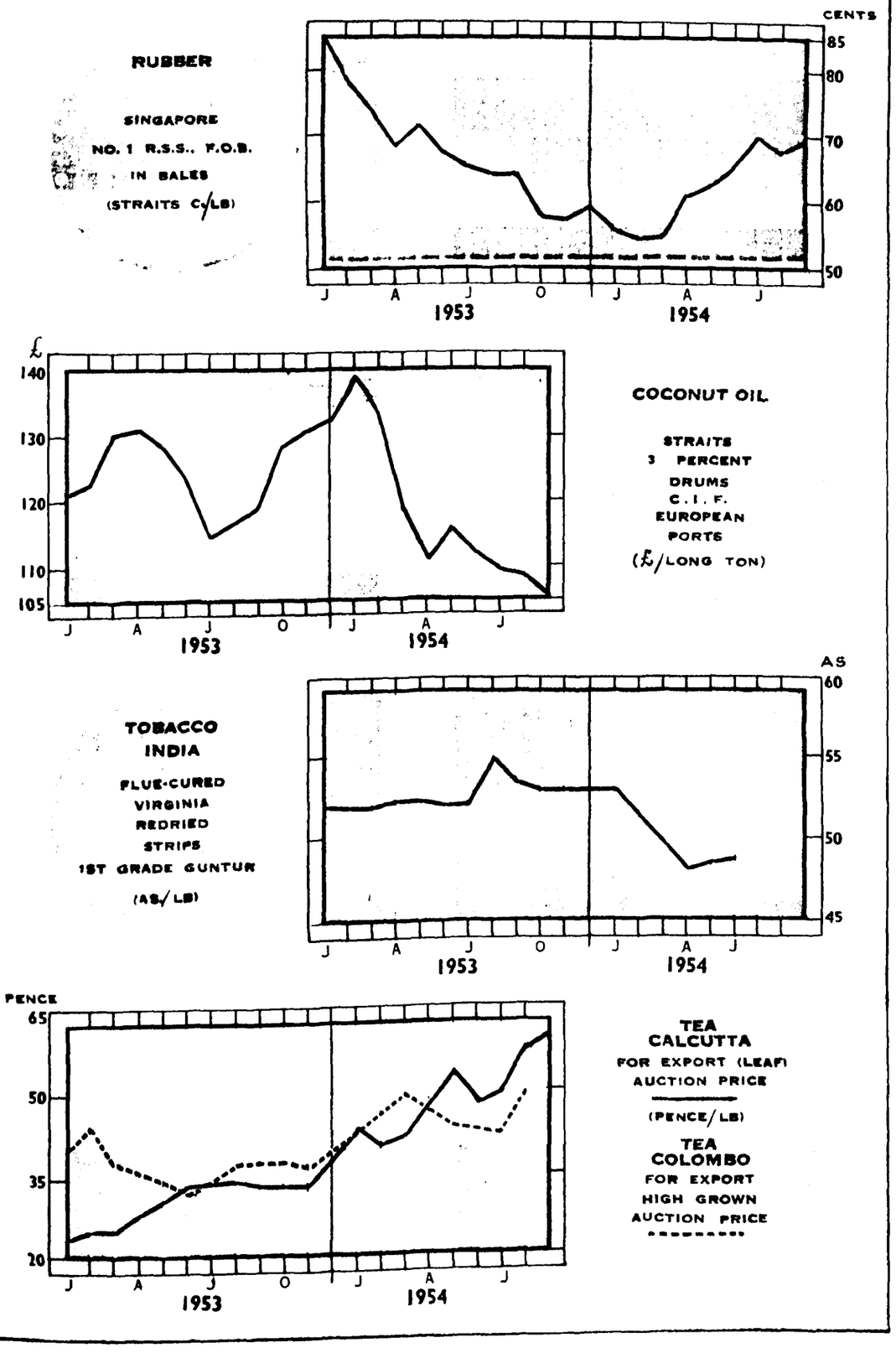




INDIA'S TRADE WITH ASIAN COUNTRIES



COMMODITY PRICE TRENDS



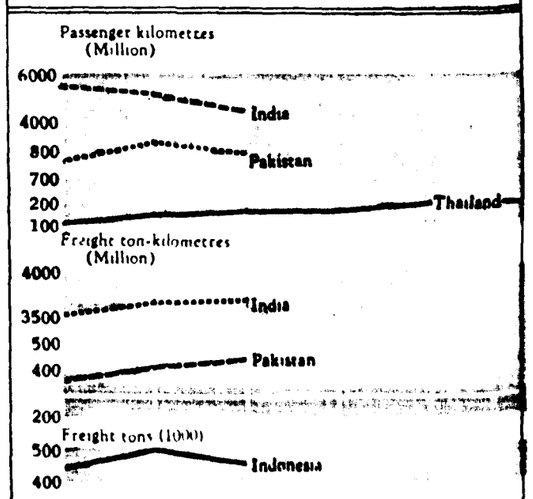
VOLUME OF TRAFFIC

Railways — **Monthly averages**

	1950	1951	1952	1953	1954*
Passenger-kilometres (Million)					
Burma	14	29	34	47	[illegible]
Cambodia & Viet-Nam	6	9	10	15	[illegible]
India	5,396	5,078	4,601	...	...
Korea (South)	95	125	219	...	[illegible]
Pakistan	761	827	790	...	...
Philippines	30	32	31	32	...
Thailand	120	152	188	191	201
Freight ton-kilometres (Million)					
Burma	7	17	24	36	30
Cambodia & Viet-Nam	11	16	18	19	22
India	3,638	3,820	3,879	...	...
Korea (South)	86	229	256	252	172
Malaya	33	33	31	31	30
Pakistan	370	418	447	...	[illegible]
Philippines	13	12	11	12	...
Thailand	40	45	46	54	58
Freight tons (1000)					
Ceylon	108	128	137	...	...
Indonesia	449	497	457	...	...

* *From January to March only.*

India and Pakistan: class I railways broad and metre gauge only. Indonesia: Postwar data relate to federal area only. Japan: State Railways only. Philippines: Manila Rail Road Company.

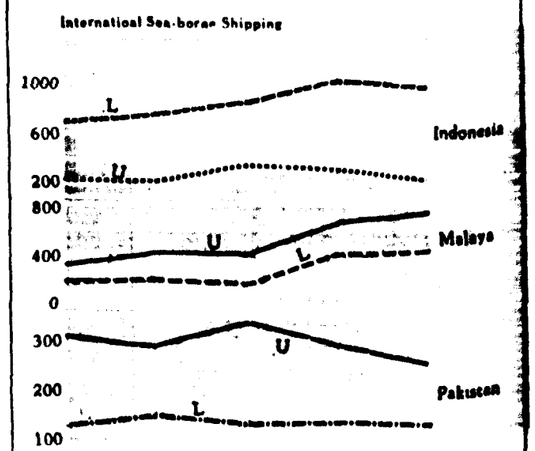


International Sea-borne Shipping — **Monthly averages**

		1950	1951	1952	1953	1954*
Ceylon (Colombo)	L	61	60	67	73	87
	U	162	178	174	182	196
Indonesia †	L	704	749	821	1,016	951
	U	233	212	367	347	325
Malaya †† (Singapore)	L	197	217	198	[illegible]	[illegible]
	U	329	410	401	[illegible]	[illegible]
Pakistan §	L	130	152	137	140	135
	U	310	292	335	287	256
Philippines (Manila)	L	26	260	368	350	...
	U	156	220	215	253	...
Viet-Nam (Saigon)	L	46	39	23	17	52
	U	74	74	100	106	130
Thailand	L	150	165	149	143	117
	U	69	75	94	107	107

Freight Loaded (L) and Unloaded (U) in External Trade (1000 metric tons)

* From January to March only
† Data relate to federal area only
†† Including coast wise traffic of Malaya.
§ Including coast wise traffic of Karachi

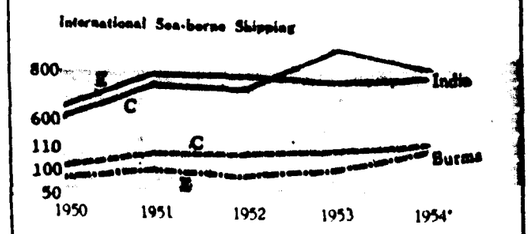


International Sea-borne Shipping — **Monthly averages**

Entrances (E) and Clearances (C) of Vessels with Cargo in External Trade (1000 net registered tons).

		1950	1951	1952	1953	1954*
Burma†	E	86	108	98	104	146
	C	106	138	132	146	192
India	E	670	777	773	750	765
	C	607	749	739	884	800

* From January to March only.
Total number of entrances and clearances made during each voyage but excluding sailing vessels. Annual figures relate to 12 months ending 30 Sept. of postwar year.



BALANCE OF TRADE

Monthly averages in Millions of U. S. Dollars

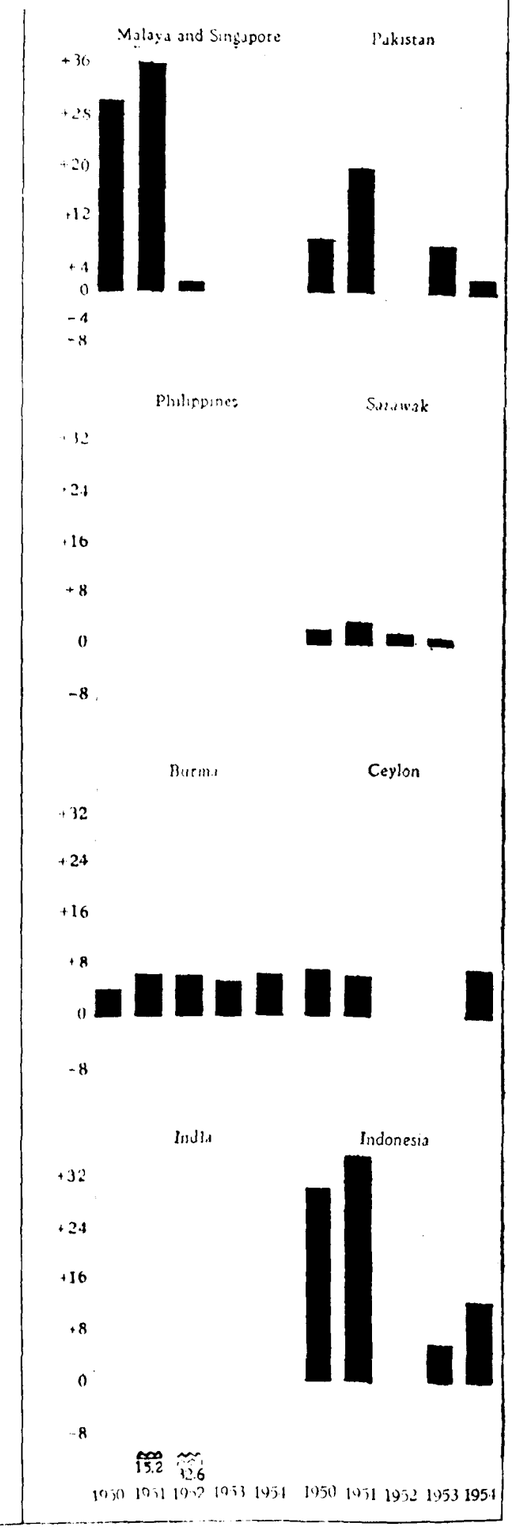
	Malaya and Singapore			Pakistan		
	Exports	Imports	Balance	Exports	Imports	Balance
1950	109.2	79.3	+29.9	40.7	32.6	+8.1
1951	165.3	129.5	+35.8	63.6	44.1	+19.5
1952	106.7	105.5	+1.2	44.3	50.9	—6.6
1953	82.2	88.1	—5.9	36.6	29.1	+7.5
1954*	82.4	83.3	—0.9	29.2	27.2	+2.0

	Philippines			Sarawak		
	Exports	Imports	Balance	Exports	Imports	Balance
1950	28.1	32	—3.9	10.1	7.9	+2.2
1951	34.6	44.8	—10.2	13.8	10.4	+3.4
1952	29.3	38.8	—9.5	11.9	10.4	+1.5
1953	32.6	39.9	—7.3	11.6	10.7	+0.9
1954*	35.1	44.2	—9.1	.....	.....	.....

	Burma			Ceylon		
	Exports	Imports	Balance	Exports	Imports	Balance
1950	13.1	9.2	+3.9	27.3	20.4	+6.9
1951	17.6	11.4	+6.2	33.3	27.2	+6.1
1952	22.0	16.0	+6.0	26.2	29.8	—3.6
1953	19.8	14.7	+5.1	27.4	28.1	—0.7
1954*	22.4	15.8	+6.6	31.6	24.5	+7.1

	India			Indonesia		
	Exports	Imports	Balance	Exports	Imports	Balance
1950	95.5	96.6	—1.1	66.6	36.6	+30
1951	134.2	149.4	—15.2	107.6	72.7	+34.9
1952	107.9	140.5	—32.6	76.3	77	—0.7
1953	93.0	99.1	—6.1	68.3	62.7	+5.6
1954*	90.3	98.6	—8.3	68.0	55.9	+12.1

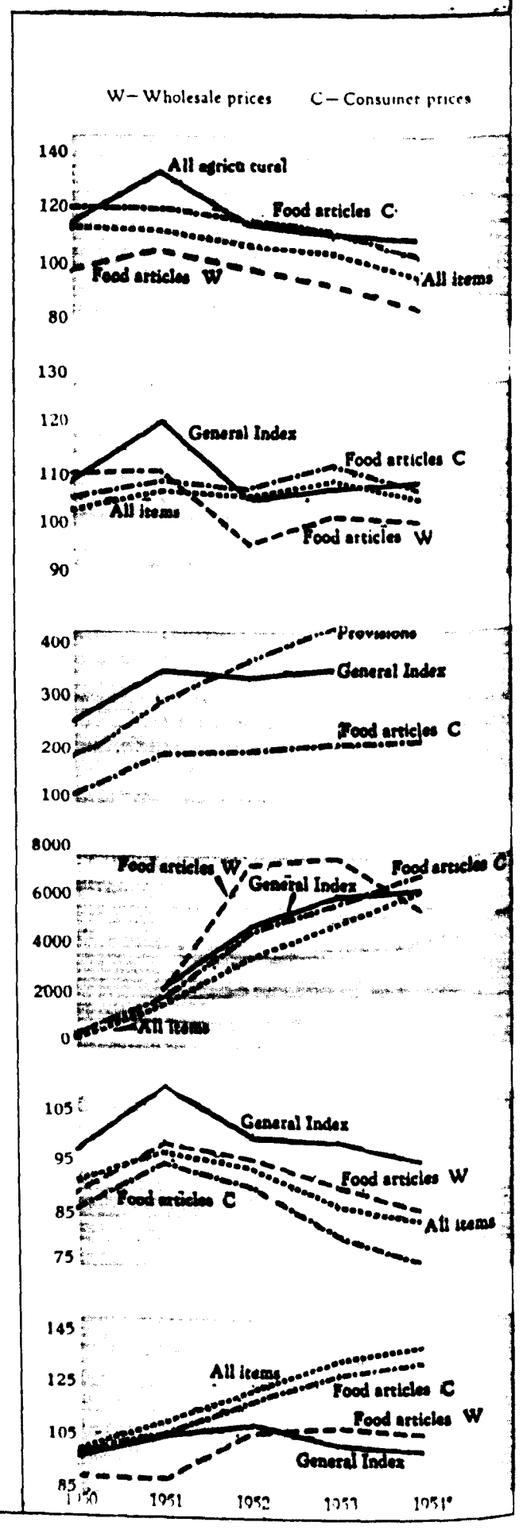
* Average of first 9 months for all countries except Burma for which it is for 6 months.
Exports f. o. b. Imports: c. i. f.



WHOLESALE & CONSUMER PRICES

Country	1950	1951	1952	1953	1954*
1 Burma					
Wholesale prices					
All agricultural ...	115	133	114	111	108
Food articles ...	98	104	99	93	84
Consumer prices (Rangoon)					
All items ...	114	112	107	104	96
Food articles ...	120	120	115	111	103
2. India					
Wholesale prices					
General Index ...	109	120	105	107	108
Food articles ...	110	110	96	102	100
Consumer prices (All India)					
All items ...	103	107	105	108	105
Food articles ...	105	108	107	112	107
3. Indonesia					
Wholesale prices					
General Index (imported goods	253	349	331	352	...
Provisions ..	180	295	368	438	...
Consumer prices (Djakarta)					
Food articles ...	113	189	199	211	221
4. Korea (South)					
Wholesale prices					
General Index ...	...	2,194	4,751	5,951	6,259
Food articles ...	...	2,064	7,305	7,567	5,278
Consumer prices (Pusan)					
All items ...	281	1,397	3,446	4,871	6,076
Food articles ...	302	1,519	4,489	5,777	6,799
5. Philippines					
Wholesale prices					
General Index ...	97	109	100	99	95
Food articles ...	89	98	95	90	86
Consumer prices					
All items ...	91	97	93	87	84
Food articles ...	86	94	90	81	76
6 Thailand					
Wholesale prices					
General Index ...	96	104	109	102	100
Food articles ...	88	88	106	108	106
Consumer prices (Bangkok)					
All items ..	99	110	123	135	140
Food articles ...	97	106	119	131	134

* First quarter average



be attributed to the pressing requirements of rehabilitation of their economies after the war and the need to assign higher priority to other industries in the new development projects. In the meantime, the balance in the shipping trade in the South Asian region has changed substantially since the end of the last war.

The preponderance of British, Dutch and Japanese merchant fleets in Asian shipping has been appreciably reduced in the post-war set-up. Before the war, British shipping had an overwhelming share in the sea-borne trade of India, Burma, Ceylon as also of Malaya. But Britain's share in the trade of the other countries also was noteworthy and it was easily comparable with the shares established by other European powers in the areas of their colonial influence. In Indo-China her share was 35.2 per cent as compared to 25.5 per cent held by France. In the Philippines it was 31 per cent and in Indonesia 30.7 per cent. The Netherlands claimed 46.7 per cent of the shipping trade of Indonesia and 25.6 per cent in Malaya. France never took pains to develop her shipping business except primarily in Indo-China. Next to Britain, Japan had earned for herself the position of the greatest shipping power. About 52 per cent of the share in China's sea trade was captured by her, while in the Philippines it was the second highest at 21.6 per cent. In the rest of the region, except Indonesia, it was in excess of 10 per cent. In Thailand, a self-governing country, Britain, Norway, Japan and the Netherlands had shares varying between 26 per cent and 13.5 per cent.

One of the most striking features of the Asian shipping trade since the termination of the war is the emergence of the United States as a maritime power. In contrast with her nominal participation in the trade with the Philippines, she now ranks as one of the major sea-faring powers and this evolution has been facilitated by the volume of economic and defence aid which she has been providing to the countries of this region. Britain's share in Asian shipping has undergone considerable diminution, but her weight at present is above the shares of other European countries, including chiefly the Netherlands, Norway, Denmark and Italy Japan has lost her former status in the Asian trade, but in view of the regional balance in global shipping, the progress of her rehabilitation will be a decisive factor in the future of shipping in Asia.

The shift in the weightage of the shares of the pre-war shipping countries in the area, accompanied by the freedom for most of the South-East Asian countries to direct their shipping policies in their own interest, has created opportunities for the growth of national shipping. Quite understandably, the first sphere of shipping where these countries sought to consolidate and expand their position was the coastal trade. China under the Kuomintang rule was the first to introduce the policy of reservation of coastwise shipping for the national flag. In India also this long overdue reform was put into force in 1951, but the inadequacy of tonnage owned by Indian companies had made chartering of foreign ships incumbent to cope with the traffic. This fact reduced reservation of the coastal trade to a mere technicality in part at least inasmuch as charter contracts made Indian companies virtually commission agents. In November last, however, a ban was imposed on the employment of chartered ships on the coastal routes and reservation in this way has been fully achieved. In the countries occupied by Japan during the war, coastal trade received a setback either due to destruction or immobilisation of substantial parts of the national fleets. General neglect of maintenance of installations at ports and progressive silting up at the harbours added to the time-lag in the recovery of normal shipping trade. But in the last six years, Burma, Thailand, Indonesia, Malaya, the Philippines, Indo-China and Korea have accomplished a good measure of success in improving their trade on the coastal routes. In the overall perspective of shipping, this gain represents a small fraction, but it is not for that reason negligible.

The small size of the vessels employed on the coast and the significant role which country-crafts still continue to play over short hauls have obscured the real magnitude of the merchant fleets engaged on the coasts of the countries of this region. Available data of the tonnage of individual countries, which are included in the table in this article, disclose the strength of modernised vessels. The growth of the fleet in the Philippines to 148,000 GRT in 1952 reveals only the initial rate of increase, but the intensive programme of acquiring more tonnage with the co-operation of the United States assures rapid expansion adequate to participate in the adjacent trades in addition to the domestic routes. Apart from her coastline, Pakistan's political division into two zones makes the development of sea communications an imperative strategic necessity and the priority given to the expansion of the capacity of Chittagong port from 5 million tons before partition to 30 million tons in 1953 ensures that no bottlenecks will be allowed to hold back the progress of domestic shipping. The growth of the Chinese fleet would seem to be more apparent than real as disclosed in the table. In 1937 the size of of her merchant marine was 600,000 GRT, which, in effect, indicates that in 1952 it recovered the pre-war status. The future expansion of the Chinese tonnage cannot be predicted with assurance and it will be influenced obviously by her ability to resume the normal overseas trade channels. India's merchant navy has attained a modest tempo of development, if the basic fact of the negligible size of her pre-war tonnage is not overlooked. The five-year expansion plan for coastal shipping has proceeded satisfactorily with the addition in the first three years of about 102,000 GRT out of a total of 165,000 GRT for the five-year period, inclusive of replacement of 60,000 obsolete tonnage. The target for the overseas additional tonnage, fixed at 110,000 GRT, still leaves a balance of 74,400 GRT to be acquired. The major handicap of finance has now been removed with the Government's offer of loans on liberal terms and no shortfall need be anticipated in raising the strength of the fleet to the level prescribed in the Plan.

Japan holds a key position in Asian shipping, and it is obvious that the elimination of the restrictions on the expansion of her fleet has provided an incentive for accelerated growth. In mid-1952 she virtually regained half of her pre-war tonnage and the compelling search for potential measures to improve her balance of payments situation has given a new urge to the growth of her shipping trade. Japanese shipbuilding yards are again being pressed into intensive activity and the major bottleneck of finance is being eased with Government subsidies, for payment of interest on borrowed capital. Shipping companies have likewise acquired concessional facilities for their purchase programmes. The competitive potential of Japanese economy is exhibited in the sphere of shipbuilding no less than in the shipping trade. Indian shipowners have in recent months realised the handicap of having to pay a price for ships constructed at Vasakhpatnam yard at U.K. parity instead of at the lower Japanese parity. While this inevitable gap between Japanese shipping, on the one hand, and the shipping of underdeveloped countries of the region, on the other, is a reality which the latter have to face, the re-emergence of Japan is now well set for accomplishment in the next few years.

The figures of cargo loaded and unloaded shown in the table reveal retrograde position of the overseas

trade only in the case of three countries—Burma, Japan and Indo-China. In Indo-China the trend in imports, however, shows more than three-fold increase which is to be explained in the context of the high tempo of the civil war. But barring this exception, imports as well as exports in these countries have shrunk by large margins below the pre-war level. In the rest of the region, the individual countries have kept pace, in varying degrees, with the basic world trend of expanded sea-borne trade. The transport of this trade, however, has not shifted to the merchant navies of the Asian countries except in a small measure. Japan has long since carved a place for herself in the international maritime trade, but the rise of the remaining countries threatens to be slow unless their governments show readiness to accept the responsibilities which their counterparts in the West have been assuming. In plain terms, it implies their willingness to offer active financial assistance to their shipping companies in respect of taxation, acquisition of additional ships, subsidies for operating the services as well as transport of cargo on government account. They should have no reason to feel chary of accepting a technique which has been adopted in varying forms by the progressive maritime nations. In so far as the adjacent trade of the region itself is concerned, a policy of coordination and mutual help is clearly essential in entering into arrangements of shares in shipping for reciprocal trade. The first phase in the transformation of the pattern of Asian shipping will soon be accomplished in the sphere of coastal trade. But the major phase of the transformation can hardly be achieved without the benevolent participation and active assistance of the governments of the region.

MERCHANT SHIPPING AND SEA-BORNE TRADE OF SOUTH ASIAN COUNTRIES

Country	Tonnage of National Fleet (000 GRT)		Goods Loaded (000 Metric Tons)		Goods Unloaded (000 Metric Tons)	
	1939	1952	1937	1952	1937	1952
BURMA	..	..	4,935(a)	1,185	1,325(a)	641
CEYLON	..	..	648	805	1,434	2,088
CHINA	258	614	..	..	..	..
INDIA	238	477	..	..	..	..
INDO-CHINA	..	..	4,221	800	547	1,733
INDONESIA	..	..	11,437	9,848(b)	1,996	4,401(b)
JAPAN	5,630	2,787	12,996	4,968	37,056	23,736
MALAYA	..	..	..	2,378	..	4,815
PAKISTAN	..	142	..	1,646	..	4,019
PHILIPPINES	129	148	2,742	4,414	1,871	2,580
THAILAND	..	..	..	1,779	..	1,126

NOTES: (a) 1939. (b) Federal Area only.

3. THE ROAD SYSTEMS IN ASIA

ROAD communications in South-East Asia are typical of the undeveloped condition of the transport system of this region. Roads, as the life-line of communications for business and cultural intercourse, have enjoyed great significance since the days of antiquity in all the Asian countries and in fact they have been recognized (except in China!) as good indicators of the levels of civilization through the ages. In the 19th century, railways dislodged roads from their position of pre-eminence and captured for themselves the strategic share of traffic of all descriptions. But roads have not lost total significance for this reason and they are bound to continue as an important medium of feeder communications between the countryside and the inadequately developed railway lines.

The main drawback of the road systems of South-East Asia is their failure to be transformed into modernised modes of communication with adaptation to mechanized transport. This is not to suggest that animal traction has now become a thoroughly outmoded and obsolete form of power. By and large, motor transport must penetrate in the interior communications, but animal-drawn vehicles will continue to function as a link between the outlying regions and the medium market centres. The expansion and improvement of the road systems in Asian countries does not show that this transformation is taking place as rapidly as their plans of overall development would necessitate.

Malaya and Java (Indonesia) are the real examples where the highway system has been improved on modernized standards comparable with the progressive systems in Western countries. There the highway network is relatively wide. In the rest of the region, national highways have received far less attention than the exigencies of communications demand. If a generalisation may be ventured, more than half the roads are seasonal and fit for animal traction. All-weather motorable roads with modern surfaces are proportionately few. Another drawback of the existing road systems is the failure of the governments in several countries of the region to repair the extensive damage inflicted by excessive and reckless use during the war. Bridges have fallen into a condition of dilapidation and large missing links in the road systems have emerged. The accumulated arrears of rehabilitation have not been cleared nearly a decade after the war, even in areas which have enjoyed immunity from civil warfare. Construction of new roads has been undertaken on a negligible scale and it is a striking characteristic of road statistics that the real magnitude of road extension is shrouded in vague, omnibus explanations of achievements of development targets covering repairs, improvements and new construction—in terms of money value. A breakdown in physical terms is not usually available.

A broad idea of the road mileages and the character of the road systems of the region may be gathered from the table of road, area and population data published elsewhere in this section. An important qualification ought to be remembered in interpreting these data. The figures of road mileage relate to the overall estimated lengths of roads and in particular the road figures which relate to the year 1951 for a majority of the group of eleven countries comprise numerous descriptions of roads. The selection in the case

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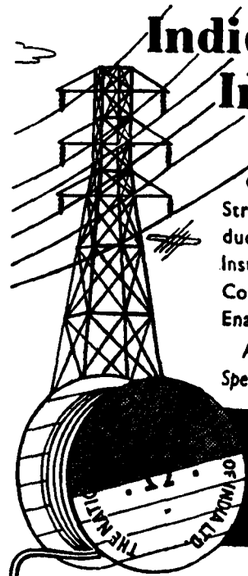
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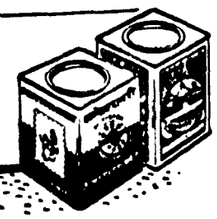
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of the data for the other years is more rational and it reflects the picture of road systems in conformity with available communications in effective use over longer periods of the year. The physical condition of the roads varies from a high degree of maintenance to serviceability with great difficulty. Subject to this general reservation, the road figures may be regarded as representing the practical situation at present. Fresh additions to the road mileages in recent years may be presumed to be very marginal. Japan emerges as the leader with the highest density ratio of 1 mile of road to 0.23 sq. miles of area. Ceylon has the next best developed system of roads, the density ratio in her case being 1.44 sq. miles of area served by 1 mile of road. India ranks third and Pakistan fourth with density ratios of 1 mile of road to 4.72 sq. miles of area and 5.11 sq. miles respectively. The Philippines, Indo-China and Malaya come immediately afterwards. At the lowest rung are China and Thailand. China has the poorest density ratio of 1 mile of road to 47.83 sq. miles of area, while Thailand is just a shade better. In Burma (density ratio=1 : 24.80) the condition of the road system does not seem to be better than the condition of other forms of transport.

The density ratio considered in relation to the population served by the length of roads discloses a general conformity with the road-area ratio. Thus in Japan, 1 mile of road serves 140 persons, in Ceylon 450 persons, but thereafter the ratio assumes a much wider disparity. In Malaya, 1 mile of road goes to serve 1,040 persons, in Pakistan 1,060 persons, in the Philippines 1,310 persons, while in Thailand and China the gulf widens still further to 4,690 persons and 5,890 persons per 1 mile of road. India which has a relatively high density ratio in respect of area is a vital case of a low density ratio in relation to population, the ratio being 1 mile of road per 1,360 persons. Indo-China, on the basis of the unofficial estimate of population, has a much better road-population ratio than the road-area ratio.

For the requirements of modern transport, roads have very limited value, unless they serve the purpose of motor transport. In fact, the real index of the development of the highway systems is the development of motor vehicle utilisation. In the following table the relative growth of motor-car registration is set out in two categories. Passenger cars signify motor cars or vehicles carrying less than 8 passengers, while commercial vehicles signify all other vehicles which include motor buses for passenger traffic and trucks for freight traffic. The second category is the more important of the two. It is obvious from the figures relating to commercial vehicles that there has been an appreciable increase in mechanized transport. Commercial vehicle utilisation has gone up since the pre-war time from an average of 100 per cent to 180 per cent at present. In Burma alone there is a decline of over one-fifth.

Motor Vehicles in Use in Asian Countries

Country	Passenger Cars (000)		Commercial Vehicles (000)	
	1937	1952	1937	1952
Burma ..	6.9	9.7	14.0	11.0
Ceylon ..	20.2	45.5	6.8	17.0
India ..	88.1	155.3	36.4	116.9
Indo-China ..	16.5 (1938)	13.3 (1948)	4.5 (1938)	7.6 (1948)
Indonesia ..	46.7 (1936)	39.4	17.4 (1936)	35.6
Japan ..	51.4	36.4	77.3	153.5
Malaya (Singapore only) ..	9.2	29.6	2.6	9.6
Pakistan ..	16.0 (1948)	20.0 (1951)	10.0 (1948)	14.0 (1951)
Philippines ..	30.4	50.0	18.3	52.1
Thailand ..	4.4	11.0 (1951)	4.7	7.0 (1951)

There seems to be a general bias in the region in favour of nationalisation of scheduled passenger services. This bias has led in many countries to a wrong priority for investment of scarce resources in the public sector. Moreover, the available evidence shows that neither in efficiency of operation nor in cheapness of fares has State management demonstrated its much-advertised virtues. Standards of passenger amenities, however, have generally improved. Motor freight transport still remains in the hands of private enterprise. Efficient operation of motor freight transport is a function of personal attention and it is on the strength of this special characteristic that freight services have made inroads in the sphere of railway transport. In a majority of cases, loadings are accepted at the warehouse or even near the agricultural farm and door to-door delivery is not uncommon. These personal services will be lost in the impersonal State management. In the result, higher costs for transhipment of goods as well as diversion of traffic to the railways seem inescapable under nationalised management. In India, the Planning Commission has exhorted the State Governments to postpone nationalisation of motor freight services at least until the end of the second Five-Year Plan in March 1961. This exhortation has met with response from all the governments save one.

4. CIVIL AVIATION IN ASIA

COMMERCIAL aviation is of recent growth in South-East Asia and the firm beginnings of scheduled services operating the airlines in the region are to be traced as a general rule about three decades ago. These beginnings now look quite puny, but even so civil aviation was a highly risky enterprise for operators in countries which were labouring under severe handicaps of colonial rule. In the inter-war period aviation as a form of civilian transport made moderate strides in the countries of Europe and America, but in Asia it virtually remained a luxury transport.

The real impetus to the popularity of aviation in the Asian region came under the crisis of World War II and the critical requirements of the air force opened up opportunities of training and service for personnel of Asian nationalities. During the war, the commercial aviation companies contributed the share of their resources to integrated operations under the Allied Air Transport Command, but defence service facilities undoubtedly constituted the most potential instrument for forging technical skills. It is also pertinent to record in this context that the free and cheap availability of aircrafts and navigational equipment, out of the war surplus stock earmarked for quick disposal, expedited the formation of indigenous air transport companies after the war.

In the Japanese-occupied countries in this region, internal commotion and the chaotic condition of the surface transport systems precipitated large-scale resort to aviation. In India and Pakistan gigantic operations of evacuation of migrating populations were accomplished by putting into commission the aircraft and personnel of the civilian airlines. The incentives which air operators received in the wake of the immediate post-war situation were further sustained and intensified by large-scale travel activity for business

purposes. Another important factor which has made a notable contribution to the popularisation of air transport is the high level movement of official as well as non-official delegations of diverse descriptions for international collaboration. Tourist travel by air will not be a proximate possibility for the Asian peoples on a mentionable scale, but Asian air transport companies are receiving a good share of revenue from Western tourists.

In the integrated scene of commercial aviation in South-East Asia, Indo-China, Japan, Korea and Malaya have receded to the background due to political exigencies. But over the rest of the region the development of civil aviation holds an encouraging prospect. At the present time, Burma offers the solitary case of some decline. Between 1951 and 1952 passenger-miles operated there decreased from 30,972 million to 24,318 million and cargo ton-miles fell from 982 million to 879 million. This short-term comparison may be explicable in terms of seasonal influences, but the overall trend would appear to show that intensive development of air transport in Burma may have to wait for propitious times.

The rest of the countries have made striking strides and in this story of progress India probably bears first mention. The remarkable gulf between the pre-war and present traffic achievements in the air is a common feature over all the countries. In India the total miles flown rose steeply from 0.5 million in 1937 to 19.6 million in 1952. Passenger-miles operated between these two years show a large divergence from 0.2 million to 24 million, while cargo ton-miles reveal the extremes of 1,000 ton-miles and 13 million ton-miles. Mail ton-miles rose from 53,000 to 3.3 million. The Philippines, Ceylon, Thailand, Indonesia, Pakistan and China have a record to their credit which is similarly worthy of note. The Philippine aviation industry has built up a tradition for efficiency and rapid development. The passenger ton-miles operated by the airlines of that country registered a steep rise from 1.7 million in 1937 to 132.5 million in 1952, while cargo ton-miles and mail ton-miles showed an increase respectively from 0.7 million to 5.4 million and from 18,000 to 600,000. For its area and location, Ceylon's progress reveals a high tempo of growth. The passenger ton-miles registered by her operators rose from 2.7 million in 1948 to 18.4 million in 1952, and in the same four-year period freight transport recorded an increase from 12,000 ton-miles to 1.1 million ton-miles. In Thailand, commercial aviation has established a comparatively long tradition. Passenger ton-miles on Thai airlines shot up from 6,200 in 1937 to 16.8 million in 1952, while mail-cargo increased from 4,200 ton-miles to 172,500 ton-miles. In Pakistan the progress is steady and traffic operations have achieved progressive levels leading up to 43.2 million passenger ton-miles, 1.01 million cargo ton-miles and 231,800 mail ton-miles. Indonesia's strides in the post-freedom era, in spite of her pre-occupation with maintenance of law and order and evolving a stable administration, are particularly striking. Dutch supremacy in commercial aviation has left a valuable gain for this country. To pick up two representative trends in expansion between 1948 and 1952, passenger ton-miles and cargo ton-miles registered an impressive increase of 50 per cent.

The pattern of ownership and organization of the airlines was determined at the inception by the model of private enterprise prevailing in the West. In the short span of their operation, however, Asian airlines are swinging towards government ownership. Indirect State subsidies were being granted to private operators in the form of air mail contracts, tax relief and concessional navigation aids. But the high cost structure and the slow response of the traffic potential to expand put a strain on the restricted financial resources of the investors. In Pakistan, the operating companies were merged and transferred to Government ownership. This trend typifies the impact of practical difficulties. But it would appear that nationalisation of civil aviation on the domestic routes was hastened in India without valid reason and without any logical direction of official policy. Nationalisation of the domestic scheduled airlines in India has resulted in a heavier cost structure and substantial financial loss, while the theoretical benefits of integration are hardly visible. In the sphere of international transport, however, nationalised services promise to prove a well-advised policy. Air India International and the Garuda Indonesian Airways represent the efficiency of organized management under State auspices.

It is imperative for the Asian countries to build up a vigorous civil aviation industry especially in the international field. Unless their airlines achieve a rising status in this respect, a true second line of defence in the air will not have been evolved. The immediate prospect seems to offer tough problems. A controversy is raging round the modification of the existing air transport agreement between India and the United States and this unfortunate interlude has not been resolved so far. The issue involved is of vital importance to collaboration in civil aviation. The agreement which was entered into in 1946, and was the first of its kind concluded by the Indian Government, provided equality of opportunity for future Indian international operators (there were none at that time) in earning the traffic one of whose terminal points would be in India. This traffic, however, does not come within the purview of exclusive reservation under the principle of cabotage. Equality of opportunity has now been discovered to be a notional right and Air India International has found to its detriment much of this traffic being claimed by its U.S. competitors. A scheme of sharing this business on an agreed basis according to transport capacity is the only way to ensure the policy of mutual prosperity. But in its absence, India has been required to take the final step to terminate the agreement from February next. This step may be saved by an understanding attitude. The current agreements of India with the U.K. and the Netherlands incorporate the principle of sharing of the business. This spirit of accommodation will be an indispensable factor in the future development of the external airlines of all the nations.

5. COMMUNICATIONS IN ASIA

THE conclusion which comes uppermost in mind from a broad review of the state of communications in South-East Asia is that they are still in the elementary stage of development. The needs of a modern community for communications include postal, telegraph, telephone and wireless facilities. The first three classes of communication facilities are being provided in the region for some decades past and it was only recently that India celebrated the centenary of her postal and telegraph systems. The slow growth of Asia's systems of communications, in spite of their early origin, is to be attributed to the low ratio of education, the slow expansion of business and the relative predominence of the rural sector in the economies of the countries of the region. This picture is changing fast in recent years with the higher rate of the urbanization of the populations and the emergence of political independence after which schemes of expansion were taken in hand practically in all the countries. In India, for instance, between the end of the year of independence (1947) and the end of March 1952 the number of post offices jumped from 23,344 to 42,084—an increase of 82 per cent. There is absolutely no reason whatsoever for complacency in this rate of growth and it only indicates that an earnest effort is being made to rise above the acute inadequacy of communications. It is obvious that in this pursuit of expansion in the course of the next few years most of the countries of the region will have to confront serious problems of procuring service personnel of the requisite quality and efficiency.

The table at the end of this article gives a comparative picture of the four categories of communications in most of the countries of South-East Asia. Very broad generalisations may be made from the figures of the changing scene before the war and after. The volume of the letter mail in the domestic sector has kept on increasing on a substantial scale. It would indicate, first, a major increase in business communications and, secondly, the popularity of postal communication encouraged by the shift of appreciable sections of populations from the countryside to the urban or semi-urban areas. Indo-China and Japan are the only two instances where the volume of the internal letter mail has received a setback. Political turmoil in Indo-China and the comparative low level of business activity coupled with the need of austerity standards in domestic life in Japan appear to be the likely main explanations for this retrograde trend.

The increase in the volume of the foreign letter mail is a striking feature of the post-war expansion of this important component of postal facilities. Japan is the solitary exception, among the countries for which these data are available, of a steep decline of about 70 per cent in the foreign letter mail. The root causes of this decrease seems to be the same as those in the case of the domestic postal traffic. In other countries the increases have been spectacular. Indonesia registered a rise of 100 per cent, Indo-China of 142 per cent (largely attributed to the exigencies of external communications consequent on the protracted civil war) and Pakistan 192 per cent in four years. Pakistan's record volume arose mostly from business requirements.

The demand for telegraph facilities arises primarily from the requirements of the business community in the domestic as well as foreign sectors, but the governments and the Press have also a good share in it. Ceylon and Indonesia have achieved big increases in the sphere of domestic telegrams of the order of 300 per cent. India comes next with her 77 per cent, while elsewhere the rise has been moderate ranging about 33 per cent. If the special case of Malaya under the stress of the state of emergency is left out, the increases in foreign telegrams have been relatively modest except in Ceylon. Ceylon has a record of 150 per cent increase and in the remaining countries it ranges below 90 per cent while Pakistan shows a decline of 16 per cent.

Although the telephone is decades old in some of the countries, it has had a snail's progress in the region. In the post-war period it is acquiring increasing popularity, but even so, for the populations of Asian countries it discloses a rudimentary stage of growth. The increases registered in Japan (which had a pre-war extensive network of telephones), Malaya, India and the Philippines stand out as indicators of a higher tempo of expansion. The telephone is essentially an appendage of urban life. Its spread is influenced chiefly by the pressure of business communications and the standard of living. In Asia, the time element has not acquired that degree of urgency which is conspicuously noticeable in Western countries and hence it is that the telephone is having slow popularity. Intra-regional telephone links have emerged as a striking development since the advent of freedom. India's wireless telephone links with Indonesia (October 1950) and Japan (August 1952) are illustrations of this accent on the Asian region.

Broadcasting which has emerged as a most potential medium for mass publicity and education since the war is coming into its own in this region. They only country which had a powerful broadcasting system before the war was Japan and there the number of wireless receiving sets has increased by 125 per cent. Elsewhere in the region, the individual countries exhibit varying degrees of development. But on a population basis the expansion shows tardy growth. This is apart from the quality of broadcasting. Radio is the one medium of communications which need not wait for the elimination of illiteracy to penetrate in the countryside, and in view of this special advantage which it enjoys, the installation of community receiving sets inevitably claims priority in broadcasting plans. This primary obligation is being appreciated by the broadcasting administrations of the region.

COMMUNICATIONS IN ASIA

	Letter Mail (000)				Telegrams (000)				Telephones (Units)		Wireless Receiving Sets (000)	
	Domestic		Foreign		Domestic		Foreign					
	1937	1952	1937	1952	1937	1951	1937	1951	1937	1952	Pre-war	1951
Burma	..	..	..	..	341	594	246	270	..	..	..	11
Ceylon	68,389	228,343	22,094	28,106	1949 783	2,901	600	1,517	10,446	18,723	6	51
India	a1205000	a2147000	..	..	1951 13,886	23,773	2,472	4,649	77,827	184,000	64	650
Indo-China	33,085	1950 27,098	13,895	33,932	b 1,112	b 644	b 181	b 347	8,199	12,953	..	27
Indonesia	87,446	117,536	19,026	38,418	874	1,767	657	1,277	29,438	58,707	..	193
Japan	4,711,000	3,460,000	104,137	33,236	72,664	97,386	2,330	3,419	1,311,454	1,735,216	4,166	9,220
Malaya	32,658	86,619	31,044	1951 46,699	665	824	91	2,613	10,545	28,036	12	62
Pakistan	272,625	310,813	55,866	161,859	1946 2,034	2,678	1,891	1,547	16,650	21,458	..	38
Philippines	1948 ..	..	1948 ..	..	1948 ..	..	..	..	1948 19,675	31,226	37	79
Thailand	..	..	..	..	..	..	..	..	1950 ..	..	30	100

NOTE: (a) Including domestic and foreign letter mail. 1937 includes also Burma.
(b) 1937 figures show revenue telegrams only. 1951 figures relate to Viet-Nam and Cambodia only.

RAILWAY ROLLING STOCK

Country	Locomotives		Passenger Coaches		Freight Wagons	
	1937	1952	1937	1952	1937	1952
Burma ..	379	312	1,183	705	9,704	5,975
Ceylon ..	255	271	1,329	1,487	2,321	2,750
China ..	1,000	249	2,000	595	15,000	5,470
(Taiwan)						
India ..	8,560	8,572	26,463	29,919	221,775	215,798
Indo-China ..	277	122	658	205 1947	3,826	2,296 1947
Indonesia ..	1,278	1947 946	3,614	2,804	27,140	20,699
Japan ..	4,235	5,444	9,340	14,108	73,784	109,500
Korea ..	478	561	1,038	654	5,499	8,907
Malaya ..	173	188	..	293	5,805	5,029
(Singapore)						
Pakistan ..	..	1,276 1949	..	4,088	..	37,615
Philippines ..	178	113	397	388	2,427	2,170
Thailand ..	1939 192	448	1939 322	593	3,485	6,113

Railway Route and Traffic

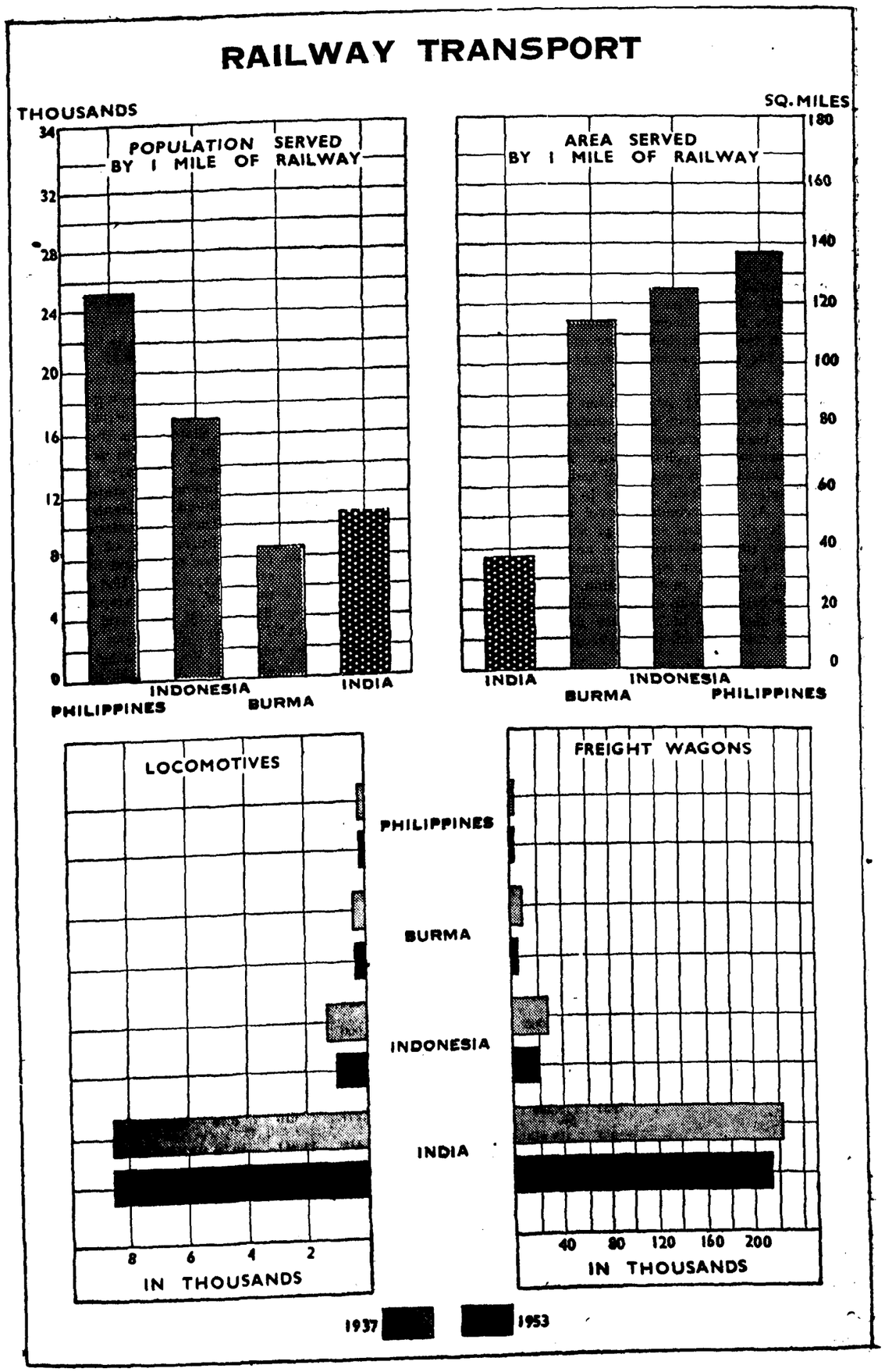
Country	Passenger miles operated (million)		Ton Miles operated (million)		Length of routes (miles)	Popula-tion (000)	Population in 000's served by 1 mile of railway	Area Sq. (miles)	Area served by 1 mile of railway
	1939	1953	1939	1953					
Burma ..	449.3	353.4	697.7	264.7	2,266	19,045	8.40	261,147	115.8
China ..	702.8	8,202.1	376.0	2,796.2	13,280*	463,500	33.53	3,759,198	272.0
Taiwan ..	628.2	1,170.2	564.2	805.3		8,000	..	13,886	..
India *a. d.* ..	18,521.8	35,351.0	23,868.7	30,586.3	34,300	367,000	10.69	1,269,596	37.00
Indo-China ..	593.4	94.0	247.9	144.7	2,095	30,500	14.55	276,355	131.43
Indonesia ..	1,028.4 (1937)	1,779.0 (1952)	579.7	418.6 (1952)	4,556	78,163	17.15	593,894	126.48
Japan *a. b.* ..	26,133.6	51,919.2	15,269.5	25,180.4	15,187	86,700	5.70	142,202	9.36
Korea *a. c.* ..	2,656.4	1,953.6	2,342.6	1,707.5	2,321	21,528 (1937)	9.27	85,240	36.73
Malaya ..	..	..	162.8	233.4	1,068	6,586	6.16	50,889	47.64
Pakistan ..	4,892.19 (1948)	5,914.2 (1952)	2,376.7 (1948)	3,267.2 (1952)	6,968	75,842	10.88	364,363	59.29
Philippines ..	269.15	234.9	100.7	83.5	833	21,023	25.23	115,601	138.77
Thailand ..	229.3	1,424.2	343.0	403.4	2,060	19,556	9.49	197,659	95.93

Notes:— (a) Year beginning 1st April. (b) Government Railways only. (c) From 1946 South Korea only. (d) Undivided India 1937 *Excluding Manchuria.

CIVIL AVIATION OPERATIONS IN ASIA

Country	Miles Flown (000)		Passenger Miles (0000)		Cargo Ton Miles (000)		Mail Ton Miles (000)	
	1937	1952	1937	1952	1937	1952	1937	1952
Burma ..	N. A.	N. A.	30972.18	24317.93	982.38	878.61	..	..
Ceylon ..	293.28 (1948)	1404.29	2670.02 (1948)	18392.55	12.42 (1948)	1097.33	8.07 (1948)	88.23
China ..	1660.92	19194.0	10705.58	290427.00	211.88	35078.00 (1948)	68.35 (1944)	22.12 (1948)
India ..	531.89	19558.24	197.59	242003.73	1.24	12092.22	53.43	3260.32
Indonesia ..	4777.71 (1948)	5955.83	63320.70	99028.97	2200.89 (1948)	3344.21	697.17 (1948)	1091.12
Pakistan ..	2123.84 (1951)	2327.65	40353.63 (1951)	43289.60	619.50 (1951)	1012.21	113.71	231.77
Philippines ..	997.92	7552.75	1699.44	132554.37	723.89	5385.41	18 01 (1948)	648.71
Thailand ..	77.67	1583.25	6.21	16828.56	0.49	461.74	4.22	172.55

N.B.—Includes traffic carried by domestic as well as international scheduled services of companies registrated in countries mentioned.



Trends in Education in Asia

SOUTH-EAST ASIAN countries are launching upon programmes of economic development at a crucial phase when the universal egalitarian temper has generated a mood of impatience. The revolution in communications has annihilated the old barriers to international contacts and in the post-war world distances are shrinking so rapidly that disparities in the levels of economic prosperity between different regions are becoming more widely publicised. The need to accelerate the pace of economic progress has become all the more compelling, if faith in the democratic way of life is to be retained. It is, however, obvious that the higher levels of economic development, which have become imperative, cannot be sustained within the framework of a free society, unless the requisite social and educational background is created as fast as conditions would allow. The governments of Asian countries are alive to this pressing problem and education has come in for a conscious share of attention in the schemes of the advancement of social welfare.

The higher priority which Asian governments desire to assign to the expansion of education has to battle against the basic handicaps of the legacy of its poor growth transmitted by colonial rule. This is not in the least to insinuate that education had been a largely neglected sphere of State activity in the pre-independence era. At the secondary level and also at the university level, modern education was introduced on a firm basis under Western rule and in fact liberal education was one of the potential motive forces behind the freedom struggles in the region. This aspect represents the brighter side of the medal. But it cannot obscure the fact that at the base as well as in its coverage education remained in essence in a backward condition.

This fact is established by the criterion of the literacy ratio which is conventionaliy accepted as the general indicator of the state of education. The literacy ratios are the lowest in India and Pakistan at 17.2 per cent and 13.9 per cent respectively. Korea and Malaya come higher at 31.4 per cent and 38 per cent. Ceylon and the Philippines had a much more liberal deal in education and there the literacy ratio is still higher at 57.8 per cent and 61 per cent. Burma is a shade better than the Federation of Malaya with the ratio of 41 per cent. Among the self-governing countries in the age of colonialism, Thailand had a record to her credit of 40 per cent literacy ratio. But Japan stands out supreme with a literacy percentage of 95. These ratios must, however, be accepted with caution and in any event they cannot be treated as standing on a basis of strict comparability. The conception of literacy varies from mere ability to write one's own name to ability in reading and writing.

If decentralisation of power, which is the very soul of the democratic system of government, is to funtion effectively, the minimum that it would require is a very wide spread of primary and secondary education, which alone can ensure intelligent participation by the people in the affairs of the State. It is this education again which can be depended upon to provide local leadership at the medium level. Primary education in Asian countries reveals an undeveloped state and shows varying percentages of enrolment of students in relation to the total population. These percentages vary as widely as 2.5 per cent in Burma and 4.6 per cent in India and Pakistan, on the one hand, and 13.2 per cent in Japan, 13.9 per cent in Ceylon and 19.6 per cent in the Philippines, on the other. They are, however, of little practical significance and they lend themselves hardly to any valid interpretation since the proper ratios ought to be related to the population in the age group 5-14 or preferably 5-11. A striking tendency towards a steep decline is clearly in evidence at the secondary stage and here the student-enrolment ratio again to total population has sunk to as low as 0.2 per cent in Malaya, 0.7 per cent in Thailand, 2.4 per cent in the Philippines, and 3.1 per cent in Ceylon with a solitary higher figure of 8.5 per cent for Japan.

For programmes of mass education at the base and a substantial spread at the secondary stage, the governments of the region need larger outlays. It would appear from the present trends that higher education in particular is claiming a big slice of the expenditure provided by the State. If India is to be regarded as representative of the policy of outlay on education, expenditure is heavy at the higher stages, while primary education receives only about one-third of the total. As social expenditure comes in for larger allocations in the budgets of the governments, the distribution of funds for education will have to proceed on the deliberate basis of larger shares for primary education.

A widening base at the primary level necessarily implies a broadening at the secondary and higher stages after a short time-lag. It would indicate provision of more finance, but from the viewpoint of quality, it must entail an adequate number of teachers of the requisite qualifications. The table included in this article sets out the state of education in the secondary, higher and technical sectors in relation to the strength of students and teachers. The grouping of the three sections does not proceed on any uniform basis, but it indicates in broad terms the classification of education above the primary stage. The ratio of teachers to students is of basic importance, as determining partly the existing quality of instruction and more significantly the possibility of the scope of immediate expansion. A ratio of 4 per cent or one teacher to 25 pupils must be regarded as satisfactory and on this test secondary educational institutions in Ceylon, Korea, Pakistan and the Philippines are understaffed. At the stage of higher education, Thailand, the Philippines and Korea present cases of acute shortages of teaching cadres. But in other countries for which data are available, there appears to be a sufficiency of teachers. Technical education involves a much greater personal contact between the teacher and the taught and in the light of this vital factor it is obvious that Japan alone constitutes the solitary illustration of adequacy of the teaching staff.

An assessment of the quality of education from the mere ratio of teachers to students is fallacious and in so far as the teacher's contribution to the quality of instruction is concerned, the standard of his salary is one vital factor governing that contribution. It is the common experience over the entire region that the rising cost of living and low scales of teachers' salaries have drained this profession of good talent. This deterioration must be halted and attractive scales offered to attract young men of high calibre to this much-neglected social profession.

Education in Asian countries now requires a reorientation of policy with the definite purpose of adopting the young trainees to the changing pattern of the economies of their countries. Immediately in the wake of independence, large opportunities of careers were opened up for young men for a variety of jobs. In some countries, like Indonesia and Burma, acute shortages are felt to man even the administrative posts. In the sphere of technical jobs in the numerous industries which have been taken up for development, there is an overall dearth of persons with requisite skills. The future direction of educational policy will have to proceed on the basis of diversification of facilities to balance the requirements of competing establishments for employees. In the development projects prepared by the countries of this region, manpower budgets and provision of training facilities for the estimated numbers have received very inadequate attention.

TEACHER-STUDENT RATIO IN ASIA

Country	Year	Secondary Education			Higher Education			Technical Education		
		No. of Students	No. of Teachers	Ratio of Teachers per 100 Students	No. of Students	No. of Teachers	Ratio of Teachers per 100 Students	No. of Students	No. of Teachers	Ratio of Teachers per 100 Students
Burma ..	1952	81,269	4,612	5.67	4,000	..	..	..	..	..
Ceylon ..	1950	244,293	9,350	3.83	4,422	..	..	..	..	..
China ..	1950	1,090,000	63,700	5.84	130,000	19,500	15.00	..	..	..
Taiwan ..	1951	82,849	5,327	6.43	..	8,200	..	35,559	3,495	9.83
India ..	1950	5,229,204	209,231	4.0	396,528	23,597	5.95	95,199	6,320	6.64
Indonesia ..	1951	178,339	8,286	4.65	6,277	610	9.70	58,850	4,001	6.71
Japan ..	1951	7,318,919	302,191	4.13	421,419	44,641	10.59	(a)19,671	(a) 4,181	(a) 21.25
Korea ..	1952	385,211	10,878	2.82	32,488	1,262	3.88	..	..	..
Malaya ..	1951	25,495	..	..	220	..	..	7,224	..	..
Pakistan ..	1951	1,164,142	43,823	3.76	69,113	..	..	3,065	..	..
Philippines ..	1951	180,644	6,297	3.49	215,334	7,577	3.52	35,509	1,317	3.71
Thailand ..	1951	151,344	7,494	4.95	32,507	426	1.31	24,702	1,659	6.72

Note:— (a) Described as Special Education.

The Health Problem in Asia

THE magnitude of the health problem in South-East Asian countries is undoubtedly staggering. International comparisons of the incidence of disease or of nutritive standards are of little practical significance, for it is a patent fact that the goals which the countries of this region ought to set for themselves for achievement in the near future would themselves bear poor comparison with the prevailing standards of public health in the countries of Europe, North America and some of the areas of South America. Statistical information in regard to the prevalance of various local diseases is in the most rudimentary stage and it is hardly of direct assistance in formulating plans of health reform. This basic drawback, however, cannot be permitted to hold back the progress of a frontal attack on disease and insanitation. The governments in the region have to proceed on the assumption of a mighty task to cope with and go ahead with their health programmes on as big a scale as their own resources and external aid can sustain.

The major problem with which the governments have to grapple is the manpower problem. At the present time facilities of medical aid are scanty, if considered on a national scale, but they are usually concentrated in the urban and to a lesser extent in the semi-urban areas. The main medical facilities required in these countries are the availability of physicians, midwives and hospitals for the more advanced or chronic cases. The character of these facilities is described in the tabie at the end of this article. These statistics are not strictly comparable, for the methods of collection vary very differently. Physicians cover a wide category from highly qualified doctors to medical practitioners with incomplete training. Latterly, strict effort is being made in some countries to set minimum qualifications of test in whatever systems of medicine they choose to practise and also to introduce their compulsory registration. Midwives too have varying standards of training and experience. Hospital beds include provision for in-patients in government as also private hospitals, nursing homes, sanitoria, and so forth. In each case the figures indicate only rough approximations.

Startling revelations are brought to light in particular by the ratio of physicians to the population served. In the consideration of this problem Japan stands in a separate category, far removed from the existing backward state of public health in the rest of the region. Even so, it is significant that Japan does not compare well with several of the progressive countries of the West. As against one physician per 1,100 population in Japan, the ratios (as in 1950 or 1951) are very much higher in certain European and American countries, for instance, Austria 650, the United States 750, Western Germany 800, Norway 850, and Canada 900. The case of Singapore also needs separate assessment by

reason of the cosmopolitan and highly commercialised character of the area. Among the remaining countries, Ceylon, India, the Federation of Malaya and the Philippines have a better physician-population ratio, in purely relative terms, than the rest of the countries. The disparity between India and Pakistan, which only seven years ago were integral parts of the same subcontinental country, deserves note. It explains the impact of the migration of populations on a big scale. The dearth of medical manpower is aggravated at its worst in Indonesia. The shortage of midwives is a serious handicap and it threatens to hamper the progressive provision of maternity and child welfare services, which are unquestionably in urgent demand in the countries of the region.

In fact, this pressure of demand on health services exerts its impact on each single category. There has been a progressive and rapid decline in nutritive standards by reason of the rate of population growth outstripping food resources. But control of population smacks of a misplaced prescription for this ill. It is understandable to speak of this remedy in relation to the middle classes who have shown an intelligent appreciation of its urgency. But all talk about it at a national level must remain an unreality for several years more. There is no evidence that this remedy is considered in real earnest in the region except probably at the urban level.

The outlay, which facilities of medical education, establishment of cadres of medical personnel and opening of hospitals must necessarily involve, will be of a magnitude quite out of proportion to the power of the Exchequers in the region to bear in the near future. The attack on the problem must therefore aim at short-period objectives. Medical facilities on Western standards are clearly out of the question in view of the nature of personal incomes in the region. The straight remedy appears to be to train cadres at the medium level in the different systems of medicine in short-period courses. The gap in terms of requirements of higher medical services can be narrowed by means of mobile medical units.

Malaria and tuberculosis have ranked as the worst scourges in the area among the endemic diseases. Statistics for the region in respect of them would present a tragic picture. In India, for instance, 100 million persons out of a total population of 367 million suffer from malaria, while the annual toll of fatal cases is as high as one million. The estimate about the incidence of tuberculosis in India puts the number of cases of active disease at 2.5 million and of deaths at 0.5 million per year. Among the other endemic diseases prevalent in the region are leprosy and venereal diseases.

The framework of curative health services must be fitted with provision of regular hospitals and mobile dispensaries. Private practitioners, however, will continue to play a valuable part in the battle for health, if only a good part of them can be induced to move away from urban centres at present burdened with a plethora of doctors. But apart from this structural provision, mass attack on disease as with DDT and BCG campaigns has proved of great and lasting effect. Anti-malaria campaigns in the Terai region in India and Mymensing district in East Pakistan and anti-yaws campaigns in Indonesia and Thailand have demonstrated that spectacular results can be achieved with the co-operation of external agencies, primarily the WHO, UNICEF and the U.S. technical assistance cadres.

MEDICAL FACILITIES IN ASIAN COUNTRIES

Country	Year	Physicians	Population per Physician	Midwives	Hospital Beds: For Tuberculosis	Hospital Beds: For Other Patients	Hospital Beds: Total
Ceylon	1952	1,375	5,800	2,313	1,632	19,911	21,543
China	1946	13,447	..	6,000	..	13,357	13,357
Federation of Malaya	1950	532	10,000	360	..	..	25,243
India	1950	59,317	6,000	12,000	9,874	134,145	144,019
Indo-China							
Cambodia	1951	39	..	36	..	2,287	2,287
Laos	1951	23	..	5	..	301	301
Viet-Nam	1952	418	60,000	383	124	8,996	9,120
Indonesia	1952	1,196	65,000	335	..	..	50,410
Japan	1951	76,446	1,100	56,198	106,107	189,074	295,181
Pakistan	1948	2,190	34,000	..	980	..	980
Philippines	1951	1,698	12,000	338	..	13,390	13,390
Singapore	1951	314	3,300	938	550	3,936	4,486

SOCIAL CORRELATIVES FOR SELECTED COUNTRIES IN SOUTH-EAST ASIA

	Burma	Ceylon	India	Indonesia	Pakistan	Malaya	Philippines
	1951	1951	1951	1951	1951	1951	1951
HEALTH							
Inhabitants per physician	—	5,800§	6,000*	65,000§	34,000§§	10,000*	12,000
Hospital beds	—	—	—	50,410§	—	25,243*	—
Live births per 1000 persons	32.1†	37.3	24.8*	28.1†	—	43.6	22.7
Crude death rates per 1000 persons	22.0†	11.6	16.0*	18.4†	—	15.3	9.1
Infant mortality rates per 1000 of live births	202.3†	88.3	118.9	—	—	97.3	104.2
EDUCATION							
Number of Schools							
Primary schools	5,188§	5,645*	2,10,354*	26,870	40,295	4,038	22,641
Secondary ,,	416§	601*	20,947*	311	6,486		285
Technical ,,	—	—	1,391*	470	17	183	—
Teacher training normal schools	—	—	781*	452	136		—
Higher ,,	1§	5*	855*	10	198	1	—
Number of teachers in							
Primary schools	10,815§	28,736*	5,34,600*	89,825	88,697	18,872	76,720
Secondary ,,	4,612§	9,350*	2,09,231*	8,286	43,823	—	6,297
Technical ,,	—	—	6,320*	4,001	—	—	1,317
Teacher training normal shools	—	—	4,812*	1,556	—	—	—
Higher ,,	—	—	23,597	610	—	—	7,577
Number of students enrolled in —							
Primary schools	5,95,873	11,05,052	1,83,84,207*	53,18,014	32,12,312	6,16,151	37,96,181
Secondary ,,	81,269	2,44,293	52,29,204*	1,78,339	11,64,142	25,495	1,80,644
Technical ,,	—	—	95,199*	58,850	3,065	7,224	35,509
Teacher-training normal schools	—	—	69,480*	42,647	6,930	7,453	—
Higher ,,	4,000	4,422	3,96,528*	6,277	69,113	220	2,15,334
Newsprint Consumption							
Total (000 metric tons)	6	—	95.6	10.0	3.1	—	21.0
Per capita in kilogrammes	0.3	—	0.2	0.1	0.1	—	1.0
Daily Newspapers Number	32§	7§	578§	95§	76§	26§	24§
Total circulation (000)	153§	300§	3000§	570§	125§	330§	500§
Circulation per 1000 of population	8§	38§	8§	7§	2§	50§	24§
Broadcasting							
Wireless receivers	11	51	667§	313	80	83§	79§§

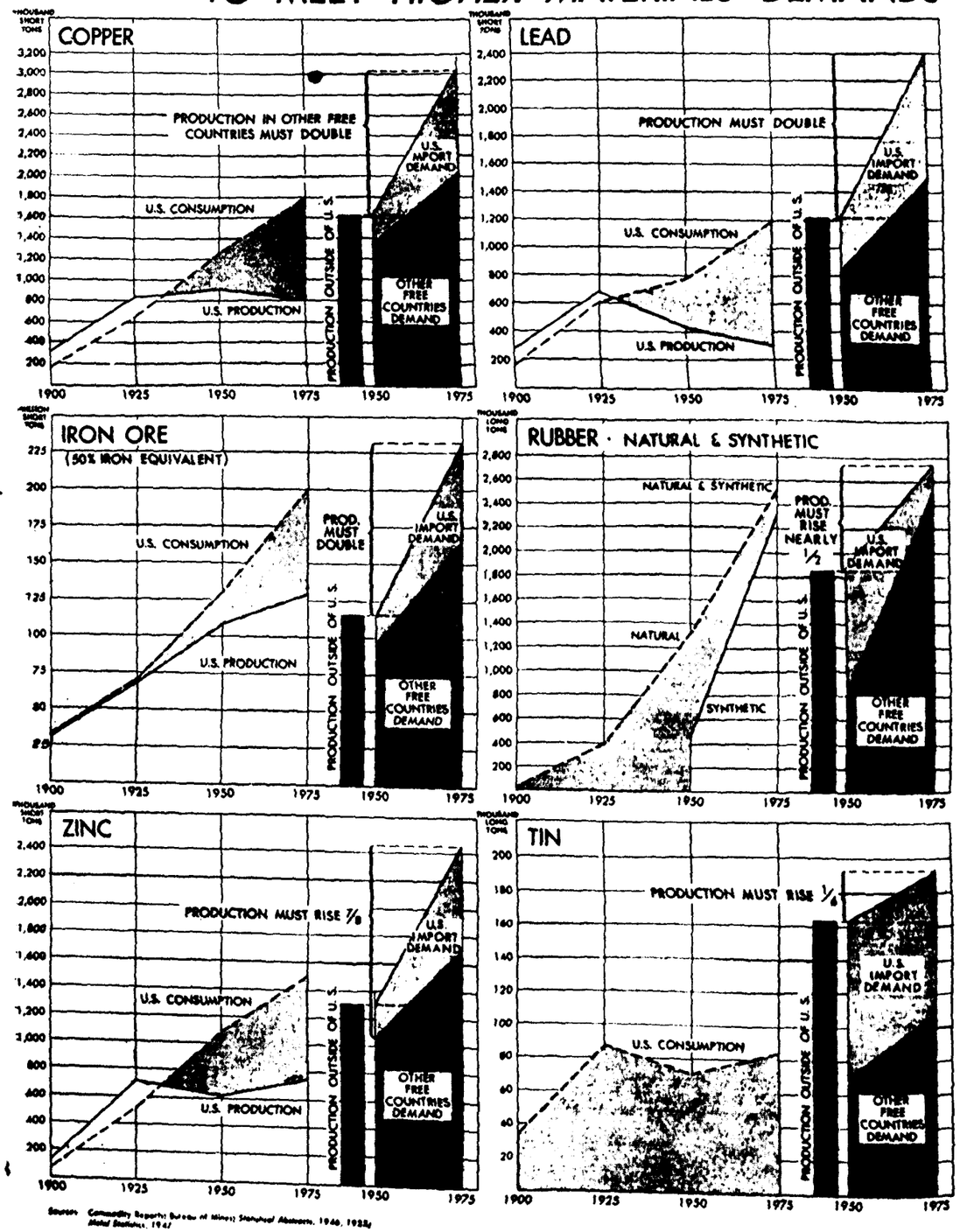
* Figures relate to 1950.

§ Figures relate to 1952.

† Figures relate to 1935-39.

§§ Figures relate to 1948.

FREE WORLD PRODUCTION MUST RISE TO MEET HIGHER MATERIALS DEMANDS



Sources: Commodity Reports; Bureau of Mines; Statistical Abstracts, 1940, 1952; Metal Statistics, 1947



The man in the street

THE past few years have brought about many changes. Some have been surface changes only. Some have driven deep into the fabric of the nation.

There is one thing that has not changed and will never change . . . the desire of the man in the street for a better way of life. In the constant effort to realise this ideal the people of today recognise the need to improve and raise their standards of health and hygiene. Only then will they have gained a foothold on the future.

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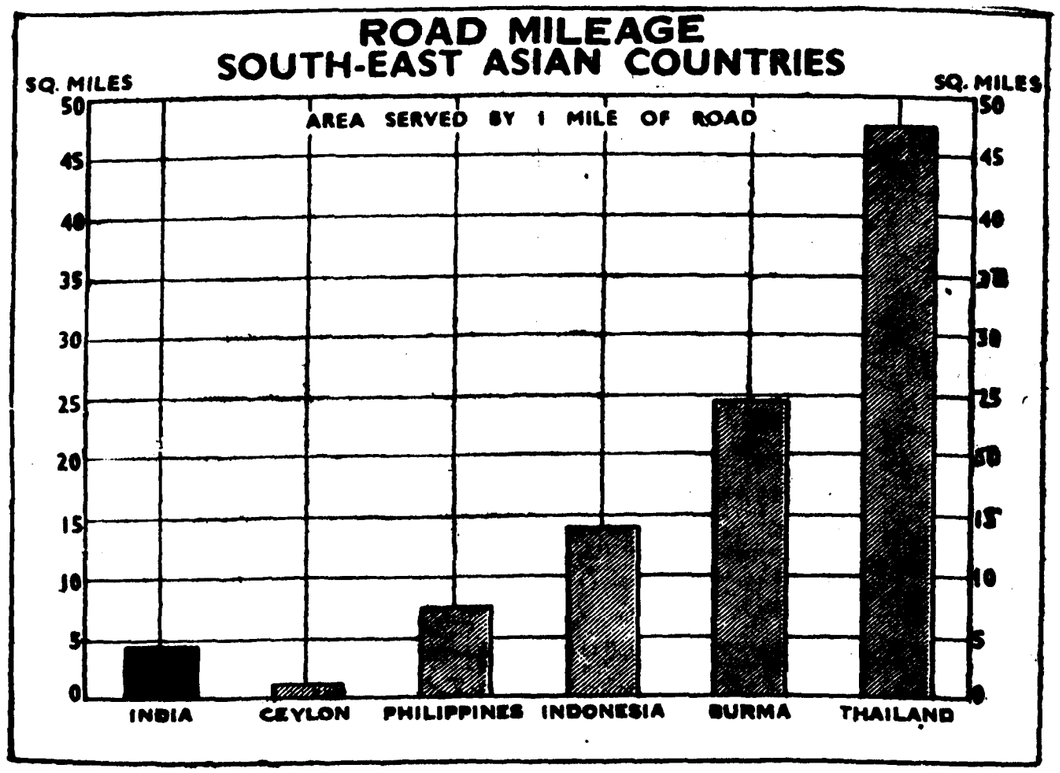
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ROAD MILEAGE IN ASIAN COUNTRIES

Countries	Year	Road Mileage	Area Sq. Miles	Area Served by One Mile of Road	Population (000)	Population in Thousands Served by One Mile of Road
Burma	1947	10,530	261,147	24.80	19,045	1.80
Ceylon	1951	17,523	25,330	1.44	7,941	0.45
China	1943	78,580	3,759,198	47.83	463,500	5.89
India	1951	268,928	1,269,596	4.72	367,000	1.36
Indo-China	1948	37,000	275,355	7.44	30,500 (Estimated)	0.82
Indonesia	1951	43,682	593,894	13.94	78,163	1.78
Japan	1936	594,491	142,202	0.23	86,700	0.14
Malaya	1951	6,275	50,889	8.10	6,586	1.04
Pakistan	1951	71,209	364,363	5.11	75,842	1.06
Philippines	1951	15,970	115,601	7.23	21,023	1.31
Thailand	1951	4,163	197,659	47.47	19,556	4.69



NATURAL RUBBER-PRODUCTION

Country	1938	1948	1950	1951	1952	1953	1954 1st Quarter
Burma ..	9.6	12.0	9.6	9.6	10.8	N. A.	N. A.
Cambodia	16.8	16.8	14.4	15.6	18.0	22.8	3.9
Ceylon ..	51.6	96.0	115.2	106.8	98.4	98.4	21.3
India ..	15.6	15.6	15.6	18.0	20.4	21.6	3.6
Indonesia ..	324.0	443.2	708.0	818.4	757.2	834.0	174.9
Malaya ..	364.8	709.2	715.6	615.6	594.0	583.2	137.1
Sarawak ..	18.0	40.8	N. A.	43.2	32.4	24.0	4.5
Thailand ..	42.0	97.2	114.0	110.4	99.6	N. A.	N. A.
Viet-Nam ..	43.2	27.6	32.4	37.2	40.8	50.4	8.7

NATURAL RUBBER-EXPORTS

Country	1938	1948	1950	1951	1952	1953	1954 1st Quarter
Burma ..	7.2	9.6	10.8	9.6	14.4	10.8	3.3
Cambodia ..	60.0	42.0	52.8	52.8	61.2	72.0	70.8
Ceylon .	50.4	93.6	105.6	105.6	91.2	98.4	114.0
Indonesia ..	306.0	443.2	806.4	806.4	841.6	685.2	163.5
Malaya ..	376.8	690.0	668.4	618.0	580.8	578.4	144.3
N. Borneo ..	9.6	20.4	24.0	21.6	19.2	16.8	4.2
Sarawak ..	18.0	40.8	56.4	43.2	32.4	24.0	4.5
Thailand ..	42.0	97.2	114.0	110.4	99.6	97.2	30.0

TRADE-WHEAT AND WHEAT FLOUR

(Thousand metric tons)

	1949-50	1950-51	1951-52	1952-53	1953-54
	VII-VI	VII-VI	VII-VI	VII-VI	VII-VI
Total world exports ..	20,073	22,473	25,801	22,643	18,408
Importing countries in South-East Asia					
Burma ..	—	6	16	23	33
Ceylon ..	226	254	295	380	301
India ..	1,398	2,167	3,670	1,687	443
Indonesia ..	67	157	193	153	192
Malaya and Singapore ..	156	224	161	193	198
Pakistan ..	—	—	—	679	674
TOTAL ..	2,047	2,808	4,335	3,115	1,841

RUBBER-COMPARATIVE PRODUCTION

Year	Natural Rubber		Synthetic Rubber
	South-East Asia	World Total	
1948 ..	123	129	45
1949 ..	120	126	37
1950 ..	150	157	45
1951 ..	151	160	77
1952 ..	142	152	74
1953 ..	136	146	79
1953 January-March ..	131	142	81
April-June ..	130	138	92
July-September ..	141	150	77
October-December	143	154	67
1954-January-March ..	131	141	64

...What is a man,
If his chief good and market of his time
Be but to sleep and feed? A beast, no more,
Sure he that made us with such large discourse,
Looking before and after, gave us not
That capability and godlike reason
To fust in us unused.....

—SHAKESPEARE
Hamlet

Where the mind is without fear and the head is held high;
Where knowledge is free;
Where the world has not been broken up into fragments
by narrow domestic walls;
Where words come out from the depth of truth;
Where tireless striving stretches its arms toward
perfection;
Where the clear stream of reason has not lost its way
into the dreary desert sand of dead habit;
Where the mind is led forward by thee into ever
widening thought and action—
Into that heaven of freedom, my Father, let my
country awake.

—RABINDRANATH TAGORE
Gitanjali

PART I-C

A PHILOSOPHY FOR SOUTH-EAST ASIA

The Five Principles

THE year *1954 has been* significant in South-East Asia's *political philosophy* in that it has been marked by the *arrival of the* Five Principles. These principles are not exactly similar to the famous Indonesian Pantjasila, although they look akin to one another, particularly in name. Nevertheless the fact that the Indian Five Principles are analogous to those of Indonesia is significant. For this is a philosophy which has roots over the whole of South-East Asia. These are not emotional roots only, The Five Principles have already shown that they belong not to the realms of idealism; they are directed very much at practical results. The acceptance of the Five Principles by India, Burma and Indonesia in relation to their dealings with China is proof enough that *here at least is a* philosophy which works.

ROOTS IN RELIGION

Because it is a new philosophy and because it works, there is need for some examination of the source from which it has sprung. It is important to recognise that these roots are deep *in time* as well as profound in their interpretation. While they tend to look somewhat obvious, they are far-reaching, enriched by overtones, particularly in the area in which they are being applied. In the Indian scene, they correspond to the great traditional tolerance which belongs both to Buddhism and Hinduism. As Buddhism and Hinduism have spread their cultural heritage over South-East Asia, it may be assumed that they have generated a *similar background* of tolerance in this area. Religious values may have declined but the great *core of tolerance remains a rock on* which any congenial philosophy can build *itself up securely* without new foundations. *In China, Confucianism* and Taoism are unhappily either dying or dead, but they have also left a *cultural deposit*. However bleak the picture may look today, there are some springs of tolerance which can be built back into the Chinese mind. Over the long period the seed of the Five Principles may, therefore, be reckoned as having been sown in congenial soil.

That is their historical strength. In India there is no doubt that that historical strength has been reinforced by the great Gandhian revolution in our time, by which the people of India were made alive again to the great Buddhist teaching of non-violence, of Ahimsa and its application in a positive and practical situation. One need not be Gandhian in every detail to recognise here a supreme Gandhian application. And in India at least that has carried its *own commendation*. It is likely that the Five Principles would not have found such force in the mind of Jawaharlal Nehru had they not looked so akin in international terms to the doctrine of Ahimsa, with which in the national setting, India's Prime Minister had been so closely associated.

These Five Principles involve in fact in international terms the doctrines of non-aggression and non-interference as ends with the means in mutual dignity and self-respect. There is reverence in South-East Asia for these ideas irrespective of their potency. It is unhappily not true that beyond the Bamboo Curtain there is the same passion for the spirit or the letter of these principles. In our time China has had no Gandhian revolution. *Her revolution* was brought about by force of arms and her arrival as a Great Power *is based* largely on her military strength in Korea which has had the recognition that the Government of the People's Republic is strong enough to dominate the lives of all her people from the far corners of Manchuria right up to the southern most points of Tibet.

CO-EXISTENCE WITH CONFLICT

Although there is seeming agreement on the Five Principles between South-East Asia and the People's Republic of China, it is clear that there is the widest difference between the *philosophies of* the two areas, and the historical processes by which they have arrived at these philosophies. South-East Asia with a record of centuries of tolerance has strengthened its non-aggressive character by a profound revolution, the spearhead of which was provided by India in the great age of Mahatma Gandhi. In China, on the other hand, there has been fastened on the country a creed which, by contrast, is violently opposed to the Gandhian way based upon the doctrine of love applied between nations as between individuals. The Communist creed is based upon fostering hatred between the classes, the quicker to bring about a proletarian revolution in which a Communist dictatorship could blot out individual liberties as well as differing groups.

In this sense, while the Five Principles have led to a temporary agreement and co-existence, there is the widest gulf fixed between the signatories of this agreement when one party is the People's Republic of China. In the minds of the peoples of South-East Asia, peaceful co-existence is a formula in which the emphasis is on peace as much as on co-existence. It is a religion which is drawn from the non-aggressive character of philosophical thought which has emanated from India over the centuries. Co-existence is merely another expression of the tolerance with which the people of India and the people of South-East Asia have held their spiritual faiths. And thus, peaceful co-existence is a doctrine in South-East Asia with emphasis both on peace and tolerance. For the People's Republic of China, peaceful co-existence is merely expediency. Herein lies deep danger.

KEEPING OUR POWDER DRY

Because the Five Principles are embedded deep in the Indian mind, there is apt to be too ready an acceptance of a subscription to the same principles by other nations which have not the same cultural or religious background. There is already far too much wishful thinking on the point that China interprets the Five Principles as we do ourselves. There is warrant for this facile assumption. There is much in approved Communist literature to show that moral values such as those enshrined in our doctrines receive nothing but scorn from practitioners of Marxist teaching.

It is, therefore, necessary for us to trust in these principles but keep our powder dry. The means to keep ourselves strong in material terms are happily also within our hands. Thus there is no need for fear provided the unity in principles in South-East Asia is reinforced by a unity in economic and political action.

The Mind of South-East Asia

WHILE the Five Principles rest *serenely on* a great spiritual tradition which has informed India and the whole of South-East Asia, it would appear an error to conclude that they are in their nature abiding features of the South-East Asian outlook. To a large extent the spiritual tradition of South-East Asia is a passive, rather than an active, agent today. There has been a decline in spiritual values over the whole area, and one of the weaknesses of South-East Asia in the battle of Asia *now* being waged arises from the fact that it is tending to abandon the spiritual weapons which have given it strength and is tending more and more to adopt a materialist philosophy which has at least one *thing in common* with the Communist philosophy to which we are opposed. That one thing is the elevation of material economic progress to the highest place in national philosophies.

THE ADVENT OF MATERIALISM

It would appear natural that any nation afflicted with all the ills of poverty should seek after independence quick abolition of *these* ills which were, in the period of political propaganda, frequently attributed to foreign domination. It is necessary politics, as well as necessary economics, for national governments after independence to promulgate national plans with the object of raising the *economic* status of their peoples. What is not necessary is that, *in this process of accelerating economic* development, there should be a deliberate writing down of spiritual values and the traditional dignity of the individual.

The current which has in fact given additional power to the State to detract from spiritual values by reason of excessive emphasis on material things is one which calls for special explanation. In South-East Asia the nationalist movements have always tended to decry religious differences and sometimes as a consequence, religion itself. India, in this respect, was an exception. It was one of the supreme qualities of Mahatma Gandhi's teaching that it refused to encourage national governments to decry religions, particularly those that came in a large measure in foreign guise. Far from suggesting that the spiritual values of our past should be discarded in favour of material values, Mahatma Gandhi placed new emphasis on the doctrine of limitation of *wants*, in a supreme effort to restore spiritual life to its original place in the Indian way of life. Austerity bred a background of spiritual introspection.

THE REJECTION OF GANDHISM

The fact that Mahatma Gandhi failed to stem a tide in spite of his tremendous prestige and influence indicates to what extent the people of India, as of all South-East Asia, were committed in their minds, as well as their practice, to the doctrine of economic progress at any price. At the present time in India the Congress Government has set its prime goals in national planning targets to ends deliberately opposed to the Gandhian view. Large-scale industrialisation, as well as an acceleration in the tempo of consumption, is the corner-stone on which the second Five-Year Plan is being built.

And it is not only the acceptance of these materialist goals which is significant. The promulgation of goals is reflected in the composition of the thought of South-East Asia's leaders. U Nu—at one time appropriately Thakin Nu—is the only great leader in South-East Asia who maintains a profoundly religious outlook. And thus it would be fair to say that whereas in the period of great national movements spiritual forces were fully employed—partly, no doubt, because it was the power of the spirit only which could stand up against strongly entrenched governments—today the emphasis is away from the spirit and is placed heavily on material things. The end today is unexceptional. But is it likely that when the emphasis is placed more on economic progress than on moral ends, the means will be at all times free from corruption? It is significant that, in almost every country in South-East Asia, corruption is believed to be on the increase.

If South-East Asia is to provide a philosophy not merely different in degree from that of the People's Republic, but also much more satisfying to the minds and hearts of the peoples in this area, there would appear to be need for some redress in the balance that has been struck between spiritual and material things. The reaction of the intelligentsia against religious approaches is in part political. It is true that there are some countries that are marred still by religious differences which flow over into politics. But the solution in every case is the promulgation of ideas of a secular State without the rejection of the spiritual values which have all too often been conditions of orderly advance.

It is not merely religion, but all faith which is in recession. A spirit of negation in belief is all too pronounced. This may weaken the whole democratic edifice. There are those who would argue that, without faith, there can be no true democratic freedom; for the condition of compromise in the democratic sense is the recognition of moral values which depend in the main on the acceptance of a moral law superior to national or international administrations. But for the moment it is not the abstract question of the degree of faith necessary to secure freedom as the practical one of maintaining a balance between economic progress and all the other activities which go towards the progress of a nation. For, nations, like individuals, cannot live by bread alone.

THE STATE OF SOUTH-EAST ASIA

It is in this respect of the setback to moral values, which will move the people of South-East Asia to maintain their individual liberties and the dignity and self-respect of all human beings that there is at the present time cause for misgiving. The attraction of economic progress has meant inevitably a weightage to the public sector, and there is a little of totalitarianism in the democratic forms which have been adopted in most countries by the majority of democratic movements. There is urgent need for an examination of this danger which lies within. South-East Asia will not have the crusading faith with which to oppose Communism unless it can attach to its passion for economic progress an equal devotion to the uplift of the spirit of man.

Conclusion to Part I

IT is now possible to draw together the threads of the argument of the entire piece. They are drawn from Politics, Economics and Psychology. In politics, it has been pointed out that history is investing South-East Asia with a new unity, born partly out of the common experience of colonialism, but reinforced largely by the pressure of the People's Republic of China and the counter-pressure which it has generated. It has been argued that the position of South-East Asia is just what it is, largely because of the political divisions inside the area which make it impossible for it to mobilise its military strength against either the People's Republic or those forces in the Free World which would attempt to force South-East Asia into a programme for Communist containment. The remedy suggested is a dissolution of the differences which exist internally, with the extension by every means possible of a new pattern for political and economic co-operation.

A PLAN FOR ECONOMIC CO-OPERATION

It has been shown how such a plan of economic co-operation may now be set to work. There are three main threads in this argument. In the first place, it is shown that there is, in the process of economic development of the countries of this area, great scope for the mutual utilisation of their products and for increasing the range of their international trade. Working on the present position in the balance of payments, it is argued, for example, that India could invest considerable resources both in Ceylon and Burma. On the purchasing side, it is argued that Ceylon could buy many of her engineering products from India if there was a corresponding purchase of Ceylon rubber and some other Ceylon products. Similarly, Burma could increase her intake of Indian textiles while India could continue to import a minimum quantity of rice which can be used to assist consumption within. These are merely illustrations. There must be made a grand design which will be a true regional plan for this area in which national plans can find their appropriate place.

It has been argued that what stands in the way of the implementation of these plans is not merely the apathy of many governments of this area and the failure to recognise where economic co-operation may be extended. It is a real bottleneck of talent particularly in the managerial and technical fields. It is argued that even in the country which is best equipped for planning, which is India, there is a very serious shortage of technical and managerial capacity which will be critical when the second Five-Year Plan gets under way. The Indian case is different from that of the other countries of South-East Asia only in degree, but the moral seems to be the same. In the Colombo Plan and in the thinking which stood behind it, the emphasis tended to be more and more on foreign capital and technical skill for which national governments themselves applied. What now appears to be a major requirement is the initiative to be taken by friendly governments to provide not merely technical skills but often whole projects which can be set promptly to work.

UNDER-DEVELOPMENT ECONOMICS

Arising out of these conditions of South-East Asia there is set out a new philosophy of the needs and capacities of under-developed countries to help themselves. It is argued that the classical view of under-developed economies, that because of their low level of incomes they lack the capital and the consuming power to develop rapidly in industry, is mistaken. The example of India in the last two years shows sufficiently that argument does not correspond with facts. It is possible for under-developed countries greatly to raise their rate of capital formation and to have a high and rising rate of production without foreign capital or skill. It is possible also for them to produce more cheaply than highly industrialised countries. As a consequence, it is possible for them to maintain their exports even while reducing imports. Thus, a favourable trade balance may be maintained even while the tempo of industrial investment is being increased. In other words, there is no very considerable bar, except that of technical and managerial skill, in under-developed nations raising themselves by their own bootstraps.

The fact that a solution can be found in these terms is heartening. But it does not make any the less difficult the practical problem of setting the machinery to work. Indeed, in the last few years, there are signs that there has been deterioration in administration in most countries of this area. In one or two, notably Indonesia, this deterioration has at times been described as an irremediable disease. But whether it is so or not, it is clear that there are administrative problems, in addition to economic problems, which will need to be solved if the public sector in South-East Asian countries is to succeed in accomplishing what in a spacious mood of confidence they have undertaken to do.

THE MENTAL CONFLICT

In Part I-C, the vaguest outline has been drawn of a society in a state of conflict. The conflict is partly with its own past. Drawing its traditional stability from the Hindu and Buddhist view of life, the area has suddenly been infected with the disturbing doctrines of Western materialism. The spacious character of a stable society has thus been visited by the most perturbing element in all men's history. The passion for materialist gain may well become overpowering because of the desperate lowness from which the steep ascent has to be made. A passion for equality because of the desperate poverty of the many threatens to eliminate the enterprise of the well-to-do few.

And thus, as this chapter closes, there is not one single set of conclusions. There is still abundant hope that South-East Asia will advance rapidly in terms of economic progress. It is believed that self-help can play a far greater part in this progress than has hitherto been assumed. It is also believed that the stage is well set for a profitable partnership between these areas in both political and economic terms. But there is great need for a new vigorous leadership in almost every country of the area; it is natural, as well as necessary, that India should supply some thought for export.

And thus, in some ways the wheel has come full circle. Two thousand years ago and more, thought, passionate and exciting, went forth from India to light great torches in South-East Asian lands beyond the seas. In the fullness of time, this thought literally built temples and civilised great countries. There is the stamp today—even it may be in ruins—of the glory that came from the mixing of Indian thought with the thought of other countries in government, in trade, in life itself. After two thousand years, today it would look as though India stands at the threshold of an adventure of like kind. Her ideas, notably in foreign policy, in economic planning and in the practice of democracy, may be equally potent in the making of South-East Asia today.

PART II

INDIA IN 1954 : AN ECONOMIC SURVEY

Introduction

THE year 1954 will rank as one of the more notable years in our economic history. It is a year in which the country reaped in full measure the benefits of the quiet and patient work of the period after independence. By the end of 1953, it was becoming clear that the era of scarcity was coming to an end. This year has done even better and has brought about conditions in which the Indian people could get the feeling that an era of plenty has begun. Few would overlook the fact that much of this is due to the seasons having been good and helpful. Pessimists would say that the continuance of these conditions cannot be assumed. It need not be. But there would be no need either to assume that the severe drought until the middle of 1952, which was an infrequent phase of the climatic cycle, would recur frequently in the future to upset all our plans. There is thus reasonable basis for the confidence that the help from the good seasons would continue to be given in sufficient measure to prevent a recurrence of conditions of scarcity.

PEAK PRODUCTION

Agricultural production was at a peak in 1953-54 and though this was aided to some extent by a better cotton crop and a slightly higher output of oilseeds, the main factor has been a record food grain production of 66 million tons, involving an increase of about 8 million tons—or 13 per cent—over the previous year's levels. For the first time, it has been possible to progress very near to pre-war yields per acre. There has been much marginal land brought into cultivation in the last decade, which was partly responsible for the decline in yields in recent years.

DYNAMISM IN EXPANSION

The fact that the present increase has been possible along with a record acreage under food grains points to the benefits of the changes in technique and to the much higher levels of investment recently noticed in the agricultural sector under the influence of the spirit of hope fostered under the Five-Year Plan and of the psychology created by food decontrol in 1952. The new dynamic elements injected into the agricultural economy at several places through fertilisers, the Japanese methods of cultivation, the community projects and above all the irrigation schemes have been at work to bring about these results. Each item taken separately in terms of financial outlay or physical resources might seem too small for an economy of our size. The scope for expanding on these lines is immense and in the determination that such expansion will be attempted in the future lies the hope for improving on the results already achieved. As the year ends, a new line of approach has been opened up by the Rural Credit Survey. The importance of this lies not in the report itself or in its particular recommendations. It is in the faith that it will provide the occasion now to examine and reassess the whole problem afresh in the changed context of optimism, free from the inhibitions which in the past made the subject receive the lowest priority in our schemes.

PARADOX OF SURPLUS PAYMENTS

Rural credit is only one aspect of the fast expanding credit requirements of the whole economy as it has grown in the last three years. The tempo of expenditure in the fourth year of the Plan has increased, though it is very much below earlier assumptions. The problem of unemployment, which assumed a serious turn during the latter half of 1953, has been less talked about but there is none to deny that it will be endemic in the system until development proceeds at a much faster pace. The best that can be claimed at the moment is that it has not worsened to cause anxiety in the short term. Finally, there remains the paradox of the improvement in our balance of payments and a stationary level of our sterling balances, in the context of a rising development expenditure. The liberalisations of import policy have not substantially altered a more or less stationary value of our foreign trade and a reduced volume of our imports. The utilisation of foreign aid has become more difficult as a result. These are indicators of the fact that development activity has not gathered the momentum it should have attained at this stage.

THE PSYCHOLOGY OF EXPANSION

This feeling of impatience, however, about the pace of progress is some indication of the prevailing psychology of expansion. The private sector in industry has experienced this confidence in good measure. Cloth production has maintained the earlier peak levels and would continue to benefit by the opportunities offered by the rural prosperity and the export possibilities. The jute industry, with its eye on the levels of business activity in the U.S.A. has had a revival of optimism. The Finance Minister's recent advice to the private sector to expand and rationalise has largely been anticipated in recent years; there are indications that the scope for it is exhausted at least in jute and that the other type of rationalisation is urgently called for.

Despite the uncertainties created in the climate for new investment—to which the Companies Bill before the Select Committee and official pronouncements at the end of the year have added—investment in the private sector has better chances of fulfilling targets than the investment in the public sector of our industry. In the first three years while the public sector has invested only 30 per cent of the outlay proposed, the private sector has fulfilled 40 per cent of the target and its plans for these two years are perhaps in a more advanced stage to promise fulfilment than the state enterprises. This is the best indication of the existence of the psychology of expansion with which the economy has functioned until now.

Agricultural Production

MORE LAND

THE record acreage under food grain crops in 1953-54 and the achievement of the highest levels of grain production during this year are the highlights of Indian agriculture at the present time. Further, there is sufficient ground for the belief that these achievements will also be maintained in the future. Successive good seasons coinciding with a period of active measures for agricultural development have brought about this result. It is now known that since the Plan went into operation, additional information regarding land utilisation has become available for about 30 million acres in the net area sown, for which only rough estimates were possible before. It is now estimated that there has been a 6 per cent increase in the acreage devoted to all food grains since 1949-50, the base year of the Plan. The total area under food grains in 1953-54 was 261 million acres, of which nine million acres were added during the year, mainly because area classified before as current fallows during periods of drought came under the plough.

MORE FOOD

The yields have been more than in proportion to the area added. Actually, the Indian Plan had aimed at increasing food production without a substantial addition to the area sown. Though the increase in harvests has been achieved in excess of the expectations in the Plan, it has to be remembered that a considerable part of it was due to the seasonal factor and the additional areas sown. The table below summarises this progress:

Grain Production

(In Million Tons)

Grain	Base Year 1949-50	1952-53	1953-54	Plan Target 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
All Food Grains	54.0	58.1	66.0	61.6

AT LESS COST

The effect of this high production of 66 million tons of food grains has been seen in the reduced volume of imports and the fall in prices of food grains. In the first eleven months of the calendar year, only a little over 7 lakh tons of food grains had been imported of which only 146,000 tons consisted of wheat and the rest of rice. Some more quantities of wheat have been purchased for use as a central reserve but even so the purchases under the wheat agreement have amounted only to 527,000 tons in 1954-55. The saving in foreign exchange has been considerable but that is less important than the reduction in food prices. The prices are not yet as favourable as consumers would wish but it has been enough to make most producers feel a certain amount of anxiety about the future trend. Subject to the severe limitations of the index numbers of prices, the following table illustrates the position from year to year:

	21-7-51	19-7-52	18-7-53	17-7-54
Rice ..	535	534	538	481
Wheat ..	540	549	609	434
Jowar ..	328	230	243	200
Bajra ..	245	245	328	237
Gram ..	371	442	413	253
Food Articles ..	409	373.4	406.6	358.6

BETTER NUTRITION

The official estimate of the per capita availability of food grains in 1954 is 17.65 ounces a day which is about 4 ounces more than the level at the time of planning. In terms of calories per capita, food consumption has been estimated to have gone up from 1398 calories in 1950-51 to 1623 calories in 1953-54. These levels might seem not too inadequate for a balanced diet, but since there is a grave lack of balance in the diet, the present levels of consumption of food grains would only barely balance supply and demand over the whole country. That is one of the reasons why prices have not fallen subsantially except in a few surplus pockets or in surplus periods. Better standards of consumption and the rising population would still provide the incentives for increasing production over present levels.

The second major advance besides food has been recorded in cotton in 1953-54, due again to favourable weather acting in conjunction with steps taken from time to time to increase area and production in cotton. A million acres have been added to the area planted but production increased by nearly 25 per cent over the previous year. The increase has occurred almost entirely in long staple cotton and here again the effect has been to reduce the dependence on imported cotton and to provide more of local cheaper cotton for Indian textile mills which improves their competitive position. The seasonal factor has been more prominert in cotton. Another item on which there has been a gain is oilseeds, in which the modest target of the Five-Year Plan is regarded as achieved, mainly due to larger crops of groundnut and sesamum. Against these successes we have to set the two major setbacks in agriculture caused in jute and sugarcane. In 1953-54, there was a fall of 33-1/3 per cent in the jute crop, from the levels of the two previous years. This fall was a reaction to the decline of the post-Korean boom and the steep fall in jute prices. The fall in the sugarcane crop is not fully explained by similar causes because the price reduction was modest but compared to the level of 1951-52, there has been a 25 per cent reduction in acreage under cane and a proportionate fall in output.

THE BALANCE SHEET

It is thus clear that the traditional place accorded to seasons in the Indian economy has been shown to be fully justified once again. It is difficult to separate the output on the capital directly invested in agriculture from the effect of the seasons, though the Planning Commission has assumed a fifty-fifty credit respectively for the seasons and the Plan, establishing thereby that nearly half the gains may be regarded as permanent. There is no need to controvert this view. Even the change in the seasons may be regarded as a quasi-permanent gain since the drought cycle which occurred until 1952 is unlikely to repeat itself too frequently. The hopeful agricultural situation has vindicated completely in two years the decontrol experiment. Secondly, it has imparted the confidence that the food problem can be solved. This has dispelled the gloom and pessimism of the period during which the Plan took shape.

THE EASTERN ECONOMIST

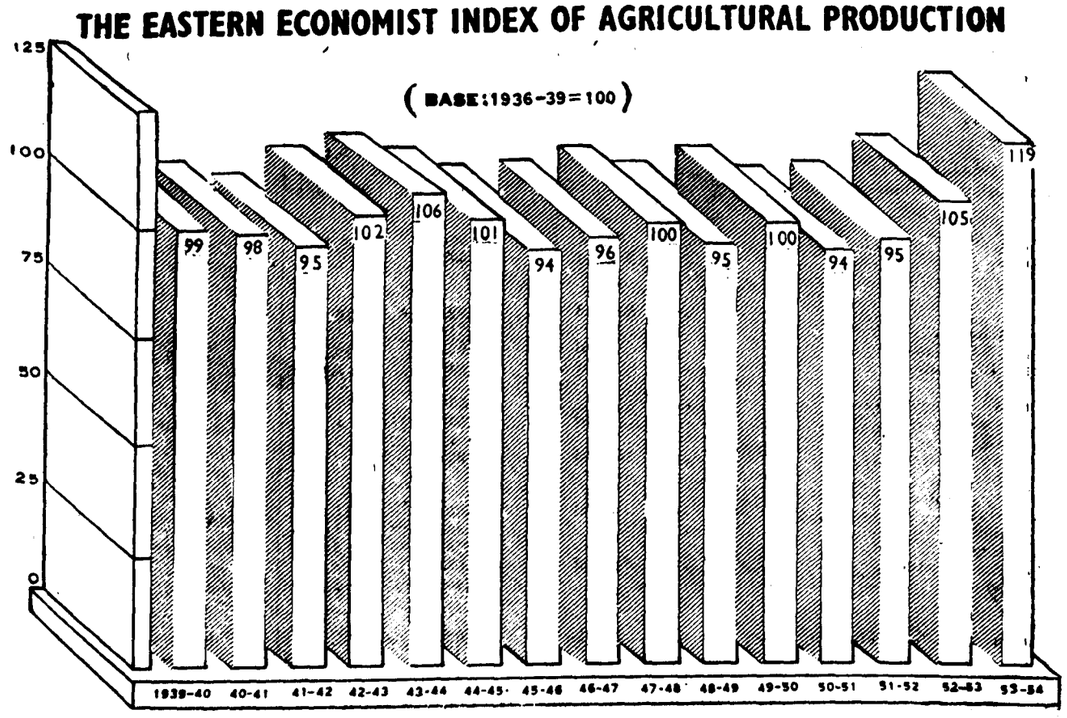
INDEX OF

INDIAN AGRICULTURAL PRODUCTION

(Base : Average for 1936-37 to 1938-39=100)

	1939-40	1941-42	1942-43	1943-44	1944-45	1945-46	1946-47	(*) 1947-48	) 1948-49	(*) 1949-50	(*) 1950-51	(*) 1951-52	(*) 1952-53	p 1953-54
Food Grains ..	99	93	103	107	104	95	96	102	96	99	91	91	103	119
Rice ..	98	92	99	109	102	96	104	102	98	101	88	90	102	118
Wheat ..	104	91	99	90	97	84	67	77	77	86	87	82	92	98
Millets	99	99	112	111	114	99	99	108	89	99	93	96	111	133
Gram ..	94	86	111	122	103	100	115	143	145	117	115	105	121	131
Fibres ..	90	105	78	87	55	56	53	58	53	78	85	100	98	122
Cotton ..	89	109	76	89	54	52	51	54	46	65	72	77	75	90
Jute ..	99	82	87	77	62	78	66	83	99	154	164	235	235	156
Oilseeds ..	106	94	98	104	107	97	100	104	95	106	103	104	101	112
Sesamum ..	96	95	106	102	88	88	81	88	84	108	113	110	113	129
Groundnut ..	101	82	91	125	122	110	114	109	92	107	109	97	92	120
Rape & Mustard ..	117	113	102	93	111	96	107	109	99	107	101	122	112	112
Linseed ..	106	81	92	86	89	83	77	101	99	97	85	73	83	77
Miscellaneous ..	102	112	117	116	112	124	112	121	121	126	127	126	126	129
Sugarcane ..	90	83	110	114	106	102	110	131	109	111	126	136	118	115
Tobacco ..	100	103	86	75	93	97	79	69	75	78	76	61	64	75
Tea ..	105	119	113	135	121	136	147	152	156	158	158	164	162	164
Coffee ..	97	112	102	108	108	159	96	99	139	128	116	130	142	172
General Index ..	99	95	1 2	106	101	94	96	100	95	100	94	95	105	119

(*) Revised. p-Provisional.



ALL-INDIA FINAL ESTIMATE OF CEREALS FOR 1952-53 AND 1953-54.

Cereals	Area (Thousand Acres).				Production (Thousand Tons).			
	1953-54 (Final Estimate).	1952-53 (Partially Revised Estimate)	Increase (+) or Decrease (−) of Col. 2 over Col. 3		1953-54 (Final Estimate)	1952-53 (Partially Revised Estimate).	Increase (+) or Decrease (−) of Col. 6 over Col. 7.	
			Absolute.	Percent			Absolute.	Percent.
1	2	3	4	5	6	7	8	9
Kharif Cereals-								
Rice ..	76,646	74,209	(+)2,437	(+) 3.3	27,079	22,495	(+) 4,584	(+) 20.4
Jowar ..	42,990	43,339	(−) 349	(−) 0.8	7,691	7,260	(+) 431	(+) 5.9
Bajra ..	28,820	26,550	(+)2,270	(+) 8.5	4,246	3,150	(+) 1,096	(+) 34.8
Maize ..	8,982	8,897	(+) 85	(+) 1.0	2,854	2,823	(+) 31	(+) 1.1
Ragi ..	5,472	5,428	(+) 44	(+) 0.8	1,564	1,238	(+) 326	(+) 26.3
Small Millets ..	13,167	12,431	(+) 736	(+) 5.9	2,183	1,905	(+) 278	(+) 14.6
Total Kharif Cereals ..	176,077	170,854	(+)5,223	(+) 3.1	45,617	38,871	(+) 6,746	(+) 17 4
Rabi Cereals-								
Weat ..	26,098	24,285	(+)1,813	(+) 7.5	7,792	7,383	(+) 409	(+) 5.5
Barley ..	8,198	8,010	(+) 180	(+) 2 2	2,721	2,849	(−) 1.8	(−) 4.5
Total Rabi Cereals ..	34,288	32,295	(+)1,993	(+) 6.2	10,513	10,232	(+) 281	(+) 2.7
Total Cereals ..	210,365	203,149	(+)7,216	(+) 3.6	56,130	49,103	(+) 7,027	(+) 14.3

SUMMARY OF THE LATEST "ALL-INDIA" CROP ESTIMATES, 1953-54

Crop	Estimate	Area (Acres)		Production (Tons)	
		Current Estimate	Corresponding Adjusted Estimat s of the previous year	Current Estimate	Corresponding Adjusted Estimates of the previous year
Cereals—					
Kharif—					
Rice	Final	76,646	74,20.††	27,079	22,646†
Jowar	,,	42,990	43,339†	7,691	7,260†
Bajra	,,	28,820	26,550†	4,246	3,150†
Maize	,,	8,982	8,897†	2,854	2,823†
Ragi	,,	5,472	5,428†	1,564	1,238†
Small Millets	,,	13,167	12,431†	2,183	1,905†
Total Kharif Cereals	,,	176,077	170,854†	45,617	38,871†
Rabi—					
Wheat	Third	23,824	21,115	6,893	6,386
Barley	Second	7,506	7,521	2,239	2,152
Pulses—					
Gram	Second	17,823	16,068	4,031	3,214
Tur Arhar	,,	5,714	5,571	1,804	1,760
Other Kharif pulses	Final	14,652	13,395†	1,475	1,115†
Other Rabi pulses	First	10,048	9,430	..	..
Potato	,,	536	495	..	..
Sugarcane	Final	3,598	4,272†	4,614*	5,019*
Ginger (Dry)	,,	47	46†	15	14†
Tobacco	Second	822	731	..	..
Oilseeds—					
Groundnut	Final	11,356	11,850†	3,772 ‖	2,884 ‖ †
Castorseed	,,	1,388	1,357†	107	106†
Sesamum	,,	6,132	5,860†	531	460†
Rape and Mustard	Second	2,084	2,044	..	..
Linseed	,,	2,455	2,663	..	..
Fibres—					
Cotton	Final	17,027	15,693†	3 935††	3,131††
Jute	,,	1,196	1,817†	3,128§	4,605§†
Mesta	,,	473	483†	718§	683§†

*In terms of raw sugar or gur. †Partially Revised. ‡In bales of 392 lbs. each of cotton lint. §In bales of 400 lbs. each. ‖In terms of nuts in shell.

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Reserve Funds		„ 26 Lakhs
Deposits	(30-6-54) Exceed	„ 11½ Crores
Working Funds	„ „	14 Crores
No. of Accounts	„ „	90 Thousand



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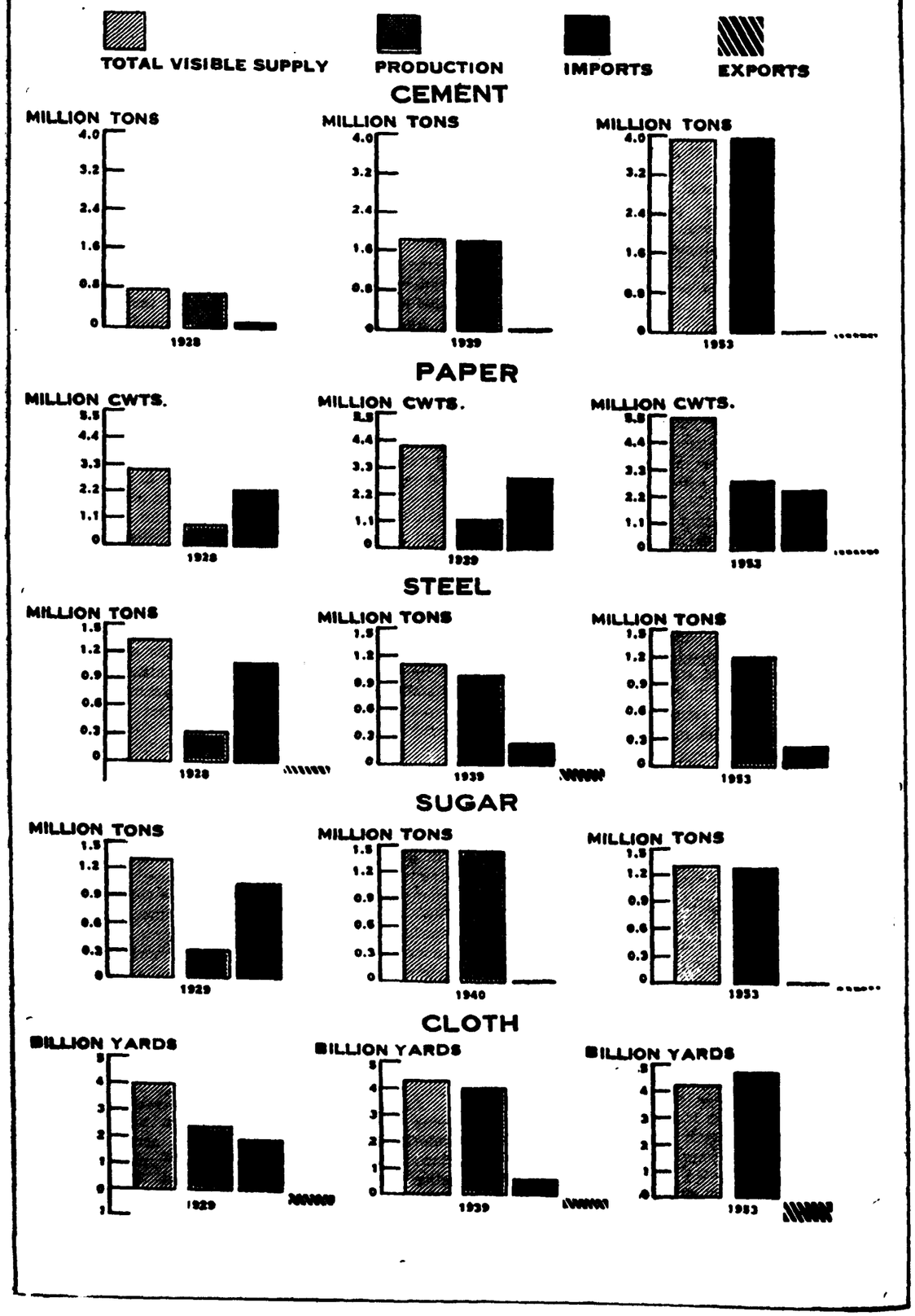


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CONTENT OF VISIBLE SUPPLY 1928–53



Source: Employers' Association, Calcutta.

CHANGES IN VISIBLE SUPPLY, PRODUCTION, IMPORTS AND EXPORTS OF SELECTED INDUSTRIES, 1928-53

Year	Production	Import	Exports	Total Visible Supply	Percentage of Domestic Production to Total Visible Supply **
Cotton Piecegoods (million yds.)*					
1929	2,419	1,919	330	4,008	60
1939	4,012	600	337	4,275	94
1948	4,380	47	392	4,035	109
1953	4,905	5	705	4,205	117
Cotton Yarn (million lbs.)*					
1929	833	44	31	846	98
1939	1,234	41	27	1,248	99
1948	1,475	11	7	1,479	100
1953	1,519	2	23	1,498	101
Sugar (000 tons)†					
1929	299	1,003	10	1,292	23
1940	1,394	20	..	1,414	99
1948	1,075	11	7	1,089	99
1953	1,291	5	4	1,292	100
Cement (000 tons)					
1928	567	126	..	693	82
1939	1,720	13	..	1,733	99
1948	1,553	75	..	1,628	95
1953	3,780	5	20	3,765	100
Pig Iron (000 tons)					
1928	..	4	429	..	..
1939	1,756	2	557	1,201	146
1948	1,405	..	40	1,365	103
1953	1,655	..	18	1,637	101
Finished Steel (000 tons)					
1928	281§	914	68	1,127	25
1939	842	217	98	961	88
1948	856	122	9	960	88
1953	1,018	196	..	1,214	84
Paper (000 cwts)					
1928	764††	2,312††	..	3,076††	25
1939	1,331	2,837	..	4,168	32
1948	1,958	1,943	19	3,882	50
1953	2,794	2,492	34	5,252	53
Cycles (000 nos.)					
1928	..	159	..	159	0
1939	..	120	..	120	0
1948	55	162	..	217	25
1953	264	82	..	346	76
Paints & Colours (000 cwts.)					
1928	..	424	3	..	..
1939	660	269	3	926	71
1948	714	144	..	858	83
1953	641	148	16	773	83

Notes: Exports generally include re-exports and refer to sea-borne, land-borne and air-borne figures. Figures for foreign trade up to 1934 include those of Burma and up to 1939 all figures refer to undivided India. *Figures adjusted to exclude data relating to Burma and Pakistan (approx.) relate to the financial year beginning April. †Figures for crop year. ‡For 1928-29. §Estimated. **India was a substantial net exporter of cloth in 1948 and 1953. In pre-war years there was a large surplus in pig iron which was exported.

Source: Employers' Association, Calcutta.

The Economic Statute Book

A BARREN YEAR

THIS has not been a notable year for economic legislation. As the year ends, the Government has announced the long-awaited Constitutional Amendment to modify the rights of compensation for acquisition and requisitioning of private property. Though its formal enactment will be an achievement for the coming year, the decision itself can be regarded as the leading event of the year. Company law reform, on which only a beginning was made by the reference to a Joint Select Committee during the year, will have to undergo a painful process of examination of its 600 verbose clauses and all the pompous provisos. The leanness of the economic statute book during the year does not fortunately have any relation to the level of economic prosperity. It proves thereby that much legislation that goes on has little direct relation to the state of our economic activity.

FISCAL

The Finance Act of the year enacted in April thus became one of the major pieces of legislation though in its incidence the new taxation levied was of a miscellaneous nature, involving concessions at several stages to the critics. Excise duties were levied on art-silk, footwear, cement and soap and the import duty on betel-nuts was raised. The significance of these measures of taxation was the implication that financing developmental planning would have to be as much the responsibility of the common man as of the rest of the groups in the community.

The law extending Indian taxation laws to Jammu and Kashmir (Act 41 of 1954) was prime facie of a routine character, since it only implemented the Constitution Order of May 1954 which applied the Constitution of India to Jammu and Kashmir subject to several modifications. The Indian Parliament was thereby empowered to make laws relating to Central taxes in that State, like income tax, customs and excise. The agreement with the State Government provides for the levy by the State Government for a period of ten years the excise duty on motor spirit then in force.

TALLER TARIFFS

The Tariff (Amendment) Acts are usually a routine affair which depend mainly on the recommendations of the Tariff Commission in regard to protected industries. The Tariff (Second Amendment) Bill passed during the September session of Parliament made changes both for revenue and protectionist considerations. For more than a dozen industries protection has been continued. Protection has been discontinued for hurricane lanterns, sewing machines, and some other products; in a few cases reductions in duty recommended by the Tariff Commission have not been accepted by the Government. Modifications of policy were reflected only in the case of items on which duties were levied or enhanced for revenue considerations. In view of the improved foreign exchange position, and the relatively lower level of imports because of reduced food and cotton purchases, the emphasis was shifted from import quotas to higher tariffs. Import duties were raised on a large number of items and simultaneously import control policy towards them has been relaxed. Under a system of strict import quotas relatively to the preference for foreign products of better quality, the dealers in imported goods profited considerably and the relaxation of quotas after the levy of a high duty enables the Exchequer to intercept this margin, without any adverse effects on the indigenous industries. Even some benefit to them was visualised in taking this step. The qualitative standards, which indigenous industry should strive after, would be always thus kept before the public. Spices, tinned and bottled provisions, alcoholic drinks, toilet requisites, furniture, toys and assembled motor cars were among the items thus taxed.

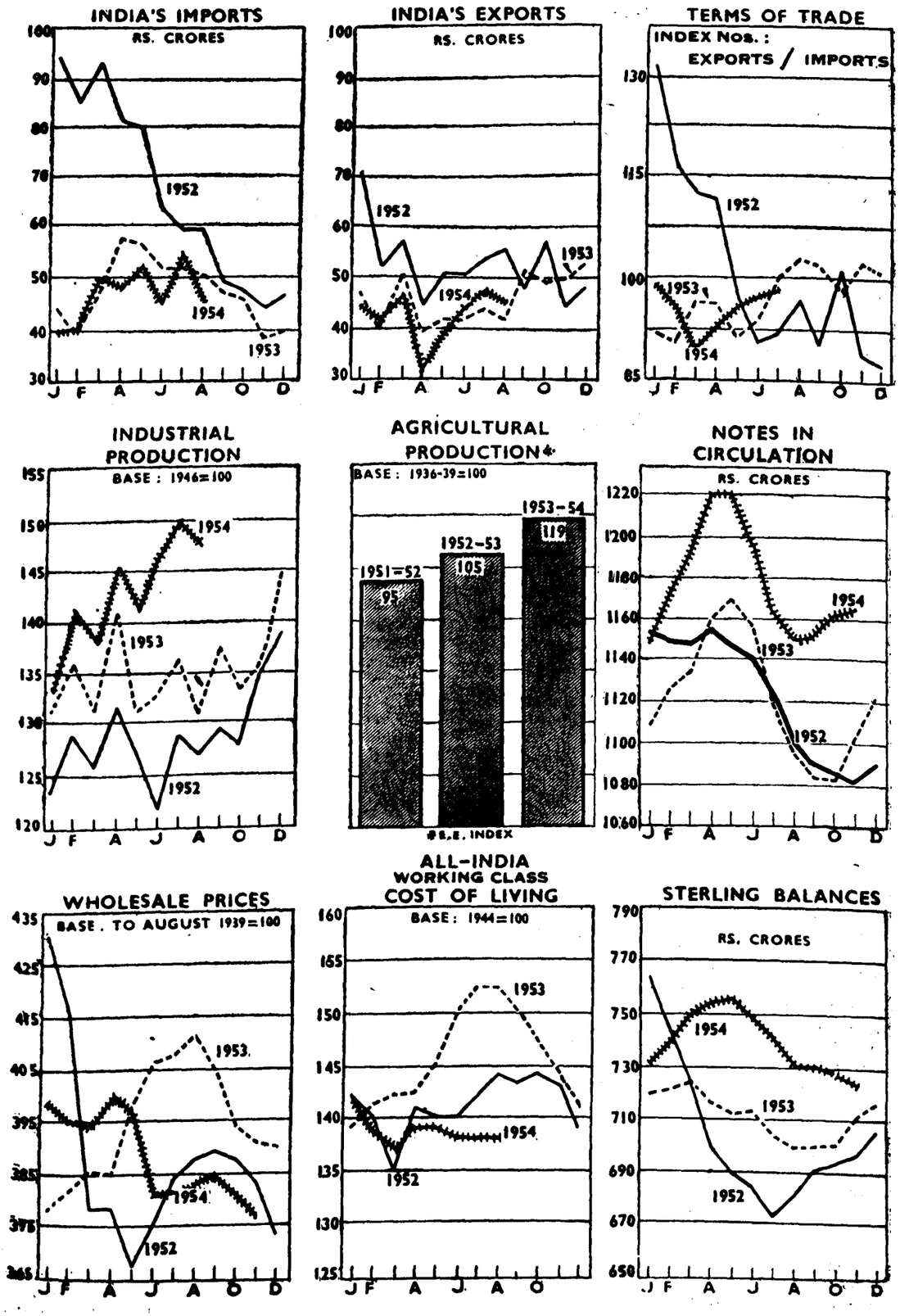
CENTRALISM

The Constitutional Amendment to provide for Central control of prices and supply of various goods would rank as the major economic measure of the year. The amendment did not lay down any new principle. Article 369 of the Constitution had provided for a period of five years, (until January 26, 1955) concurrent powers for the Centre to regulate prices, production and supplies. These have been exercised till now under the Essential Supplies Act. There was little difficulty in the continued exercise of these powers by the Centre in the case of industries declared to be under Union control. But raw materials and foodstuffs, which normally lay within the sphere of the States would have reverted to the control of the States but for this Constitutional Amendment. The majority of the State Governments did not take a jealous view of their powers and found little difficulty in surrendering permanently what they had all along grown used to do without. Moreover, they were not being actually deprived of their powers since the Centre was only acquiring a concurrent, though in practice an overriding, power of legislating on trade and commerce in, and the production, supply and distribution of foodstuffs, raw cotton, raw jute, and cattle fodder. Even imported goods in these categories were included in the sphere of control. The significance of this enactment was that it underlined the trend towards centralism which has been seen in federal structures, especially where economic affairs are concerned. The Bills intended to regulate the conditions of production and prices of coffee and rubber underlined a similar trend towards centralisation of powers of control in the hands of Government.

THE FINAL COUP

The policy now determined for purposes of compensation for property acquired or requisitioned would, however, be the most far-reaching of all the steps during the year. The term "Estates" in Article 31-A would now be enlarged by the addition of other agricultural holdings even under ryotwari tenures. Compensation for deprivation of property rights in certain cases will no longer be justiciable in courts of law; what the legislature chooses to fix in this regard will become final. These cases will include steps taken for the imposition of ceilings on the size of holdings, acquiring of property for rehabilitation of displaced persons or for slum clearance or utilisation of waste land and the taking over of any property for management for a limited period in the public interest. This last category is bound to remain the most controversial of all, since it can enable the State to restrain property rights without obligation to pay compensation, which courts would regard as fair and adequate. This seeks to regularise the arbitrary provisions of Chapter III-A of the Industries (Development and Regulation) Act, 1951 which was 'ab initio' void and clearly contrary to the Constitution. The amendment has also brought within its scope regulatory legislation much of which would normally be outside the scope of State control and requisition; for at no time had the State an obligation to pay compensation for extinguishment of rights 'inter se' among various groups or persons. But the political value of these clauses may be greater than their legal utility and this alone seems the final determinant of legislative policies in the economic sphere.

ECONOMIC TRENDS



Highlights of Transport in 1954

THE integrated picture of transport in 1954 shows that a broader view is being taken of the urgency to make firm decisions on policy in expanding transport capacity on land. The effects of the modest deal for the transport component in the first Five-Year Plan were realised last year, and in view of the time element required for the expansion of rail capacity, the shift in policy has laid stress on the liberalisation of restrictions on motor transport.

The railways are enjoying a share of greater financial prosperity, although in a limited sense. Passenger traffic which threatened to show signs of a decline has now begun to look up. In the first five months of the current financial year, it has contributed more than any other category of traffic to the increase in the earnings in relation to the last year. Freight traffic comes next in the order of contribution to higher revenues. It is clear from these financial trends that on a reasonable reckoning the budget estimate of gross earnings in 1954-55 will be pushed above Rs. 273 crores by a margin of about Rs. 5 crores. This trend is in conformity with impressive expansion in industrial production and there need not be absolutely any doubt that the revenues of the railways will maintain a progressive increase. The gap between the actual requirements of wagon capacity and the provision which the railways are able to make is not being eliminated. The case of coal reveals the shortfall.

The slow expansion of capacity to carry traffic is the result of the rate of replacement of rolling stock as the basic contributory factor. The greatest handicap is to be seen in the improvement of the locomotive situation. Less than 25 per cent of new locomotives—510 in all—were received in the first three years of the Plan out of a total of 2,062 for which orders have been placed for the full period of the Plan. The state of wagon rehabilitation presents a difficult picture. Hardly 43 per cent of the wagon stock of 60,428 ordered for the five years was received in the first three years, and even assuming that the balance will be procured according to the schedule, the position of the over-aged stock will not be better at the end of 1955-56 than it was on 1st April, 1951.

Financial policy for the railways is now being definitely changed and in the interest of augmentation of capacity the principle has been accepted that the railways must lean heavily on the Centre for developmental finance. The revised financial convention for the next five years seeks to introduce minor modifications that are intended to offer relief to railway finance. A lower rate of interest equivalent to the rate charged by the Government for its loans to the commercial departments has been substituted for the higher dividend of 4 per cent on the loan capital of the railways in the case of the amount of overcapitalisation as well as advances for the construction of new lines. A moratorium of five years plus the period of construction has been declared for the second liability. These reliefs are welcome in a period of stress. But the railways have been placed under an obligation to make a higher contribution of Rs. 35 crores per year to the Depreciation Fund in place of Rs. 30 crores.

Allocation of finance for the improvement and renovation as well as extension of the road system has been inadequate in the context of the primary requirements of the rural economy of the country. Actual expenditure has lagged considerably behind the programmed outlay. In so far as physical performance is concerned, there is at least the definite information of 300 miles of missing links of national highways completed by the Central Government by March, 1954, out of a target of 640 miles. But the performance of the State Governments, which virtually control the nation's road system, does not find mention in the Progress Report on the Plan. Progress in the States has been obviously slow and if the additional allotment of finance granted to States to counter rural unemployment is to be used, the tempo of construction must be raised. There is no evidence that this urge for stimulation was realised in the current year.

Even within the restricted frame-work of the road system, intensive development has been prevented by the policy of the State Governments on motor transport. The licensing system, which was given a rigid pattern in the name of road-rail co-ordination, now gets a promise of liberalisation. As an initial step, limitations on inter-State motor transport on a regular basis are being abolished forthwith after a prolonged agitation. But the more irksome restrictions on inter-zonal or regional services will not be removed with the same sense of promptness. It is also uncertain when licensing policy will be liberalised on a basis of three-year duration for the average operators and five-year duration for large viable units. The policy of nationalisation of freight motor services has been halted till March 1961 by the Planning Commission's directive, but the sole sponsor—Bombay Government—which has launched a preparatory plan in this behalf has chosen to disregard this directive, even on pain of forgoing Central assistance for other projects to the extent of investment in nationalised freight services. Other States are responding to the caution.

This year has witnessed certain setbacks in the progress of shipping. The net addition of tonnage of the order of 215,000 GRT by March, 1956, is by any criterion a modest target and no difficulty need be anticipated in achieving it. The Central Government has liberalised the terms in respect of interest, advances and repayment of loans for purchase of ships. The real impediments are those of a receding freight market for the coastal trade and absence of positive financial assistance in the form of operating subsidies to companies plying the distant trade. Scindia's liner passenger service between India and the U.K. was disbanded this year. It cannot be argued by any stretch of reasoning that the inauguration of the Eastern Shipping Corporation's passenger-cum-cargo service to East Africa in July last was in any sense a recompense for this retreat. No concrete outline of the projected second overseas corporation has been provided by the Transport Minister. The problem of shipping in the next few years is the problem of encouraging the coastal trade, arranging a scheme of joint participation in the near trades by small and big Indian shipping companies and active assistance for consolidating the overseas trade.

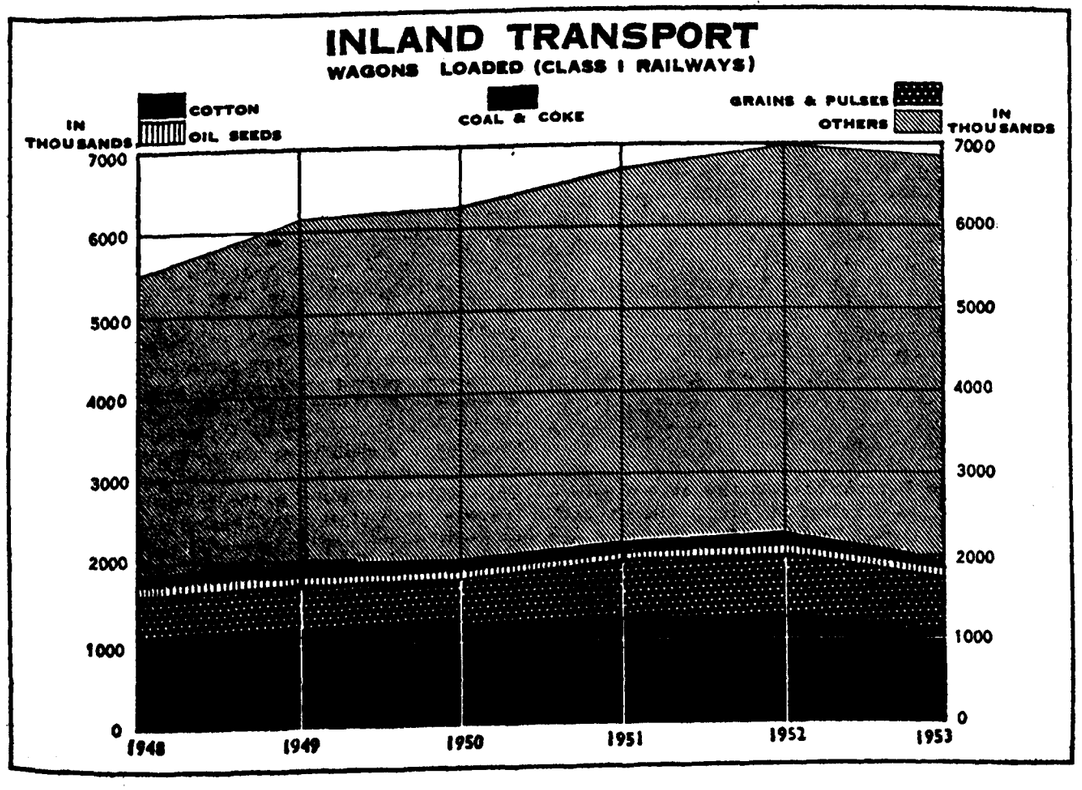
Nationalised civil aviation discloses potentialities of financial difficulties of a grave nature. Air India International, however, is a healthy exception and in the first year under State ownership ended July 1954, it earned a profit of Rs. 26.60 lakhs which compares with the loss of Rs. 2.14 lakhs in 1952. The real headache is the bigger Indian Airlines Corporation. Even conceding without question its contention to the effect that the major part of the loss of Rs. 100.94 lakhs for the financial year ended July 1954 was due to specific new liabilities or withdrawal of concessions, the excess loss above this of Rs. 27.5 lakhs is more than two and a quarter times as high as the loss of the constituent private airlines in 1952. The revised pay-scales will entail an immediate addition of Rs. 10 lakhs to the wage-bill and of another Rs. 10 lakhs recurring as a result of regular incremental scales. Integration, far from securing economy in expenditure, has served to inflate the costs.

THE PROGRESS OF EXPENDITURE ON THE RAILWAY PLAN

(In crores of Rupees)

Categories of Expenditure	Total Provision for five years	1951-52 1st year (Actual)	1952-53 2nd year	1953-54 3rd year (Final Estimates)	Total for three years.
1. Rolling Stock and Machinery ..	207.96	34.36	33.23	42.19	109.78(52.8)*
2. Track	64.87	9.72	13.46	9.56	32.74(50.6)
3. Bridges	5.60	1.00	0.50	0.45	1.95(34.8)
4. Other Structural & Eng. Works ..	43.41	6.68	7.24	9.25	23.17(53.4)*
5. Collieries and Ports	2.49	0.16	0.10	0.16	0.42(16.9)
6. Labour Welfare, Staff Qrs. and other Welfare Works	24.09	3.74	3.14	4.61	11.49(47.7)
7. Restoration of Dismantled Lines ..	56.6	0.50	3.71	4.18	8.39
8. New Lines including Electrification of Track and Major Bridges ..	28.52	6.76	..	..	6.76 (44.3)
9. Passenger Amenities	15.00	2.45	2.34	2.59	7.38(49.2)
10. Miscellaneous Items	2.40	5..49	— 3.54	— 3.73	— 1.78
TOTAL	400.0	70.86	60.18	69.26	200.30(50.1)

Note (*) Figures within brackets indicate percentages of the total provision under each head.



The Stock Exchange in 1954

ALTHOUGH the year 1954 did not begin well, in that the enthusiastic trading witnessed at the close of the previous year suffered a setback by the conclusion of the military pact between Pakistan and the United States, which restrained operators from entering into further commitments, the performance of the stock markets during the year as a whole was actually without a parallel in recent years. It was during this period that the leading scrips were found vying with each other to record some of the highest levels. With the fears of an American recession, which loomed large like the proverbial Damocles' sword for a considerably long time towards the latter part of 1953, removed, and with both agriculture and industry in this country making notable headway, thanks to the removal of more controls, the stock exchanges in this country slowly regained confidence. And, in this process, they certainly drew some inspiration from the behaviour of both Wall Street and the London Stock Exchange. The result was that sentiment steadily improved and remained buoyant practically throughout the year.

The higher levels reached during the period under review were, to some extent, of course, brought about by speculative activity, as always. But the favourable climate for investment was provided by the Finance Minister, when he declared, early in January, that the rising trend in the price of equities would become stabilised and would not suffer a reversal. Moreover, reports of higher earnings of the Tata Iron and Steel Company during the first nine months of 1953-54, the satisfactory solution of the long drawn-out controversy about the conversion of Tata Deferreds into Ordinary shares, the materialisation of the expected in regard to the retention prices of steel for the Indian Iron and Steel Company, higher earnings and dividends of leading cotton mill companies, and last, but not least, the fact that the Union Government Budget proposals for 1954-55 were more or less in line with market expectation generally, all contributed towards reviving confidence on the part of investors and maintaining a steady trend in prices.

The highlights of the Bombay Stock Exchange in the first half of the year were: the exit from the Forward list of the Tata Deferred, which quoted on the last day of its existence—*March 29, 1954*—as high as Rs. 2,166-4, the announcement of the 1954 borrowing programme of the Government of India with the issuance of a ten-year 3½ per cent National Plan Loan on tap for five months, and the recommendations of the Shroff Committee. There was, therefore, a distinct note of optimism in the market as revealed by the steady conditions in all the markets, including the commodity markets where the rather persistent downtrend was at last halted and an improvement registered; while gold and silver remained steady, remarkably buoyant conditions prevailed in the textile section of the stock exchanges, and this was accentuated with the spread of rumours about the further removal of controls over production of cotton goods.

The second half of the year also opened with a cautionary note as did the first half, despite the optimistic note with which the latter closed. There was nothing, however, in the market to warrant such a hesitant mood on the part of operators. If anything, there were such bullish factors as renewed rumours of a reduction in the Bank Rate, strong advices from the cloth market, timely monsoon rains in Western India and so on, among others. Anyway, these factors helped in preventing an undue decline in prices and in ensuring a trend that once again inspired confidence among investors. In addition to these, there were reports about the satisfactory progress of the development schemes of the first Five-Year Plan, about harmonious employer-employee relations and about the setting up of new lines of manufacturing activity ensuring wider scope for private enterprise—this was further confirmed by Mr. Nehru in his statement at the All-India Congress Committee—which were all auspicious auguries for a further lease of steady conditions in the markets. The most significant period in this respect was the month of September, when the leading counters of the market recorded peak levels. Thus, Tata Ordinaries, which quoted only Rs. 190 in April, following the exit of Tata Deferreds, improved to as much as Rs. 254-12, while Indian Irons, which opened the year at Rs. 25-11, jumped up to Rs. 36-4. In the textile section, Bombay Dyeings had been in the limelight for a considerable time owing to reports of satisfactory results of the Company and a possible bonus issue, and the price of the scrip was taken up from the opening level for the year of Rs. 398-2 to Rs. 551-4 x.d. Kohinoors also showed a gain of Rs. 61 at Rs. 362-8 c.d., while Centuries registered a marked improvement from the opening level in January of Rs. 279-8 to Rs. 403-0 x.d. in view of the inclusion of the rayon manufacturing project in its expansion programme. In the miscellaneous section, Belapurs improved from Rs. 247-8 to Rs. 305 in September, and there was a further improvement in this share, when, following the publication of the Company's annual report showing increased profits and indicating the probability of a bonus issue, it went up to as much as Rs. 338.

September was also notable for the sharp setback in share prices that was witnessed towards the close of that month when much of the gain recorded earlier in most of the scrips was wiped out. While the reactionary trend was mainly a technical one, the nervousness in the market was partly also occasioned by apprehensions about the debate on rationalisation of the jute and cotton mill industries in Parliament, as also about the possibility of taxation of bonus issues following the report of the Taxation Enquiry Commission. And when this trend continued in October, there was speculation as to how far shares would go down, even as market men had been puzzled about how far they would go up early in September. The market was thus in a state of suspense on the eve of 'Moorat' trading. However, the opening performance of the market in November gave indications that the operators had regained their poise, as the undertone in the leading industrial shares remained steady. But then, from the second week onwards, as though to cry halt to the optimistic forecasts, there was a resumption of the downtrend which culminated in almost a crisis of confidence in equities in early December following conflicting rumours about the recommendations of the Taxation Enquiry Commission, as also about the shift in emphasis in Government's attitude towards private enterprise as disclosed by the Prime Minister's repeated stress on a socialistic economy. Perhaps as a forerunner of the worst to come, the statement of the Union Finance Minister in the Lok Sabha on Monday, December 20, 1954, that the Government has agreed, in principle, to the nationalisation of the Imperial Bank and some State banks, further adversely affected sentiment. The Stock Exchange authorities stopped trading in the affected Bank shares. In the event, trading in the closing week of the year was in the nature of an anti-climax to the boom conditions that prevailed in the month of September, and most of the leading shares declined sharply. At the time of writing, sentiment in general has been very weak, although only a week earlier there had been notable rises in Bombay Dyeings, Kohinoors, and others in the textile section, as also in Imperial Bank (Fully Paid) shares which had been taken up as high as Rs. 1,825, thereby recording an improvement of 100 points. A candle is said to burn the brightest before it goes off.

So the stock exchanges finish the year 1954 on a weak and uncertain note. Strangely enough, there was no reaction at first to the proposed amendment to Article 31 of the Constitution and the two-day Economic Debate in Parliament on December 20 and 21, but the Prime Minister's speech on the latter day and the passing of the resolution defining India's economic policy as one based on *socialistic* pattern, coupled perhaps with a clearer understanding of the far-reaching *implications of the amendment to Article 31*, combined to cause a degree of confusion and, together with the usual preholiday feeling, the market has turned into a pandemonium with sellers all round.

Commodity Markets in 1954

THE trend of prices in the commodities section throughout the year was in sharp contrast to that which prevailed on the stock exchanges. Although sentiment at the start of the year was generally steady, being a continuation of the firm trend noticed at the close of the previous year, it did not last long. As a matter of fact, for the greater part of the year, the commodities market in general betrayed a strong bearish bias. This was due, in part, to increasing supplies, and, in part, to Government's lamentable habit of making belated pronouncements in respect of export quota allotments and export duty reductions so that the benefit hoped for seldom eventuated, at any rate to the extent expected. These two factors explain the general downtrend in the oilseeds market in particular. In cotton, on the other hand, the prolonged controversy between the Forward Markets Commission and the East India Cotton Association over the issue of amendments to some of the bye-laws of the Association resulted in a stalemate and the consequent suspension of trading for the entire month of September. In the case of jute, absence of fresh overseas buying orders, drop in U.S. burlap consumption, and increase in the working hours of jute mills combined to depress prices. In short, there was a general decline in prices of almost all commodities with, perhaps, the exception of tea, sugar and gur, as can be seen from a study of the index numbers of wholesale prices relating to these commodities. Thus, while there has been a decline in rice from 478 (base Aug. 1939=100) in January, 1954 to 463 in October, wheat declined from 601 to 478, jowar from 291 to 213, gram (which lost a little over 100 points) from 365 to 254, coffee from 570 to 541, raw cotton from 483 to 465, raw jute from 421 to 400 and groundnuts (which lost very nearly 200 points) from 606 to 420. Tea and sugar, on the contrary, showed a rising trend, the former especially recording a jump of almost 150 points as between January and October, most of which period synchronises with the off season for sugar production in this country.

By and large, thus barring tea, sugar and gur and except in respect of rice, where there was a rather erratic tendency (the index number rose until the month of May; after that, it went down only to rise again in August and September, but relapsed once more in the month of October) in almost all the other commodities, the trend has been, on the whole, one of continual, if not continuous, decline.

An analysis of the cotton futures market in Bombay reveals that, while prices tended to be generally on the high side for the greater part of the first quarter of the year, there was a reversal in the trend in the second quarter when the ICC August contract reached the lowest for the first half-year of Rs. 632-8 on June 18. Throughout the second half of the year the trend was predominantly bearish, although in the third week of the month of August, there was an attempt at recovery influenced by heavy short-covering following strict survey results, in preparation for the closing of the August contract. It was on August 26 that trading had to be suspended, pending settlement of the controversy between the Forward Markets Commission and the East India Cotton Association on the subject of amendments to certain bye-laws of the Association. When this issue was finally settled, on October 7, there was a resumption of trading, but a distinctly bearish undertone prevailed throughout that month. Conditions were no better in the following two months either and the year actually closed on a pessimistic note for the cotton market.

In the case of oilseeds too, in view of the lack of co-ordination between the needs of the market and the Government's export policy, the overall trend for the year as a whole remained bearish. There was, however, a feeble attempt at recovery towards the beginning of the last quarter of the year, when, following Government's announcement in regard to allocation of export quota as well as reduction in export duty, (alike in respect of castorseed and castor oil and groundnut-seed and groundnut oil), prices tended to improve.

In the jute goods market, the year opened with a mixed trend, prices of hessian ruling more or less steady and those of sacking easy, sentiment in regard to the latter having been adversely affected by reports of larger stocks with mills at the end of December, 1953 and non-materialisation of the expected decontrol of import trade in jute goods by Australia. This trend, however, was reversed in February, when prices of sacking were relatively higher than those for hessian. During the rest of the year, till October, excepting for occasional spells of depression in prices, sentiment in the jute market was more or less steady. In the month of October, following the increase in working hours of jute mills from 45 to 48 per week, there was a sizable decline in prices of hessian from Rs. 46 (at the end of September) to Rs. 43-12 per 100 yds. (on October 8); similarly, sacking also lost four points per 100 bags. Towards the close of the year, following the resolution adopted by the Lok Sabha on a programme of socialised economy, all markets lost considerable ground and jute goods were no exception.

Among the commodities that have been having a fairly steady trend throughout the year, mention must be made of tea. There was very strong and active demand for Indian tea generally, but the main reason for the sentiment being continuously strong was the growing demand for it and the steadily rising prices obtaining for the commodity in the U.K. In fact, India's tea exports to the U.K. were mainly responsible for the favourable balance of trade which this country has had with the U.K. for the first ten months of 1954. Tobacco prices also ruled steady, but only for a part of the year, that is in the earlier months. Thereafter, slump conditions developed and it was only after the Government intervened and took measures, such as sending a delegation to Far East Asian countries and concluding large barter deals with China, that the downward trend in prices began to be arrested. However, these yet remain to be stabilised, inasmuch as, even in the first week of December, tobacco leaf prices recorded a sligt decline of about two per cent.

Banking and the Money Market

THE year 1954 will go down as a notable one in the history of Indian Banking. For it witnessed the first shot (although this came towards the fag-end of the year) at nationalisation of commercial banks. It is true that the banks now scheduled to be nationalised as a result of the recommendations of the Gorwala Committee—the Committee in charge of the All-India Rural Credit Survey—are mainly those "which even now are associated in different degrees with the policies of the State",—only last year the Reserve Bank introduced the thin edge of the wedge, as it were, by assuming the function of bankers to some of the State Governments, which function was being carried on until then by the concerned State Banks now proposed to be amalgamated into the State Bank of India—but the greater part of business of even these banks has been, and continues to be, commercial banking. In fact, the Press note on the Report itself recognises this when it says that "the Committee extends the concept of State partnership to an important sector of commercial banking". What the effect of this is on the total business of the new big State banking combine, on the one hand, and on that of the private sector of commercial banking, on the other, is still difficult to foresee, although one thing is clear, namely, that there will be keen competition for business as between the State Bank of India and the private commercial banks, as also among the latter banks themselves 'inter se'.

The year will also be notable for the Reserve Bank's special efforts to provide better credit facilities to industry and agriculture alike. The Shroff Committee, which was appointed in 1953 to consider ways and means of providing more finance to the private sector, submitted its report during the year (May, 1954) and the Reserve Bank has already implemented some of the recommendations of that Committee, while the others are still receiving consideration.

The recommendations implemented include the extension of the Bill Market scheme to all licensed scheduled banks, the appointment of a Committee (in July, 1954) to examine in detail and make specific recommendations on the Shroff Committee's proposal that the leading banks in India in co-operation with insurance companies, should form a consortium or syndicate for underwriting or investing in new issues of shares and debentures of industrial companies (the consortium scheme, however, would appear to have been effectively killed since), and the decision of the Reserve Bank (announced in August 1954) to treat the shares of the Industrial Finance Corporation of India and State Financial Corporations as on a par with Government securities for finance to scheduled banks under Section 17(4)(A) of the Reserve Bank of India Act. With the report of the All-India Rural Credit Survey to guide it in extending credit facilities, the Reserve Bank may be expected, especially after the establishment of the State Bank of India, "to free the weaker rural producer from the shackles of powerful interests" and to bring about what the Rural Credit Survey Committee has described as "the integrated scheme of rural credit", which, we are told, is designed to create the necessary conditions for the success of the co-operative movement in India. By the way, it is this Committee's considered view that co-operative credit has, on the whole, failed and that, in the prevailing circumstances, it could not help failing. This frank appraisal of the movement should serve to shake a good bit of the complacency of our co-operators.

Among other important developments relating to Indian Banking in 1954, mention must be made of the addition, to the already existing number, of more State Finance Corporations, the Industrial Development Corporation sponsored by the Union Commerce and Industry Ministry and the Industrial Credit and Investment Corporation of India sponsored jointly by the World Bank and Indian business men with the blessings—literally and materially—of both the Government of India and the business men of the U.K. and the U.S.A.

If 1953 was a normal year for Indian Banking, the year under review has proved to be a more normal year. The seasonal patterns during the year have been true to type, except it be for the rather late start of the 1954-55 busy season, unlike the preceding busy season, which started almost a month earlier than usual, and for the further increased tempo of developmental expenditure by the Government. These are all reflected in the changes in advances and deposits of scheduled banks as well as in the Central and State Government deposits with the Reserve Bank of India, as will be evident from the following brief survey of the main trends of banking in India.

Notes in circulation increased during the first half of the year and reached the peak of Rs. 1234 crores on May 7, the height of the busy season. Thereafter, they declined and touched the lowest level of Rs. 1137 crores on August 27, but increased again to Rs. 1212 crores on December 10. They, however, declined in the next week to Rs. 1200 crores and may be compared with the figure at the end of the corresponding week of 1953 of Rs 1123 crores.

Deposits of the Central Government declined during the first half of the year and went down to as low a level as Rs. 51 crores. They, however, recovered soon after owing to subscriptions in respect of National Plan Loan and stood at Rs. 143 crores at the end of September. On October 1, again, they declined by Rs. 32 crores, presumably owing to the transfer of the proceeds of the National Plan Loan to the State Governments. There was another decline of Rs. 40 crores towards the close of the year owing to increased developmental expenditure.

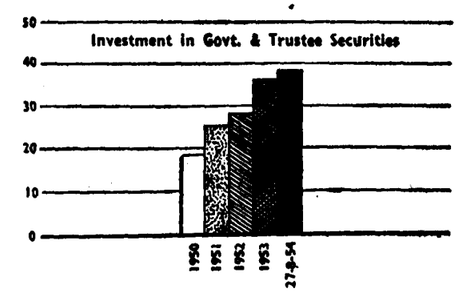
Foreign assets increased by Rs. 30 crores in the first half, but dropped by about the same amount in the second half of the year.

More interest was shown by bankers in availing themselves of advances against usance bills, especially in the latter half of the year as a result of the relaxation of certain conditions by the Reserve Bank on the recommendations made by the Shroff Committee.

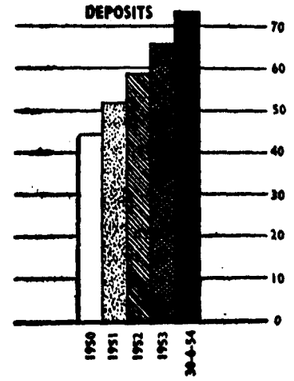
Reflecting doubtless the steadily increasing governmental development expenditures, demand and time liabilities of scheduled banks showed an upward trend during the year and were above the pre-1951 level towards the close of the year at Rs. 937 crores. The investments of these banks also showed increases, with the opening of the list for subscriptions to the National Plan Loan, indicating thereby the extent of interest evinced by them. Some of them at least must have unloaded their holdings subsequently, as the Loan continued to quote below the issue price almost till mid-December.

Bank credit expanded by Rs. 114 crores during the busy season of 1954, as compared to Rs. 83.4 crores in the previous year's busy season, and reached Rs. 576 crores as against Rs. 554 crores at the peak of the 1953-54 busy season. The contraction in the slack season was, however, small amounting to only Rs. 54 crores. Thus the busy season of 1954-55 may be said to have started on an over-extended credit base.

HOW BANK SAVINGS HELP THE FIVE YEAR PLAN



The deposits of the Punjab National Bank stood at Rs. 44 crores on January 1, 1951. By June 30, 1954 they exceeded Rs. 70 crores—an increase of Rs. 26 crores or 59%. This increase reflects the growing confidence of the public in the Bank and the spread of the banking habit to all communities.



It is interesting to note how this increase in Deposits has helped the Five Year Plan, upon which depends the future prosperity of the country. The Bank's investments in Government Securities, which stood at Rs. 19 crores in January, 1951, increased by 95%, i. e. to Rs. 37 crores by August 27, 1954. This shows how a very large portion of the savings of the nation entrusted to us have been placed at the disposal of the Government through investment in national loans to aid the Five Year Plan.

More than half of all deposits placed with our Bank have gone to the Government to help finance nation-building projects.

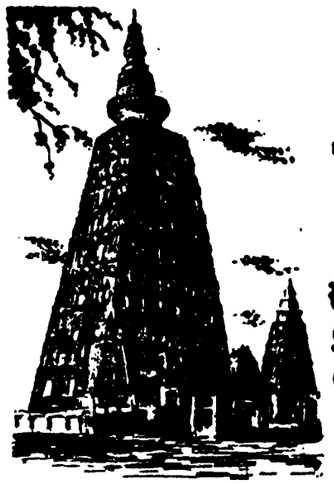
Our 310 offices are always at your service, helping you to save for the country.

Please open an account today and help the Five Year Plan.

THE PUNJAB NATIONAL BANK LTD.

(Established 1895)

HEAD OFFICE: DELHI.



SEE

india

EXCURSION & PILGRIM SPECIAL TRAINS AND CIRCULAR TOURS

"See India" is a slogan not only for the foreign tourist but for Indians as well. Many of us have yet to make a discovery of our home land, to know its great mountains, its beautiful valleys, ancient monuments, historic temples and new townships.

Standard Circular Tours

The Northern Railway is issuing at a concessional fare of 3/4ths of the tariff fare, second, inter and third class tickets for a number of standard tours. These tours cover a number of specific itineraries, details of which are available from station masters on this Railway. In addition, if any itineraries are proposed by the public to the Chief Commercial Superintendent (Rates) of this Railway, they will be examined and concessional fares granted provided certain conditions are fulfilled.

Special Trains

Requests for special pilgrim or excursion trains on the broad gauge will be considered and the following concessions will be permissible :—

(i) Kitchen arrangement— One bogie vehicle will be attached free with each train.
(ii) One conductor and four cooks/servants will be allowed to be carried free.
(iii) For tours exceeding 1,500 miles and over, a concessional fare equivalent to 3/4th of tarrif fare will be permissible under certain conditions.

For detailed information, please apply to the Chief Commercial Superintendent (Rates), Northern Railway, Kashmere Gate, Delhi.

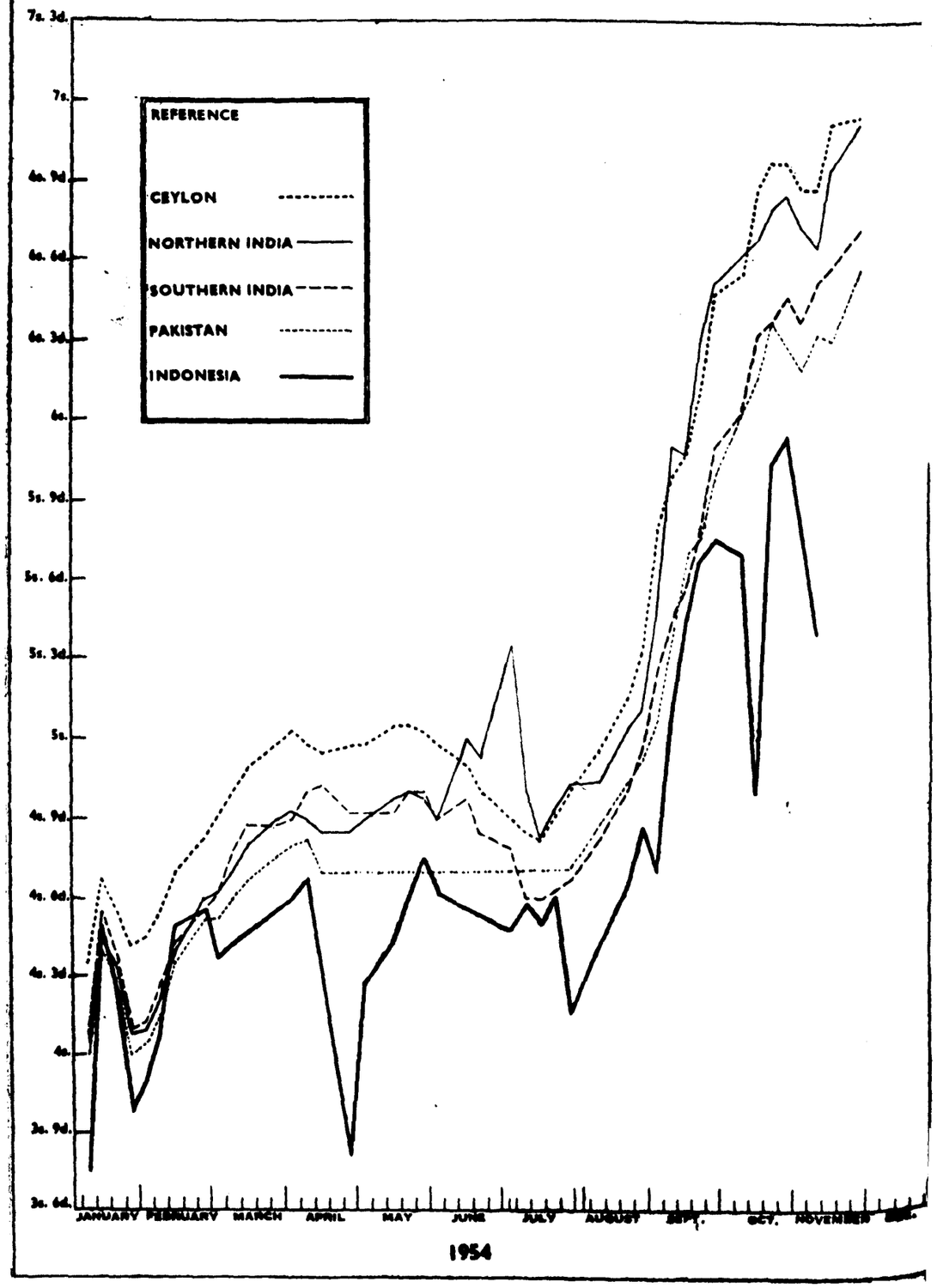
NR 965

CENSUS OF MANUFACTURING INDUSTRIES, 1952-CEMENT

Item		Madras	Bihar	Bombay, Madhya Pradesh, Orissa, Rajasthan, Patiala and East Punjab States Union and Saurashtra	Total
1		2	3	4	5
1. 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) Socks 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
4. 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
5. 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
6. 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.	639,79,148	333,73,400	244,87,063	1,218,39,611
(iii) Lubricating oils	Galls.	19,118	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
7. Materials consumed—					
(a) Quantity—					
(i) Lime stone, kankar, caloite	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 caloite	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
8. Amout paid to other concerns for work done for factories	Rs.	2,06,257	3,50,950	3,47,954	9,05,161
9. Production—					
(a) Quantity—					
Portland Cement—					
(a) Normal	Ton.	7,09,880	9,02,258	15,81,886	31,94,024
(b) Rapid hardening	Ton.	..	4,409	237	4,846
TOTAL	Ton.	7,09,880	9,06,867	15,82,123	31,98,870
(b) **Value—**					
(i) Portland Cement—					
(a) Normal	Rs.	5,99,45,259	7,15,85,892	13,14,48,706	26,29,79,857
(b) Rapid hardening	Rs.	..	3,95,632	27,381	4,23,013
TOTAL	Rs.	5,99,45,259	7,19,81,524	13,14,76,087	26,34,02,870
(ii) Other products	Rs	3,671	3,33,718	4,56,612	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	Rs.	..	..	..	..
Value added by 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 and work done for industry by other concerns (including the value of semi-finished products or finished parts manufactured earlier but consumed during the year).	Rs.	3,28,85,225	4,28,75,132	7,24,52,030	14,82,12,387
(iii) Depreciation	Rs.	21,57,395	23,06,152	57,62,291	1,02,25,838
(iv) Value added by manufacture [i—ii—iii)]	Rs.	1,97,31,405	2,28,85,053	3,82,28,824	8,08,45,282

TEA PRICES—1954

OBTAINED AT THE LONDON AUCTIONS



SCHEDULED BANKS

(Rs. in Lakhs)

Period	LIABILITIES			Cash (Notes + Coins)	Balances with Reserve Bank	(5+6) as percentage of (4)	Advances	Bills Discounted	(8+9) as percentage of (4)	Investments 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	15,44	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	303,43§
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
Averageof Fridays										
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	43,06	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 ,, ..	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	314,39
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 ,, ..	518,30	330,61	848,91	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	32,93	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
July ,, ..	548,54	340,72	889,26	30,91	44,18	8.55	460,27	82,45†	61.04	329,51
August ,, ..	556,09	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
October ,, ..	558,45	354,40	912,85	34,15	63 65	10.71	450,47	77,35†	57.82	348,02
November ,, ..	569,65	363,68	933,33	33,35	71,08	11.19	446,08	76,37†	55.98	343,61
Week Ending										
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†	65.66	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	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	30,29	48,07	8.79	454,20	83,23†	59.89	329,85
30-7-1954 ..	549,23	346,04	895,27	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	339,33
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†	56.87	348,16
22-10-1954 ..	562,09	357,55	919,65	32,84	68,41	11.01	445,06	77,77†	56.85	349,47
29-10-1954 ..	561,97	355,79	917,76	35,98	65,55	11.06	445,66	80,18†	57.30	349,76
5-11-1954 ..	566,17	361,53	927,70	33,39	66,62	10.78	443,97	80,41†	56.52	350,97
12-11-1954 ..	567,67	361,93	929,60	33,50	64,98	10.59	446,26	79,06†	56.51	323,23
19-11-1954 ..	572,48	364,40	936,88	33,08	76,32	11.68	446,85	73,95†	55.59	350,41
26-11-1954 ..	572,29	366,85	939,14	32,42	76,38	11.59	447,23	72,05†	55.29	349,79
3-12-1954 ..	576,30	365,47	941,77	33,18	77,13	11.71	454,51	74,24†	56.14	349,54
10-12-1954 ..	564,81	363,71	928,52	37,59	65,92	11.15	465,47	70,47†	57.72	349,45

* Undivided India — Average of weeks from November 1951 — † Including Foreign Bills

RESERVE BANK OF INDIA

ISSUE DEPARTMENT

(Rs. Lakhs)

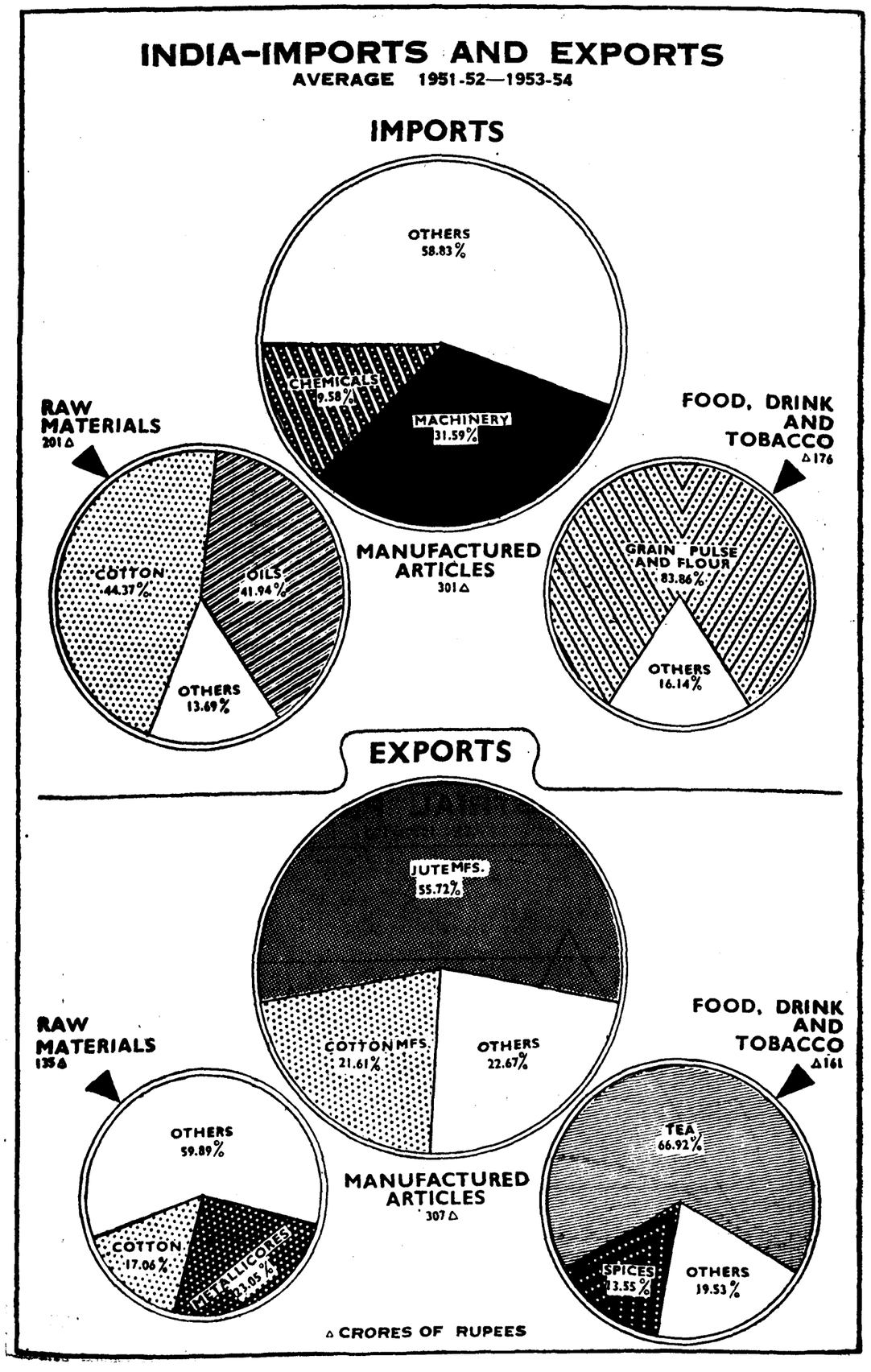
PERIOD	LIABILITIES			ASSETS						
	Notes in Circulation	Notes Held in Banking Department	Total Notes Issued (a)	Gold Coin and Bullion (b)	Foreign Securities (c)	Total of (b+c)	(b+c) as Percentage of (a)	Rupee Coin	Rupee Securities	Total Assets
1938-39*	182,36	28,28	210,64	44,42	86,95	111,37	52·91	67,11	32,16	210,64
1947-48*	1,227,82	47,12	1,274,95	44,42	1,135,32	1,179,74	92·53	32,36	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	265,62a	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	50,53	415,36	1,152,94
1950-51*	1,163,21	17,19	1,180,40	40,02	624,70	690,36	58.31	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	53,98	488,36	1,217,62
1952-53*	1,114,84	27,87	1,142,72	40,02	564,40	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										
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	719,12	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
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										
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
3-12-1954	1,182,37	14,33	1,196,71	40,02	633,15	673,15	56.25	105,79	417,75	1,196,71
10-12-1954	1,212,05	13,45	1,225,51	40,02	663,15	703,17	57.38	104,59	417,75	1,225,51
17-12-1954	1,199,56	26,38	1,225,95	40,02	663,15	703,17	57.36	105,03	417,75	1,225,95

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	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														
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	25,99	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	95,28	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
November ,,	87,01	16,94	73,44	34,42	211,82	18,26	240,08	19,93	3,39	102,07	1,41	13,78	91,28	8,11
Week Ending														
12-11-1954	93,52	17,65	67,35	34,64	213,16	17,17	240,33	14,16	3,68	103,63†	1,79	14,29	94,68	8,09
19-11-1954	82,74	14,39	78,55	34,76	210,44	19,83	240,26	21,35	3,43	103,60†	2,32	13,86	87,90	8,22
26-11-1954	78,62	17,79	79,09	34,27	209,77	19,38	239,16	26,40	4,45	97,89†	94	13,20	87,82	8,46
3-12-1954	69,66	11,82	76,29	34,34	192,12	19,51	221,62	14,57	6,06	89,62†	80	14,59	86,99	8,99
10-12-1954	67,80	7,73	65,66	34,59	175,78	23,76	209,54	13,75	7,08	69,40†	2,67	20,37	87,18	9,15
17-12-1954	62,76	11,64	67,57	34,66	176,64	16,18	208,71	26,68	9,13	70,26†	1,92	15,12	76,41	9,19

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.



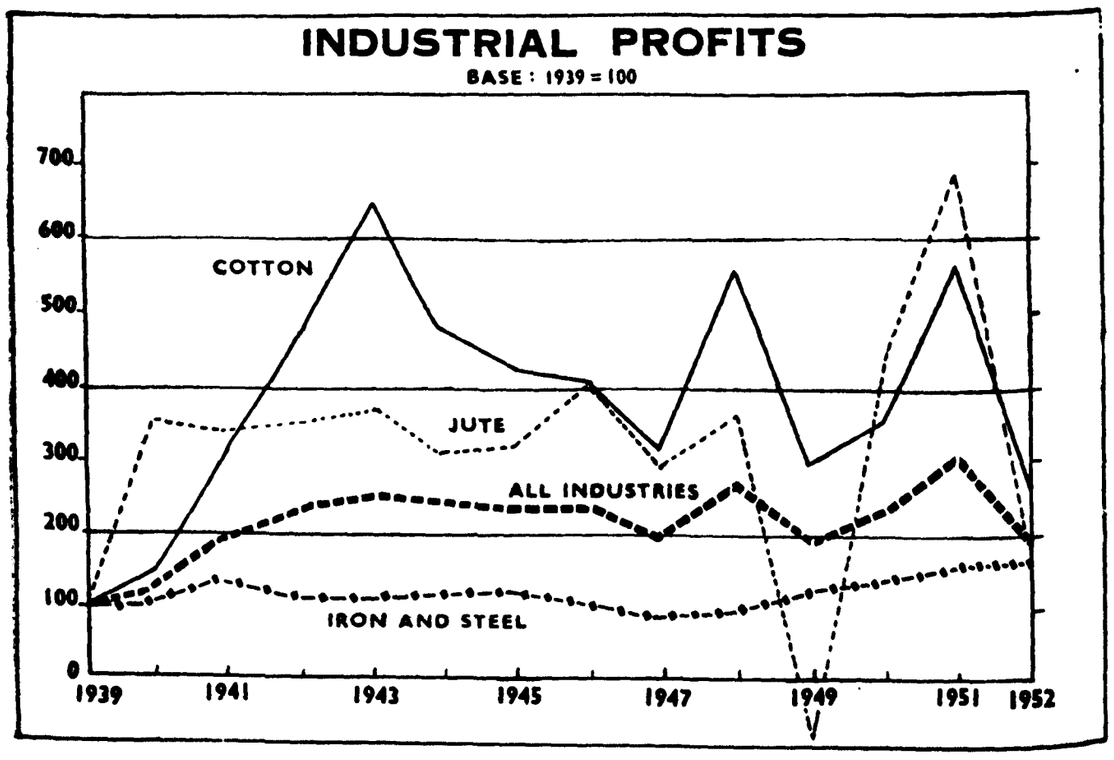
INDEX NUMBERS OF INDUSTRIAL PROFITS

(Base: 1939=100)

INDUSTRIES

Year	Jute	Cotton	Iron and Steel	Tea	Sugar	Paper	Coal	Cement	All Industries
1940 ..	359.1	142.5	103.8	99.1	100.3	236.3	100.8	102.8	138.0
1941 ..	344.4	316.6	133.7	146.8	137.8	284.7	82.6	128.8	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	259.9
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	293.4	190.6

Source: Ministry of Finance



The name is **Binny's**

Binny's — a great name for more than 150 years. We are proud to make that statement, and we are proud of the tradition of *quality and dependability* that makes Binny's a household word throughout India.

Binny's cloth — the products of The Buckingham & Carnatic Co. Ltd., and The Bangalore Woollen, Cotton and Silk Mills Co. Ltd., are famous throughout India, and they are helping to spread the fame of Indian textiles overseas as well.

Binny's engineering connections offer commodities vital to India's expansion; heavy electrical goods, diesel and gas engines, boilers, bearings, beltings, mill stores, ropes and cables, high grade paints, pumps, air conditioning plant, plywood, tallow and many others.

Binny's Engineering Works fabricate steel tanks and all kinds of steel structures; cut gears, ferrous, Meehanite and non-ferrous castings; carry out oxy-acetylene, electric welding, and boiler repairs.

Binny's offer shipping, stevedoring, clearing and forwarding and insurance facilities.

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—a great name in India!

BY 961 (a)

Progress to Prosperity.....

It means meeting the basic needs of the man in Food, Clothing, Health, Housing, Transport and Communications and raising his living standards.

Our first five-year plan when completed would have gone a long way in meeting these requirements with better aids for Agriculture, more Hospitals and Clinics, more Dams and Power Projects, more Roadways and Railways and Better Communications.

Needless to say, Cement, the versatile building material is used in all the constructions under the plan to make them sound and strong.

SANKAR BRAND PORTLAND CEMENT

for

SOUNDNESS, STRENGTH & STABILITY

SANKAR BRAND cement is used extensively in many of the projects of national importance

The India Cements Ltd.,

Factory: Sankarnagar, Tirunelveli District.

Regd. Office: 11/12, Second Line Beach, MADRAS 1.

THE INDIAN OVERSEAS BANK LTD., MADRAS

(Incorporated in India)
Established 1937

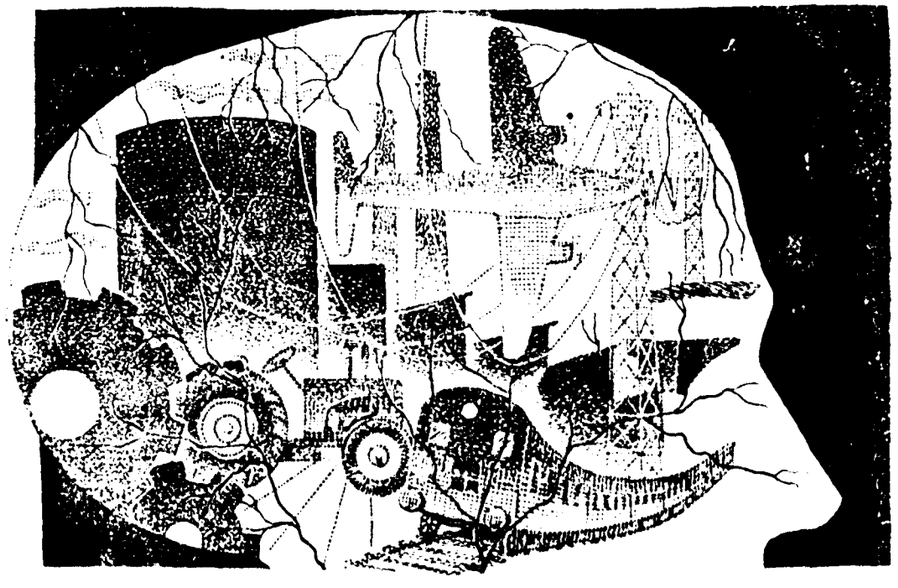
Through a network of branches in India, Burma, Ceylon, Malaya & Thailand and our correspondents at all important commercial centres of the world, we are in a position to offer the most complete Banking Service to Businessmen and Manufacturers engaged in the export and import trades.

Paid-up Capital
Rs. 49,04,925

Reserves
Rs. 22,50,000

General Manager : Mr. C. P. Doraikannu

IOB 194



Life-Blood of the Nation!

The wheels of our industry are moving faster and faster .... our fields are yielding more and more .... new ventures are springing everywhere helping to make this country self-supporting. In this industrial and agricultural renaissance, THE BANK OF JAIPUR is playing its part well. By nurturing young enterprise, by co-operating with the Government in its varied programmes and by offering efficient banking service, including Foreign Exchange, the BANK OF JAIPUR is promoting the economic stability of this Nation.

Founded in 1943, under the aegis of the Government of Jaipur, THE BANK OF JAIPUR, now acting as Bankers to the Rajasthan Government, stands today among the principal banking institutions in this country. It has 38 branches strategically located all over India.

Authorised Capital	.. Rs.	2,00,00,000
Issued & Subscribed Capital	.. Rs.	1,00,00,000
Paid-up Capital	.. Rs.	50,00,000
Reserve & Other Funds	.. Rs.	17,00,000

Ramnath A. Podar, CHAIRMAN
S.L.Kothari, B.A., B.Com.(London), A.C.A.(Eng.),
GENERAL MANAGER

Help the National Plan

THE BANK OF JAIPUR LTD. Head Office: JAIPUR

The Bank of Jaipur Limited

HEAD OFFICE: JAIPUR, BOMBAY OFFICE: Cook's Building, Hornby Road.

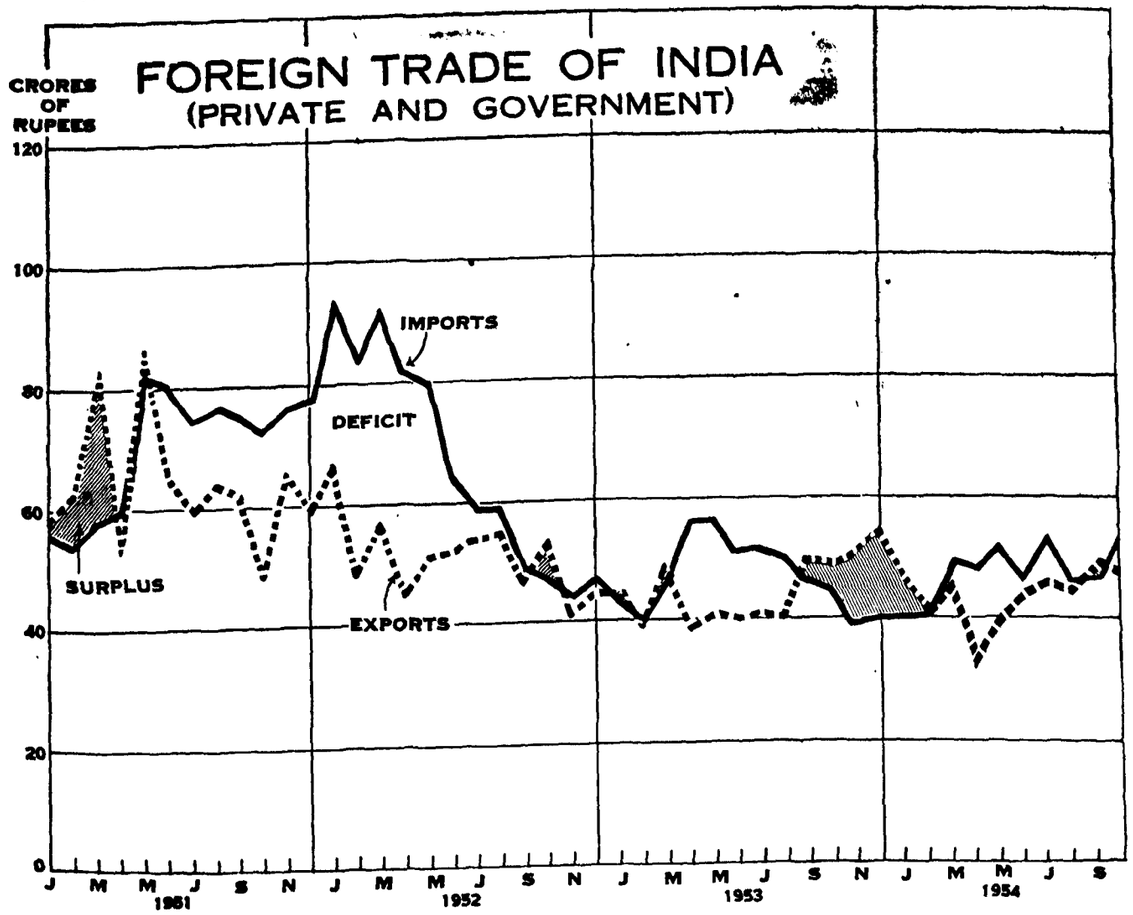
NAS 272

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	660,65	578,36	128.7	118.9	88	109
1953-54	565,25	527,98	114.3	111.2	85	109
January 1953 ..	43,49	44,45	120.0	110.2	73	110
February	39,99	39,24	122.7	110.5	68	98
March	47,08	48,84	116.4	112 8	85	115
April	56,49	38,87	116.7	110.6	103	97
May	56,07	40,99	120.2	111.7	99	101
June	51,40	40,03	121.0	113.2	88	97
July	51,77	40,98	111.0	110.3	94	102
August	4[illegible],95	40,05	110.5	113.2	92	96
September	4[illegible],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	112.3	113.1	72	124
January 1954 ..	39,90	44,63	111.2	109.9	73	111
February	40,07	40,76	115.0	110.8	73	101
March	49,59	46,57	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	43,23	114.7	110.7	83	107
July	53,73	46,72	117.0	113.6	96	113
August	45,48	45,22	..	..	..	..
September *	46,66	49,35	..	..	..	..
October *	51,91	46,75	..	..	..	..

* Provisional



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	1951-56 (Plan) 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) ..	48.6	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 hald 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.

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 Imports	1952—53 Exports	1952—53 Total	1953—54 Imports	1953—54 Exports	1953—54 Total
Calcutta	33,19,018	63,54,058	96,73,076	27,23,062	53,36,037	80,59,099
Vaizag	1,52,554	10,47,741	12,00,295	1,86,224	12,05,015	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
Marmagoa	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	4,04,033	2,29,213	1,91,130	4,20,343
Ports in Cutch other than Kandla ..	—	—	—	31,250	18,773	50,023
Kandla	48,478	,,	1,67,226	34,859	84,262	1,19,121
	128,29,032	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: Foodgrains	Imports: Petroleum & Petroleum Products	Exports: Ilmenite & other sands	Exports: Manganese & other ores	Exports: Scrap	Exports: Coal
Calcutta ..	10.52	8.70	—	9.45	4.03	33.79
Vizag ..	1.18	0.15	—	7.34	—	—
Madras ..	3.40	5.41	—	1.29	—	—
Koilthottam ..	—	—	1.71	—	—	—
Cochin ..	4.81	3.28	.30	—	—	—
Marmagoa ..	—	—	—	8.09	—	—
Bombay ..	10.21	14.82	--	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

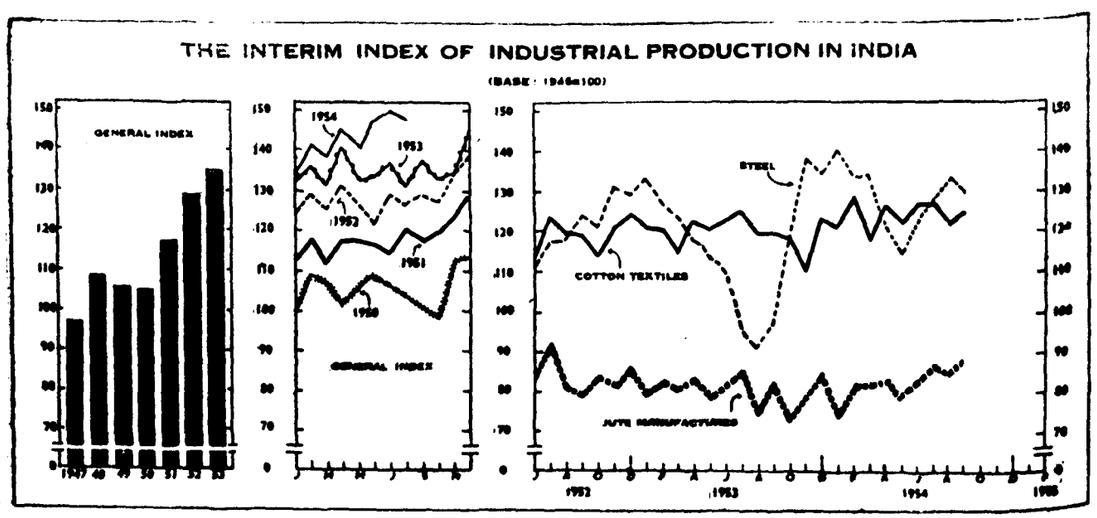
	Pre-plan period: No. of Steamers	Pre-plan period: G. R. T.	Plan period: No. of Steamerts	Plan period: G. R. T.
New Constructions	18	80,125	6	30,784
New Constructions for which orders are placed	—	—	16	91,200
New Coustructions for which orders promised	—	—	4	18,000
Acquired Second-hand	57	252,923	37	95,195
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 begining of the period	42	98,286	97	386,229
Steamers at the end of the period	97	386,229	142	569,393
		Rs. Crores		Rs. Crores
Cost of New Construction	18	10 56	26	20.50
Cost of Second-hand acquistions	57	11.44	37	8.50
Cost of Construction and acquistions	75	22.00	63	31.00

Source: Transport Annual 1954

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	140.3	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	150.1	160.1	122.0	897.9
1953 ..	135·3	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
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	160.0	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	311.6
February ,, ..	135.9	120.8	110·0	126.2	82.0	138.1	116.8	75.6	225.3	129.9	161.7	176.7	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 ,, ..	137·2	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 ,, ..	133·4	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 ,, ..	134.3	109.8	105.6	111.9	77.0	112.7	176.8	86.0	266.6	124.7	133.2	193.9	138.0	1,225.6
December ,, ..	114·7	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 ,, ..	141·9	126.2	114·9	131.9	83.7	127.9	127.2	83.6	283.7	158.3	114.3	232.7	121.0	1,766.8
May ,, ..	140.1	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 ,, ..	146·5	127.6	113.9	134.4	83.3	121.5	..	105.2	278.0	145.8	100.7	231.4	123.1	2,008.5
July ,, ..	149·8	127.6	117.1	132.8	87.2	120.8	..	91.3	278.6	148.1	132·4	235.0	128.6	1,770.2
August ,, ..	147·5	121.4	113·6	125·3	84.5	120.5	..	94.4	261.4	142·2	118.1	283.6	133.2	1,571.5
September ,, ..	..	124.3	116·5	128·2	88.2	..	203.8	..	285.1	..	..	..	129.3	..



EXTERNAL ASSISTANCE

(Rs. Crores)

	Authorised	Utilised (1st April to 30th March)			
		1951-54 Total	1951-52	1952-53	1953-54
Loans:—					
U.S. Government (Wheat loan) ..	90.4	90.2	58.0	32.2	..
International Bank:—					
Undrawn balance of loans extended in the pre-Plan period ..	7.1*	5.5	1.1	3.0	1.5
Steel project loan (December 1952) ..	15.0	..	..	..	..
Loans for Damodar Valley Project (January 1953)	5.0	..	..	..	..
Total ..	117.5	95.7	59.1	35.1	1.5
Grants:—					
U. S. Government (Technical Co-operation Assistance) ..	81.6	21.1	..	5.0	16.1
Grants under Colombo Plan:—					
From Canada ..	26.4	9.2	4.2	2.6	1.9
From Australia ..	5.7	4.1	3.7	..	0.4
From New-Zealand ..	0.3	0.3	0.3	..	..
Ford Foundation ..	2.4	1.5	0.3	1.0	0.2
Norwegian Government (Indo-Norwegian Programme) ..	0.3	..	..	..	..
Total Grants ..	116.7	36.2	9.1	8.6	18.6
Total Loans and Grants	234.2	131.9	68.2	43.6	20.1

* This was shown at Rs. 9.0 crores in the Progress Report 1951-53. Owing to the cancellation of a portion of the outstanding balance as at the end of 1950-51 this figure now stands at Rs. 7.1 crores.

PLAN TARGETS AND ACHIEVEMENTS (FINANCIAL)

(Rs. Crores)

	Scheme of financing as per Plan 1951-56**			Budgetary Resources that became available in 1951-54		
	Centre	States	Total	Centre	States	Total
Public Savings from:—						
(a) Current revenues	160	410	570	161 (268)	160 (267)	321 (535)
(b) Railways ..	170	..	170	75 (125)	..	75 (125)
Private Savings absorbed through:—						
(a) Loans from the public ..	36	79	115	—33	68 (113)	35 (58)
(b) Small Savings and other unfunded debt ..	270	..	270	151 (251)	..	151 (251)
(c) Deposits, funds and other miscellaneous sources (net) ..	60	43	133	—30	—16	—46 (—76)
Total ..	726	532	1258	324 (540)	212 (353)	536 (893)

N.B. Figures in brackets are 5-year totals worked out by multiplying 3 year totals by 5/3.

**This relates to the Plan as published in 1952 i.e. to a total outlay of Rs. 2069 crores. The subsequent addition of schemes costing about Rs. 180 crores it was understood would be mainly deficit-financed.

ADDITIONAL RESOURCES RAISED AND PROMISED BY VARIOUS STATES

(Rs. Crores)

States	Additional Resources raised in 1951-54			Plan target			(1) as percentage of (4)	(3) as percentage of (4)
	By additional measures af taxation	By way of loans from the public	Total	Additional measures of taxation	Loans from the public	Total		
	1	2	3	4	5	6	7	8
Assam	0.9		0.9	3·5	..	3.5	26	26
Bihar	1.0	1.3	2.3	7.3	..	7.3	14	32
Bombay	7.5	12.9	20.4	23.5	25.0	48.5	32	42
Madhya Pradesh ..	0.9	2.1	3.0	10.6	5.0	15.6	8	19
Madras	2.5	18.8	21.3	39.3	17.0	56.3	6	38
Orissa	0 9		0.9	9.4	..	9.4	10	10
Punjab	1 0	..	1.0	5.0	..	5.0	20	20
U. P.	3.3	13.3	16.6	50.2	5.0	55.2	7	30
West Bengal ..	2,1	7.4	9.5	36.9	10.0	46.9	6	20
Hyderabad	0.3	3.3	3.6	7.4	6.0	13.4	4	27
Madhya Bharat ..	2.4	1.1	3.5	4.9	..	4.9	48	72
Mysore	1.0	3.4	4.4	9.2	9.0	18.2	10	24
Pepsu	0.1	..	0.1	3.3	..	3.3	4	4
Rajasthan	0.5	..	0.5	4.1	..	4.1	12	12
Saurashtra	0.7	1.1	1.8	4.7	..	4.7	15	38
Travancore-Cochin ..	3.7	3.3	7.0	11.0	2.0	13.0	34	54

Source: Five-Year Plan, Progress Report.

TARGETS AND ACHIEVEMENTS UNDER THE PLAN IN PHYSICAL TERMS

	1950-51 Base year	Increase by 1955-56 Plan Target	Increase achieved in 1953-54	Percentage of achievement to Plan target
I. Agricultural Production ..				
Food grains (Million tons)† ..	*54.0	7.6	11.4	150.0
Cotton (Lakh bales) ..	29.7	12.9	9.6	76.2
Jute (Lakh bales) ..	32.8	20.9	—1.5	..
Gur (Lakhs) tons ..	56.2	7.0	—10.0	..
II. Electric Energy (Million K W) ..	2.3	1.2	0.5	41.7
III. Irrigation (Million acres) ..	50.0	19.7	7.5@	38.1
IV. Industrial Production ..				
a Finished steel (Lakh tons) ..	9.8	**6.7	1.0	14.9
b Cement (Lakh tons) ..	26.9	21.1	13.4	63.5
c Ammonium Sulphate (000 tons) ..	46	404	261	64.6
d Locomotives (Numbers) ..	7	143	79	55.2
e Jute Manufactures (000 tons) ..	892	308	—28	..
f Mill Cloth (Million yards) ..	3718	982	1188	120.9
g Bicycles (000's) ..	101	429	188	43.8
h Coastal Shipping (000's G. R. T.) ..	217	165	102	61.8
V. National Highways (000's miles) ..	11.9	0.6	0.3	50.0
VI. Education and Health ..				
a Primary Schools (000's) ..	173	38@@	16	42.1
b Junior Basic Schools (000's) ..	106.5	10.7	4.8††	44.8
c Hospitals (000's beds) ..	35.0	9.5@@	2.2	23.2

† Including gram and pulses. * Base year is 1949-50.
@ Of which 2.8 is by way of major works and 5.3 is through minor works.
†† In addition to 4.8 thousand beds have been added in T.B. Hospital by 1953-54.
** Target to be achieved by 1957-58. @@ Revised Target.

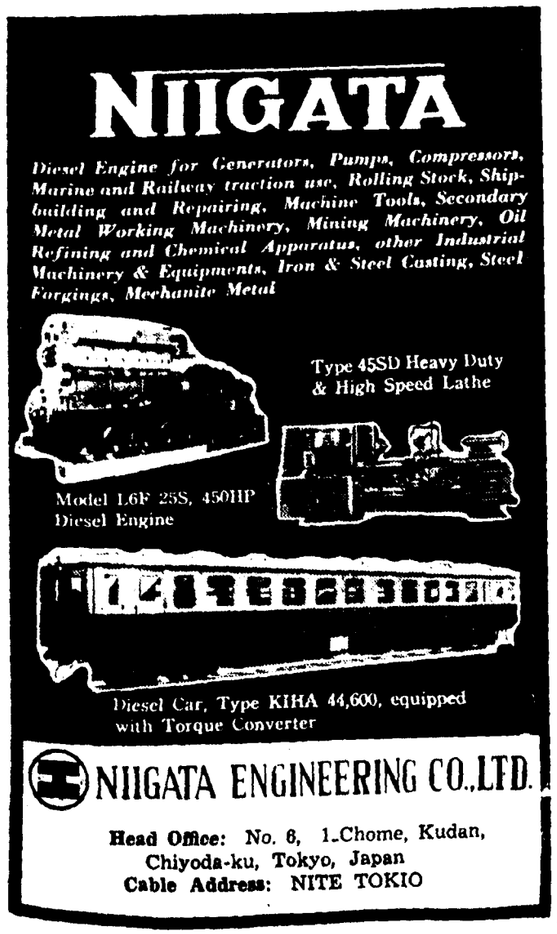
INDUSTRIAL PROGRESS IN PUBLIC SECTOR

Factory	Products	Actual Production 1951-52	1952-53	1953-54	Target for 1955-56
i Indian Telephone Industries	1 Telephones (Nos.)	21,628	27,000	40,000	25,000
	2 Exchange Lines (Nos.)	21,000	11,000	15,000	20,000
	3 Single channel carriers (Nos.)	....	....	30	Nil
ii Sindri Fertiliser Factory	Ammonium Sulphate (tons)	34,800	230,000	249,000	315,000
iii Chittaranjan Locomotive Factory	Locomotives (Nos.)	17	33	64	100
iv Hindustan Shipyard Ltd.	G. R. T.	10,208	15,336	10,260	15,818*
v Passenger Coaches	(Nos.)	542	622	604	4,380†
vi Mysore Iron & Steel Works	1 Pig Iron (000 tons)	23.0	36.4	52.6	100.0*
	2 Steel finished (000 tons)	30.5	29.6	32.0	90.0*
	3 Cement (000 tons)	57.0	78.0	68.0	90.0*
vii Govt. Electric Factory Bangalore	Transformers (KVA)	36,534	24,759	34,993	80,000*
viii U. P. Govt. Precision Instruments Factory	1 Water meters (Nos.)	..	2,100	7,000 (estimated)	12,000
	2 Microscopes (Nos.)			28 students and 58 research type microscopes ††	500

* Represents target for capacity.

† Production during Plan period, including the output of the private Sector.
†† Production covers, 1952-54. No separate figures are available.









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with Technical Fair

27th February - 9th March

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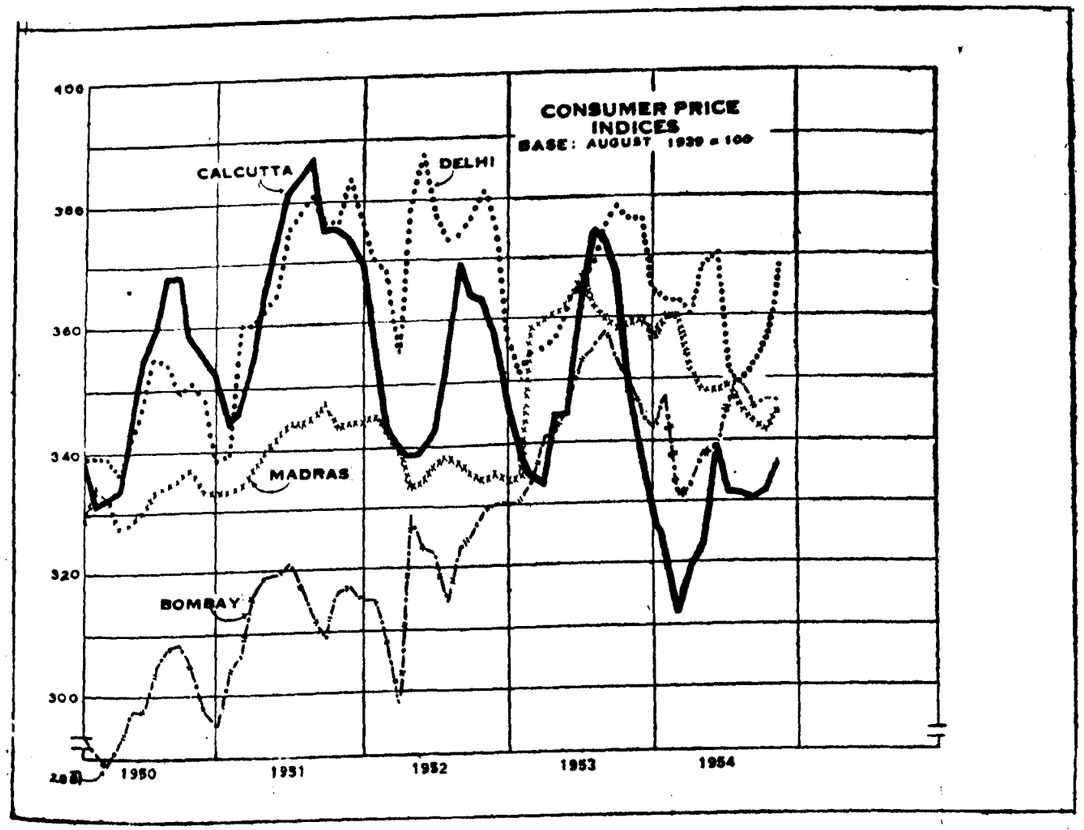
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WORKING CLASS COST OF LIVING

(August 1939=100)

Period	Bombay	Bombay June 1934 =100	Ahmedabad July 1927=100	Delhi†	Bengal	U. P.	Central Provinces		Madras	E.P.	Bihar	All India†
	Bombay			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	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	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	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	138
July	349	366	241	134	331	400	373	141	339	145	140	138
August	345	362	237	135	330	408	372	140	336	145	141	138
September	347	364	236	137	332	406	371	—	335	—	—	—
October	346	363	235	141	336	404	—	—	—	—	—	—

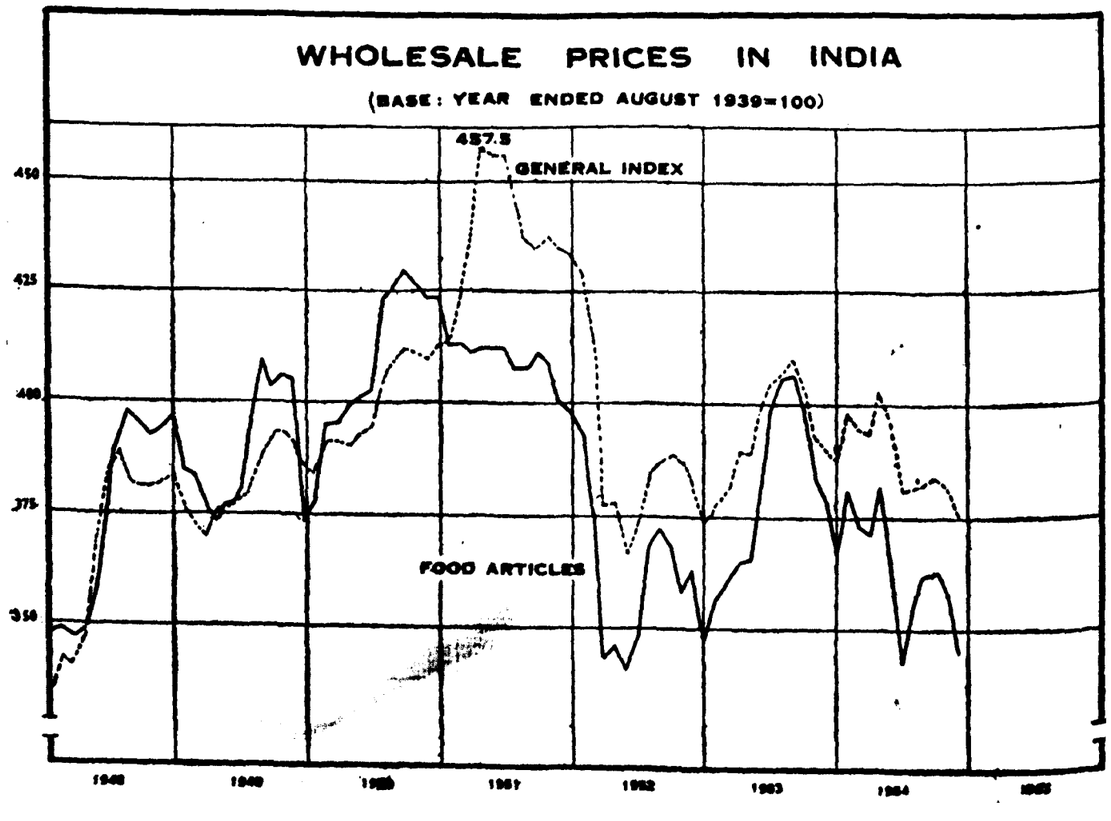
† Base 1944=100

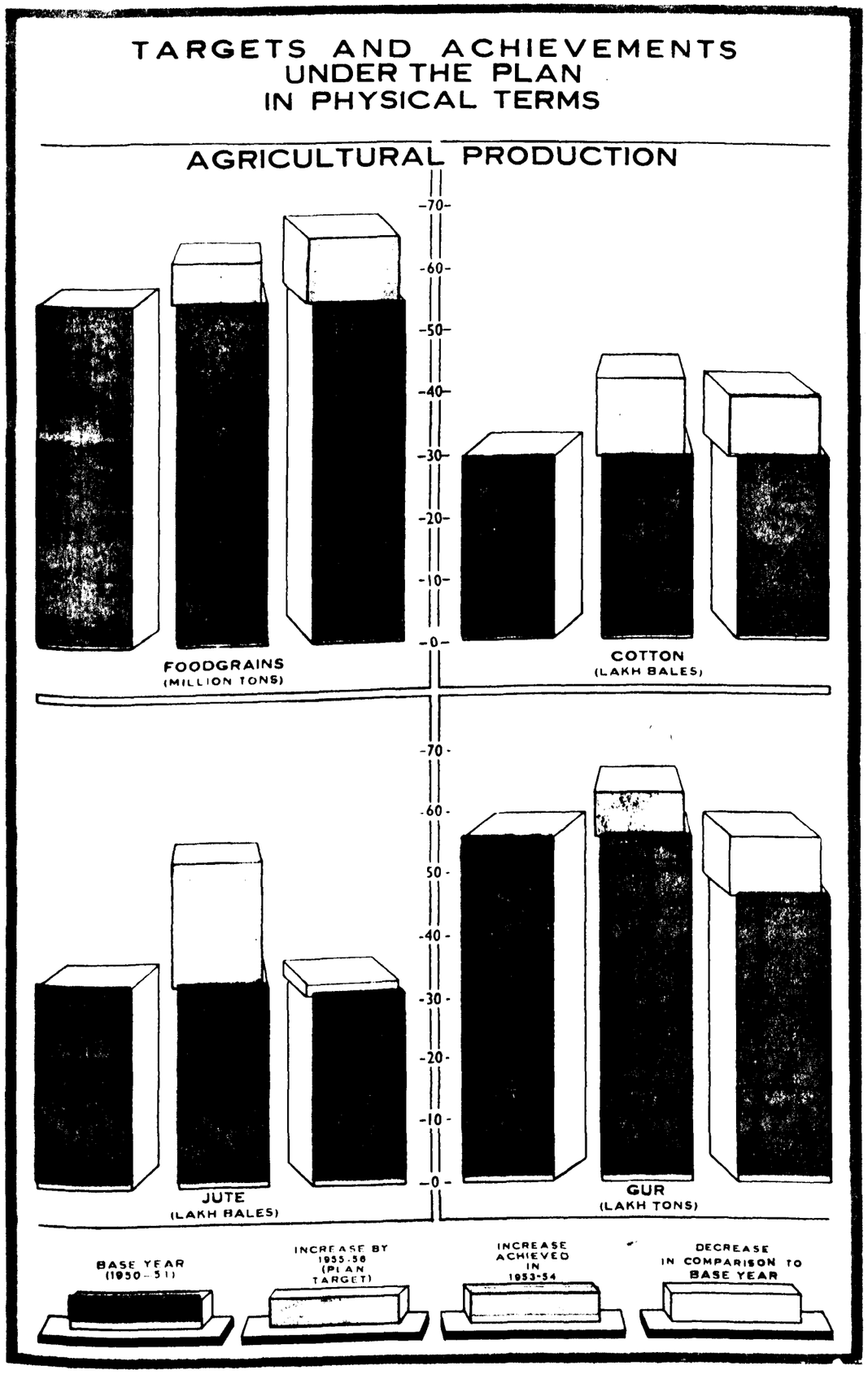


INDEX NUMBERS OF WHOLESALE PRICES AND SECURITY PRICES

	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
January 1954 ..	381.5	481.5	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	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	376.7	608.9	382.5	90.8	100.6	89.4	117.4
September „ c ..	363.6	426.0	353.3	377.7*	607.8	384.4*	90.7	100.5	88.6	121.0
October „ c ..	355.9	428.8	351.8	376.5	605.7	381.6	90.4	100.5	88.4	118.2
November „ c ..	344.2	444.0	348.5	377.0	605.4	376.1	90.3	100.5	88.3	116.0
Week Ending										
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
4-12-1954	316.9	442.0*	348.3	377.9	585.1	369.4	90.3	100.9	88.2	112.9
11-12-1954	318.4	438.4	348.0	376.1	583.4	368.8	90.3	100.7	88.3	113.4

†Economic Adviser's Series. c Average of weeks. ††Reserve Bank Series. *Revised.





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Coir Board

ESTABLISHED UNDER THE COIR INDUSTRY ACT 1953

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TO ENSURE REMUNERATIVE RETURNS TO PRODUCERS THROUGH IMPROVED MARKETING
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COLLECTION OF STATISTICS
SCIENTIFIC RESEARCH AND PROPAGANDA

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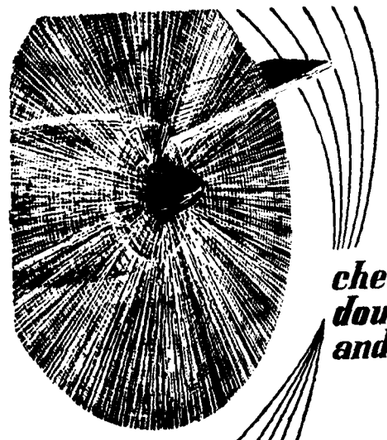
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(Monthly Average or Calendar Months)

Item	Unit	Latest Installed Capacity	1952	1953	1954*	1954 May	June	July	August	September
Coal	'000 tons	..	3019	2987	2982	2977	2885	2966	2958	..
Sugar	,,	113.1	124.5	106.6	84.8	2.6	Nil	Nil	3.3	4.7
Tea	Lakh lbs	..	512.1	504.8	50.4	560.0	693.0	855.0	916	1001
Cigarettes	Lakhs	20208	16766	16,528	1708	15570	17710	18460	17.520	..
Cotton yarn	,, lbs	..	1208	1254	1294	1290	1280	1360	1320	1310
Cotton cloth	,, yds	..	3332	4,065	4192	4270	4320	4410	4160	4120
Jute	'000 tons	..	79.3	72 4	74.5	71.3	74.6	80.7	78.2	79.0
Woollen Manufactures	,, lbs	1667	1382	1,604	1504	1437	1602	1782	1745	1740
Plywood	,, sq. ft.	12000	7545	5100	6024	6211	5387	5669	5676	..
Paper & Paper Boards	Tons	14475	11459	11,642	12,069	12698	12706	13342	12806	..
Sulphuric Acid	,,	16435	8007	9091	11993	11950	11420	11980	14.459	..
Caustic Soda	,,	3471	1422	1909	2349	2347	2314	2337	26,15	..
Soda Ash	,,	5100	3694	4739	3984	4293	2978	3132	3788	..
Chlorine Liquid	,,	1529	520	678	767	741	787	792	98.3	..
Bleaching Powder	,,	650	66	162	246	195	271	264	222	..
Bichromates	,,	493	122	209	261	307	265	220	..	..
Superphosphates	,,	17573	3888	4025	8972	9150	10700	10650	8725	..
Ammonium Sulphate	,,	35571	18359	26,635	25,846	24490	27057	26691	29 080	..
Paints and Varnishes	,,	5400	2831	2871	2931	2667	3341	2979	30.79	..
Matches (cases)†	Thousand	58.8	50.7	49.2	42.1	43.9	34.1	46.3	41.3	..
Sheet glass (sq.ft.)	,,	8440	753.6	1898.9	1867.8	490.8	1081.7	2207.7	3086.0	361.5
Cement	,, tons	370.3	294.8	315.0	362.1	373.4	352.5	365.1	342.5	..
Refractories	,,	27.5	20.3	19.0	19.3	17.7	19.0	19.9	19.5	..
Pig-Iron	,,	185.1	140.4	137.9	147.8	143.8	138.4	146.0	153.4	147.0
Steel Ingots and Metal for Castings	,,	128.5	131.5	125.6	138.6	127.7	131.0	141.4	146.4	137.5
Aluminium	Tons	584.0	297.2	313.2	381.4	315.1	234.6	438.6	514.6	567.0
Copper	,,	600.0	506.6	410.0	581.6	615.0	560.0	623.0	606.0	605.0
Lead	,,	500.0	94.3	141.2	141.1	130.0	85.0	150.0	139.0	94.5
Hurricane Lanterns	Thousand	381.9	293.6	359.4	427.2	417.7	431.1	492.2	482.2	..
Enamel-ware (pieces)	,,	2500.0	640.9	790.3	1169.4	1167.6	1168.3	1173.2	1151.4	..
Diesel Engines	Nos.	1097	354	310	672	662	773	704	625	..
Sewing Machines §	,,	3458	4170	5202	6785	6815	6470	7105	630.1	6186
Machine tools (value)	'000 Rs.	..	369.8	367.3	418.3	478.1	431.0	551.1	382.1	..
Dry Cells	Lakh	184.6	108.5	123.7	132.4	144.3	145.3	144.8	147.0	110.9
Storage Batteries	Thousand	24.7	13.2	14.7	15.0	17.3	16.6	18.0	17.1	..
Electric Motors	,, H.P.	16.7	13.1	13.6	15.0	15.3	15.2	17.6	16.0	..
Power Transformers	'000 K.V.A.	27.3	17.9	25.7	31.5	32.4	29.4	39.4	35.7	..
Electric Lamps	Thousand	2433.3	1740.0	1647.3	1869.2	1837.7	1997.8	2078.1	2033.7	..
Electric Fans	,,	25.3	16.3	17.3	19.1	20.7	16.8	21.7	19.0	..
Bicycles	Nos.	36458	16413	22014	27803	33073	34417	30843	28786	..

† 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.

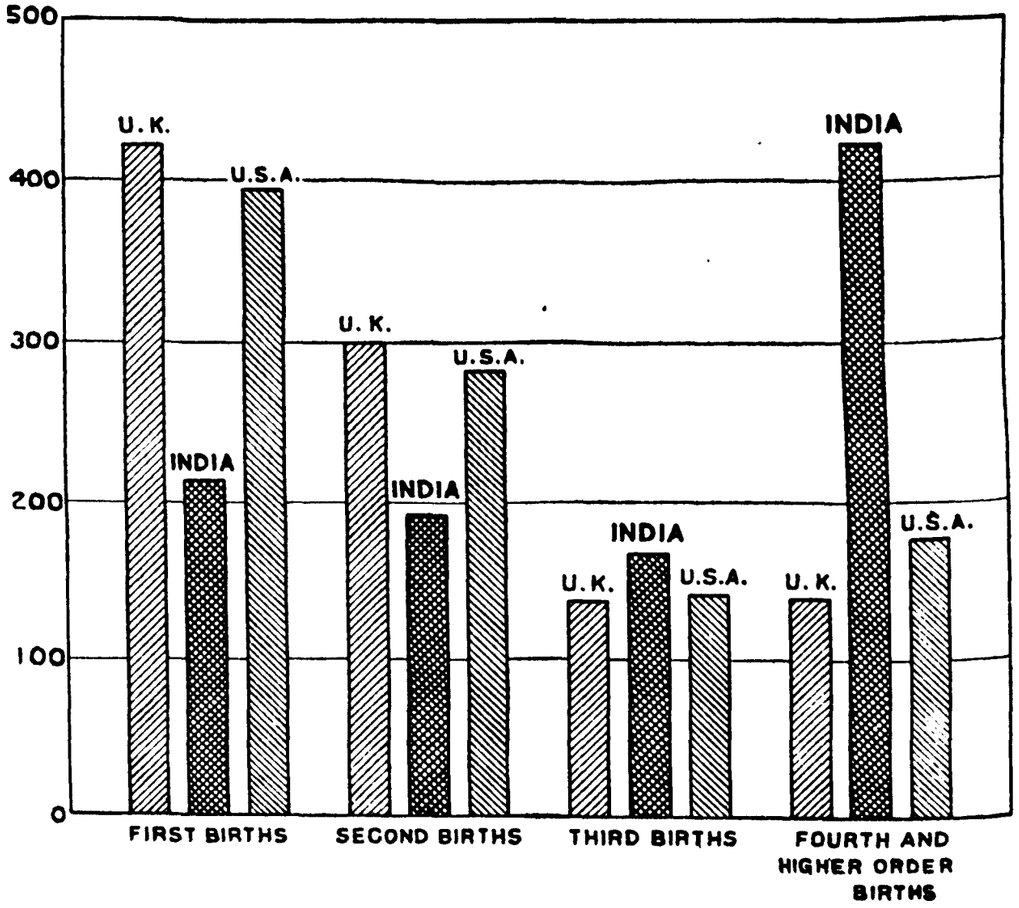
CENSUS OF INDIA, 1951

INCIDENCE OF IMPROVIDENT MATERNITY

(The percentage of births occurring to mothers who have already given birth to three or more children).

Country	Incidence of Improvident Maternity
India	42.8
United States of America	19.2
United Kingdom	14.3
France	19.7
Germany (Federal Republic)	12.3
Japan	33.9

NUMBER OF FIRST BIRTHS, SECOND BIRTHS, THIRD BIRTHS, FOURTH AND HIGHER ORDER BIRTHS OUT OF 1,000 BIRTHS IN INDIA, U. K. AND U. S. A.



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Trivandrum

NORTHERN RAILWAY

Notice regarding changes in the Time Table

Northern Railway is glad to announce that they will commence running suburban trains on the section Hazrat Nizamuddin to Vinay Nagar with effect from Saturday, the 1st January, 1955. Following trains will be introduced on the section. Only III class passengers will be carried by these trains.

Up trains		**1 NDS**	**3 NDS**	**5 NDS**
New Delhi	Dep.	7.20	12.30	18.00
Hazrat Nizamuddin	Dep.	7.31	12.41	18.11
Lajpat Nagar	Dep.	7.38	12.48	18.18
Seva Nagar	Dep.	7.44	12.54	18.24
Lodi Colony	Dep 4	7.49	12.59	18.29
Vinay Nagar	Arr.	7.56	13.6	18.36
Dn trains		**2 NDS**	**4 NDS**	**6 NDS**
Vinay Nagar	Dep.	8.53	14.18	19.13
Lodi Colony	Dep.	9.00	14.25	19.20
Seva Nagar	Dep.	9.05	14.30	19.25
Lajpat Nagar	Dep.	9.11	14.36	19.31
Hazrat Nizamuddin	Dep.	9.24	14.47	19.42
New Delhi	Arr.	9.37	15.00	19.55

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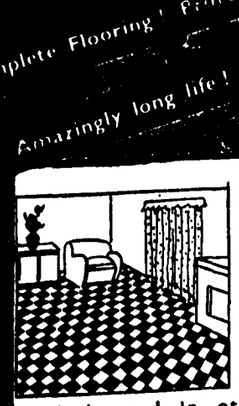
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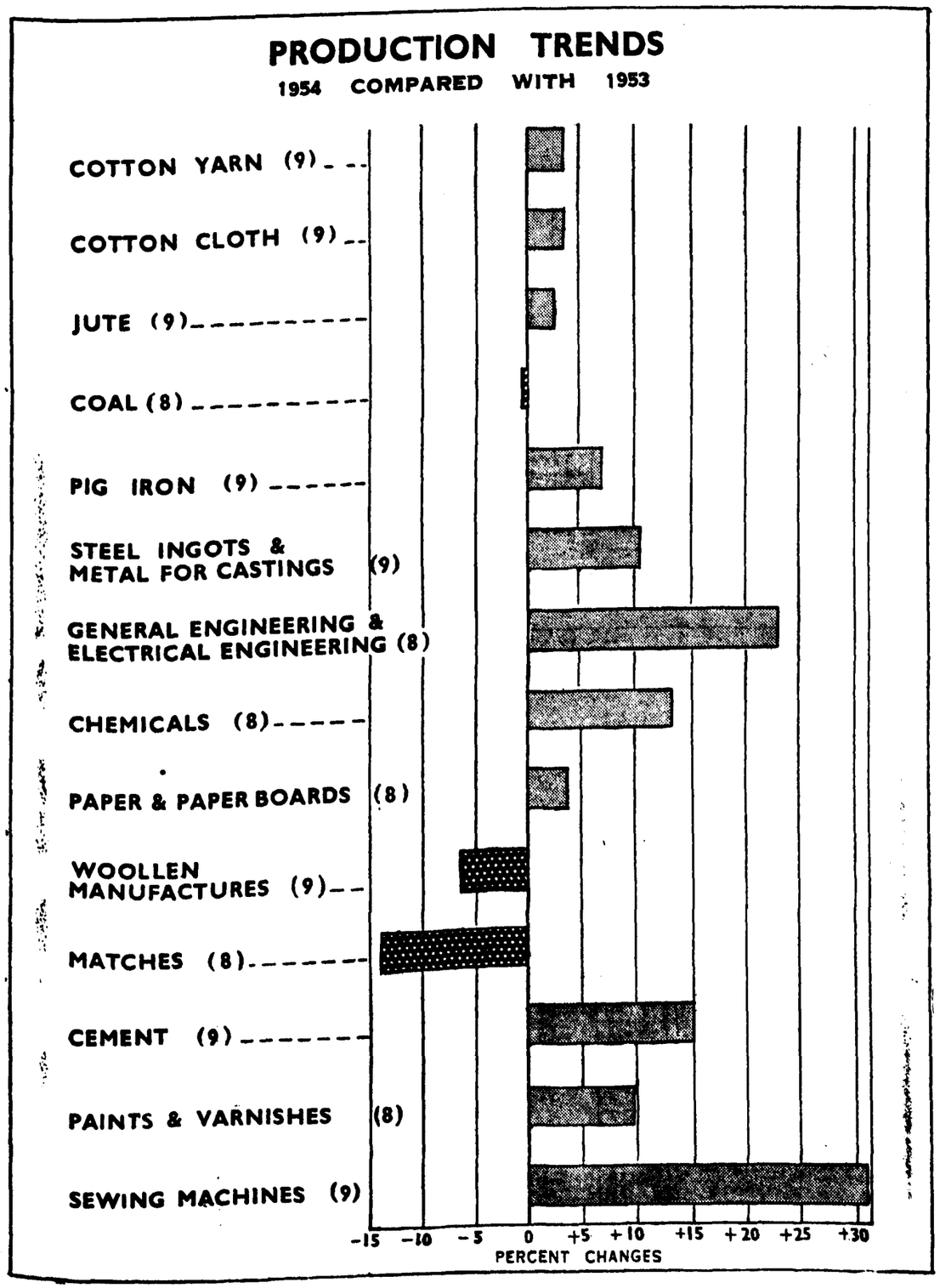
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EMPLOYMENT OF INDIANS IN FOREIGN CONTROLLED COMPANIES

Employment of Indians and non-Indians in foreign controlled firms in salary group of Rs. 500-999.

Nature of Business	1947				1950				1952				1954			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Banking ..	..	..	58	23	..	..	127	41	..	..	171	34	..	..	183	11
Insurance ..	..	..	54	11	..	..	84	6	..	..	111	3	3	..	132	2
Transit & Transport	49	44	28	23	68	34	88	16	81	43	113	19	86	7	132	16
Automobiles etc. ..	19	14	27	7	35	8	75	9	41	9	87	10	33	3	62	2
Printing Publishing etc.	11	8	33	17	27	4	55	3	47	.	77	5	67	..	163	4
Chemicals Dyes etc. ..	30	12	113	26	77	8	205	13	133	11	289	13	314	6	380	7
Metals etc. ..	24	4	19	2	43	1	38	7	62	..	51	2	110	4	79	..
Machinery, Tools etc.	286	92	142	22	550	62	263	15	725	48	361	13	958	60	540	16
Leather & Rubber Mfrs.	96	36	72	1	127	9	162	24	167	5	235	2	264	4	244	3
Public Utility Cos. ..	64	3	12	2	106	3	15	1	146		15	..	178	..	20	..
Managing Agencies ..	26	13	182	64	49	6	312	51	63	13	410	32	104	8	484	28
Agents, Merchants, etc.	42	33	107	106	74	14	283	76	104	14	361	74	170	8	599	47
Cotton Mills & Presses	61	32	10	10	105	11	27	5	109	2	31	1	160	1	68	2
Jute Mills & Presses ..	35	167	18	6	80	97	35	5	123	36	48	2	143	8	77	2
Planting Cos., etc. ..	7	109	49	386	31	105	114	440	45	98	174	411	43	69	131	220
Coal Cos. ..	49	24	16	5	76	2	45	2	84	2	52	..	121	..	34	..
Oil Cos. ..	105	46	96	24	161	10	165	16	242	1	207	6	387	11	258	2
Other Minerals ..	30	124	19	18	79	92	56	11	94	52	59	5	118	33	57	2
Sugar and Breweries ..	10	7	5	6	26	2	10	7	32	7	9	3	21	..	27	4
Other Cos. ..	97	35	124	60	179	33	186	50	253	26	255	31	258	31	280	29
Total ..	1,041	803	1,184	813	1,893	501	2,345	798	2,551	367	3,116	666	3,536	253	3,960	397

1. No. of Indians in technical posts.
2. No. of non-Indians in technical posts.
3. No. of Indians in managerial posts.
4. No. of non-Indians in managerial posts.

Nationalities of non-Indians during 1947-52 and 1954

Nationality	In Foreign Controlled Concerns			Nationality	In Foreign Controlled Concerns		
	1947	1952	1954		1947	1952	1954
1. British ..	6,901	7,214	6,747	23. Cypriot ..	6	3	3
2. American ..	201	234	230	24. Mauritian ..	1	—	1
3. French ..	21	32	29	25. Armenian ..	8	6	—
4. Belgian ..	8	9	9	26. Afghan ..	1	1	—
5. Dutch ..	45	60	67	27. Australian ..	14	15	14
6. Swiss ..	141	159	147	28. New Zealander ..	5	6	6
7. Danish ..	43	81	73	29. Chinese ..	20	44	40
8. Italian ..	11	40	35	30. Israeli ..	1	—	1
9. Austrian ..	5	12	10	31. Ceylonese ..	1	1	3
10. Russian ..	3	—	1	32. Burmese ..	2	1	3
11. Portuguese ..	2	2	1	33. Pakistani ..	2	85	45
12. Czech ..	86	58	21	34. Iranian ..	4	5	1
13. Norwegian ..	11	11	14	35. French India ..	—	2	—
14. Greek ..	16	51	39	36. Goanese ..	1	2	2
15. German ..	11	42	86	37. Arabs ..	1	2	3
16. Swedish ..	13	30	55	38. Japanese ..	—	—	7
17. Polish ..	1	3	—	39. Argentinians ..	—	—	2
18. Hungarian ..	3	4	2	40. Without Nationality ..	5	4	14
19. Irish ..	7	9	13				
20. Canadian ..	28	22	26				
21. Finnish ..	—	1	—				
22. Rumanian ..	—	1	—	Total ..	7,623	8,252	7,750

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(Memoirs of Literary Life in the 1920's by England's leading literary critics).

Raymond Aron **NATIONS AND IDEOLOGIES**
(A discussion of the real problems which each nation has and the false universal solutions which are proposed for them).

Herbert Read **THE DRIFT OF MODERN POETRY**
(A report on the situation of poetry today, with an analysis of the relations between modern poetry and modern democracy).

Leslie A. Fiedler **MEN and IDEAS: WHITMAN**
(An appreciation of Walt Whitman as an American thinker on the 100th anniversary of the publication of the *Leaves of Grass*).

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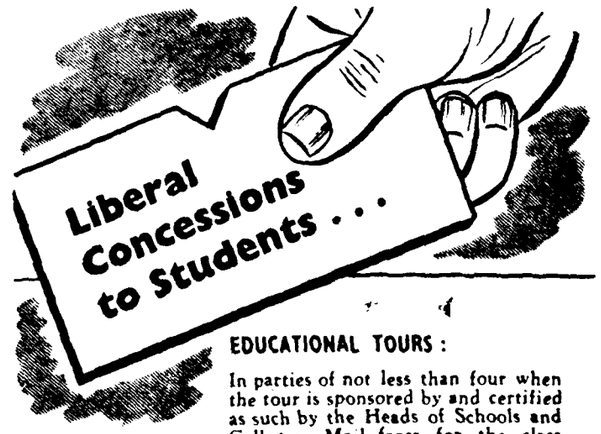
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THE EASTERN ECONOMIST BLUE SUPPLEMENTS

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The Indian Economy in 1955

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Capital Formation and National Income

If the planners in our country have been encouraged to think of, nay embark upon, a second Five-Year Plan more ambitious than oven the first Five-Year Plan, it is undoubtedly due to the fact that the rate of capital formation in the country has turned out to be higher than what the Planning Commission has estimated. It may be remembered that, for purposes of the first Five-Year Plan, the Planning Commission proceeded on the assumption that capital formation would rise by about 20 per cent of the additional income each year, or at the rate of 5 per cent of the National Income in 1950-51, that is at the rate of some Rs. 450 crores. The object of the first Five-Year Plan was, it was stated, to step up this rate of 5 per cent to 6.75 per cent in 1955-56.

According to the Taxation Enquiry Commission (T.E.C.) the increase in capital formation over the three years 1950-51 to 1953-54 has been as follows:

ESTIMATES OF INVESTMENT

	(In crores of rupees) 1950-51	1953-54
Public Investment	185	305
Private Investment		
(a) Organised enterprises (public and private limited companies)	55	55
(b) Urban housing	90	120
(c) Rural investment	140	160
(d) Transport (excl. Rlys.)	25	20
Investment abroad (net)	60	70
Aggregate net investment	555	730
National income	9,530	10,500
Rate of investment	5.8	7.0

It must be pointed out here that these estimates do not cover either the small-scale manufacturing and trading sectors or the inventory accumulations. The latter of these alone had been estimated to be about Rs. 231 crores for the 5 years 1946-51. Since 1951, however, with the increasing tempo of economic development, it may be assumed that the average annual inventory accumulation has been higher than the Rs. 46 crores during the five-year period ended 1951. A conservative estimate would at least be a third higher, to rise to, say, some Rs. 60 crores per year or Rs. 300 crores for the whole of the first Five-Year Plan period. But then some of the items included in the estimate are believed to be on the conservative side, so that the broad picture is not very much distorted. Thus, in regard to rural capital investment, the T.E.C. has based its estimate on the results of the Second Round of the National Sample Survey (which has put rural capital formation at Rs. 166 crores), but the All-India Rural Credit Survey puts this much higher, that is at Rs. 300 crores, inclusive of Rs. 50 crores for repairs and maintenance, or a net of Rs. 250 crores for the whole country.

Public investment had been assumed to be a third at the commencement of the Plan or Rs. 185 crores out of a total net investment of Rs. 555 crores. By 1953-54, this is stated to have risen to Rs. 305 crores, which, on the face of it, appears to be a little too much, but there is no gainsaying the fact that the rate of increase under this head in the subsequent two years of the Plan (1954-55 and 1955-56) has been appreciably higher, so that, again, the overall increase might, in fact, prove to be higher than the assumed 33-1/3 per cent. One estimate puts this figure at around 40 per cent; which compares with the 60 to 70 per cent proposed to be attained under the second Five-Year Plan.

Since the publication of the T.E.C. Report, the official estimates of National Income up to the end of the year 1953-54 have become available. Together with these estimates, we have national income estimates for two years prior to the year of commencement of the first Plan and for two years thereafter. These are reproduced below to facilitate an appreciation of the comments.

It is seen from the table below that India's estimated National Income which was Rs. 8,650 crores in 1948-49 (at 1948-49 prices) rose to Rs. 9,950 crores in 1953-54 or by Rs. 1,300 crores, that is by 15 per cent. This would amount to an average annual rate of rise of 3 per cent, but to be fair to the results of the Plan, one has to separate the 1948-49 to 1953-54 interval into two periods, the first period being from 1948-49 to the year prior to the first Plan year and the second from the beginning thereof to 1953-54, and compare the increases in National Income during either of the two periods. Such a comparison reveals that, whereas, prior to 1950-51, the rate of development was only slightly over 1 per cent per year or 2.3 per cent for the two pre-Plan years, that since the Plan year to 1953-54 was 12.4 per cent or more than 4.1 per cent per year. In other words, the rate of increase almost quadrupled.

A study of the break-up of the National Income estimates shows that agriculture has accounted for an increase of as much as Rs. 550 crores or just a little below 50 per cent., mining and manufacturing, and hand-trades for Rs. 200 crores, transport and communications for Rs. 200 crores, and services other than transport and communications for another Rs. 150 crores. That agriculture should have figures so prominently is not at all surprising, considering that the bias of the first Five-Year Plan has admittedly been almost wholly towards agriculture and irrigation. Moreover, nature too has proved helpful, what with her bountiful monsoons for three years in unbroken succession. Even so, one must concede that the other sectors also have made their contribution, and it is interesting to note here that, in every case, this contribution has been in more or less the same proportion as the contribution of each of these sectors to the country's National Income as a whole.

What have been the respective contributions of the public sector and the private sector to the increase in India's National Income? It is easy to dispose of the contribution to output of the Public Sector, as official figures do, by merely saying that it is the same constant percentage of National Income as before, but this would not be doing justice to the expansion of purchasing power which Government spending has brought about, thereby sustaining the higher volume of output both in agriculture and industry. As for the private sector, it is well known that it has reached in most cases—and even exceeded in some—the targets of production set for it under the First Plan. But here, again, a sweeping statement such as this does only scant justice to the notable contribution made to the economic progress of the country, especially by the organised part of the private sector. The Indian Institute of Public Opinion puts this latter contribution at over 10 per cent per year, as against the rise of 4 per cent per year in Indian agriculture.

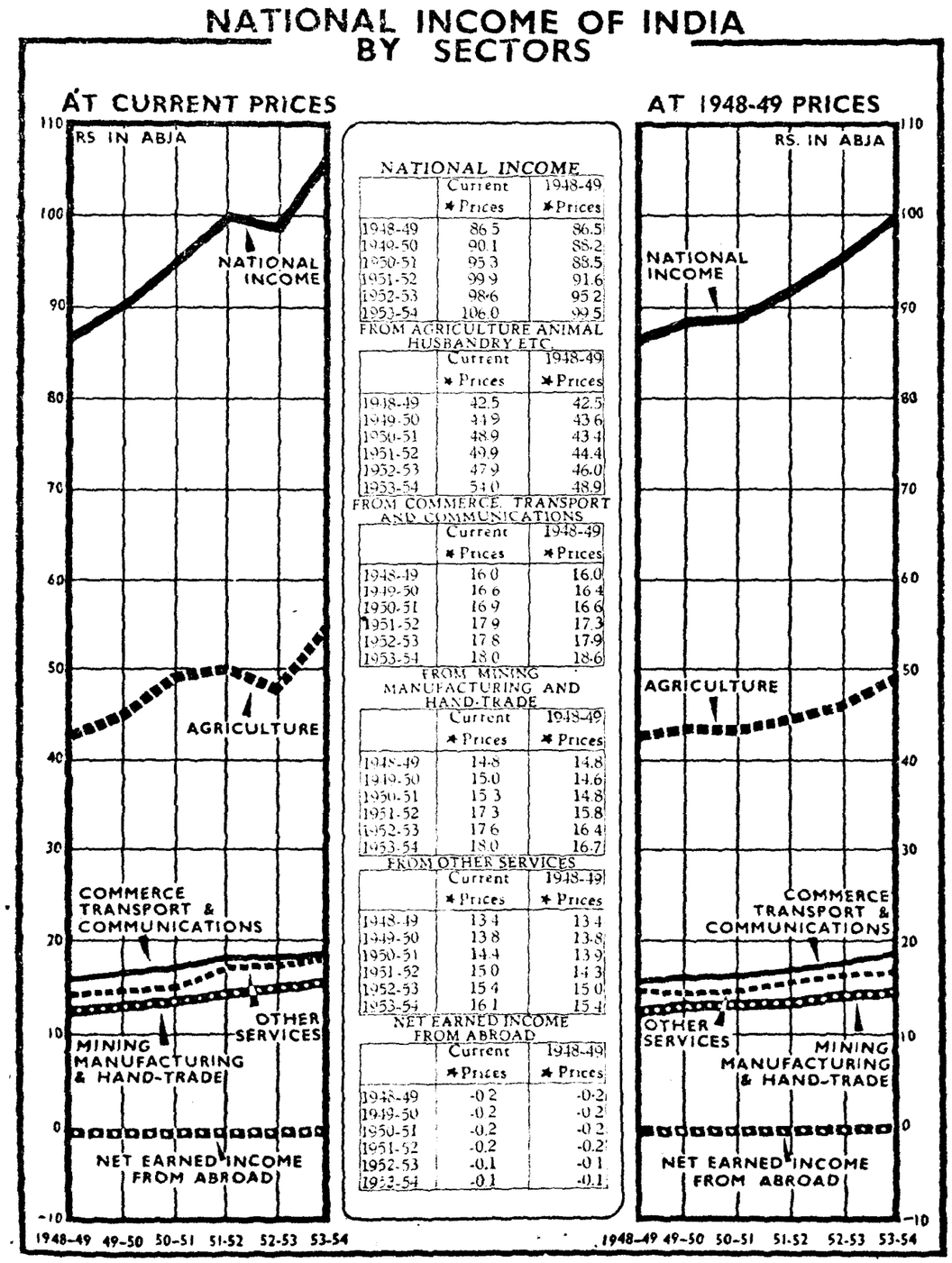
It is perhaps common knowledge that this rate of progress has continued even after 1953-54, and it is sure to continue for several years to come. The dynamism in Indian economy we have been noticing has really come to stay. If so, by the end of 1955-56, India's Capital Formation and Nation Income will not only have reached but crossed the target of Rs. 10,000 crores estimated by the Planning Commission. Thereafter, even if the original targets of the Commission as regards additional output, rate of savings, and investment are realised, capital formation would go up to 20 per cent of the National Income, but the Planners have already become impatient and are now bidding for higher rates of increase still. How far they will succeed remains to be seen.

Year	Agriculture, Animal Husbandry, etc.		Commerce, Transport & Communications		Mining, Manufacturing & Hand-Trade		Other Services		Net Earned Income from Abroad		Total National Income	
(All figures are in 100 crores of rupees)												
	1	2	1	2	1	2	1	2	1	2	1	2
1948-49	42.5	42.5	16.0	16.0	14.8	14.8	13.4	13.4	—0.2	—0.2	86.5	86.5
1949-50	44.9	43.6	16.6	16.4	15.0	14.6	13.8	13.8	—0.2	—0.2	90.1	88.2
1950-51	46.9	43.4	16.9	16.6	15.3	14.8	14.4	13.9	—0.2	—0.2	95.3	88.5
1951-52	49.9	44.4	17.9	17.3	17.3	15.8	15.0	14.3	—0.2	—0.2	99.9	91.6
1952-53	47.9	46.0	17.8	17.9	17.6	16.4	15.4	15.0	—0.1	—0.1	98.6	95.2
1953-54	54.0	48.9	18.0	18.6	18.0	16.7	16.1	15.4	—0.1	—0.1	106.0	99.5

1. At current prices. 2. At 1948-49 prices.

Agricultural Production

IMPORTANT strides have been made in the agricultural sector in recent years as witness the fact that a little less than 50 per cent of the increase in national income over the first three years of the first Five-Year Plan has been accounted for by agriculture alone. This is doubtless because of the high precedence attached to agriculture under the Plan. The country has been passing through an important phase in agricultural progress in several respects. With a rise in the index of agricultural production to 121 in 1954-55 (base 1949-50=100) which represents an improvement of the order of 21 per cent as compared to 1949-50, shortages have been reduced, controls relaxed and prices have moved down from the high levels of the Korean boom. It is significant that the production targets under the Five-Year Plan have already been achieved in the case of food grains, cotton and oilseeds. The production of food grains in 1953-54 estimated at 68.4 million tons was the highest on record and exceeded the first Five-Year Plan target by 6.6 million tons. The production in 1954-55, however, falls short of the previous year's output by 2.6 million tons, even though it exceeds the Planning Commission's target for 1955-56 by 4.2 million tons. The production of cotton has been going up gradually year after year and the target of 41.7 lakh bales set for 1955-56 has been exceeded even in 1954-55 by as much as 1.3 lakh bales. Not only has the overall production of cotton increased, but the share and output of long staple varieties have also been going up. In the case of oilseeds, the target of 55 lakh tons was nearly reached



NATIONAL INCOME

	Current *Prices	1948-49 *Prices
1948-49	86.5	86.5
1949-50	90.1	88.2
1950-51	95.3	88.5
1951-52	99.9	91.6
1952-53	98.6	95.2
1953-54	106.0	99.5

FROM AGRICULTURE ANIMAL HUSBANDRY ETC.

	Current *Prices	1948-49 *Prices
1948-49	42.5	42.5
1949-50	44.9	43.6
1950-51	46.9	43.4
1951-52	49.9	44.4
1952-53	47.9	46.0
1953-54	54.0	48.9

FROM COMMERCE, TRANSPORT AND COMMUNICATIONS

	Current *Prices	1948-49 *Prices
1948-49	16.0	16.0
1949-50	16.6	16.4
1950-51	16.9	16.6
1951-52	17.9	17.3
1952-53	17.8	17.9
1953-54	18.0	18.6

FROM MINING MANUFACTURING AND HAND-TRADE

	Current *Prices	1948-49 *Prices
1948-49	14.8	14.8
1949-50	15.0	14.6
1950-51	15.3	14.8
1951-52	17.3	15.8
1952-53	17.6	16.4
1953-54	18.0	16.7

FROM OTHER SERVICES

	Current *Prices	1948-49 *Prices
1948-49	13.4	13.4
1949-50	13.8	13.8
1950-51	14.4	13.9
1951-52	15.0	14.3
1952-53	15.4	15.0
1953-54	16.1	15.4

NET EARNED INCOME FROM ABROAD

	Current *Prices	1948-49 *Prices
1948-49	-0.2	-0.2
1949-50	-0.2	-0.2
1950-51	-0.2	-0.2
1951-52	-0.2	-0.2
1952-53	-0.1	-0.1
1953-54	-0.1	-0.1

*All figures in Rs. abja. Abja=100 crores=1,000 million.

in 1953-54 and exceeded by 3.8 lakh tons in 1954-55. Only the production of jute and sugarcane has shown an erratic trend. While jute output during the first two years of the Plan increased by 13 to 14 lakh bales over 1950-51, there has been a setback in the pace of progress in the subsequent two years, mainly due to adverse weather conditions and low prices at sowing time. To a certain extent, these factors were operative in the case of sugarcane as well, and while production during 1954-55 has shown a significant increase of about 11 lakh tons (in terms of gur) over the previous year, it still falls short of the target for the year 1955-56. Serious efforts are, however, being made by both the Central and State Governments and the Commodity Committees concerned to give an impetus to sugar and jute development schemes. With this end in view, the amount provided for the development of jute production in the Plan has been raised from Rs. 50 lakhs to Rs. 80 lakhs; and special emphasis is being laid on improving the quality of jute. In order to stimulate sugarcane production, a scheme for the supply of fertilisers to the cultivators against payments to be made after harvest has been introduced in the major sugar-growing areas.

The total production of cereals during the agricultural year 1954-55, which ended in June, was 55.3 million tons, representing an increase of 9.3 million tons over that of 1949-50, the base year of the Plan. The total area was 209 million acres against 193.6 millions in 1950-51. Thus, while, during these years, the acreage increased by nearly 8 per cent, production rose by more than 20 per cent. This shows that the average yield per acre went up considerably during this period. Production of cereals during 1954-55 not only exceeded the quantity aimed at for the fourth year of the Five-Year Plan, but even crossed the target fixed for 1955-56 by 2.8 million tons. Similarly, the acreage under cereals during the year was higher than the target at the end of the Plan period by 12 million acres. Both production and acreage, however, fell short of the record figures of 57.9 million tons and 215 million acres, respectively, achieved in 1953-54. Wheat production set up a new record at 8.5 million tons exceeding the target for 1955-56 by 0.2 million tons. The production of millets and other minor cereals reached 22.6 million tons, which was 5.6 million tons more than the target for 1955-56. The yield of rice at 24.2 million tons, however, fell short of the stipulated target of the fourth year of the Plan by 2.2 million tons. Set against the background of 1953-54, when production of rice reached its peak at 27.6 million tons, the setback appears rather pronounced, though the 1954-55 production is still a million tons higher than that of the base year. The fall in rice output took place mainly in Bihar and West Bengal, where heavy rainfall and floods in the northern districts and continuous drought in the southern districts hampered the sowing and transplanting of both autumn and winter paddy.

The cereal-wise details of production are given below:

Cereals	Five-Year Plan's Base Year (1949 — 1950)	Actual Production 1953-54	Actual Production 1954-55	Planned Production 1955-56
	(In million tons)			
Rice	23.2	27.6	24.2	27.2
Wheat	6.3	7.9	8.5	8.3
Others	16.5	22.4	22.6	17.0
TOTAL	46.0	57.9	55.3	52.5

The higher production of cereals has enabled the country to reduce its imports of cereals and save foreign exchange. In 1951, India imported 4.7 million tons of cereals costing Rs. 217 crores. In 1954 the total imports came down to 808,000 tons valued at Rs. 47 crores. In 1954 the total imports came down to 808,000 tons valued at Rs. 47 crores. The total quantity imported in 1955 (up to July) is only about 690,000 tons.

With an estimated population of 378 millions, the per capita availability of cereals in India works out to 14.4 ounces, which exceeds the target set for the end of the first Five-Year Plan, viz., 13.71 ounces per head. But, since there is still a grave lack of balance in our diet, we would have to consider the possibility of increasing the consumption standards to the nutritional levels, not merely of cereals but of all protective foods.

In the context of floods and droughts in large areas of Bihar, West Bengal and Uttar Pradesh in 1954-55, credit for the good crops must go mainly to better irrigation facilities, distribution of quality seeds, progressively liberal use of fertilisers and improved cultural practices. Part of the increased production may be attributed to good monsoons, but a substantial part must be regarded as the cumulative result of the efforts made in the country for several years past, and intensified during the Plan period. It has been estimated by the Planning Commission that, out of the total production of food grains, something like five to six million tons represent a more or less permanent gain, which will be retained in an average year. The composting of waste materials and the use of fertilisers are becoming popular. The consumption of ammonium sulphate went up from 2.7 lakh tons in 1950 to 5.5 lakh tons in 1954, and is expected to be still higher in 1955.

The expansion of production and the improved supply position, though good in themselves, strengthened bearish influences. As a result of the easier supply position, the strengthening of disinflationary forces at home and abroad and the bearish tendencies generated in the change-over from a sellers' to a buyers' market, the prices of a number of agricultural commodities have shown a downward trend. Since stable agricultural price levels are especially important for the successful implementation of production programmes and for the prosperity of the cultivator, the Government has had to take timely steps to stabilise prices at suitable levels. The measures adopted have taken the form of relaxation in controls on internal distribution, regulation of exports and imports, adjustments in export duties and in the case of some commodities, an assurance to buy at fixed prices if market rates tend to fall below specified levels. Besides these measures to prevent excessive fluctuations in agricultural prices, the Government of India has set up a committee of inquiry with Mr. M. V. Krishnappa, Deputy Minister for Food and Agriculture as Chairman, to investigate the variations existing in the prices of food grains and other agricultural commodities in different markets in the country; the committee is expected to submit its report early in 1956.

The necessity of increasing the supply of institutional credit to agriculture so that such credit may effectively replace the onerous and unsafe credit of the money-lender has been well recognised. A sum of Rs 5 crores was set apart for the year 1954-55 as a special fund for supplementing the medium and long-term resources of the States and co-operative agencies. The Government of India has already taken a number of steps to implement the various recommendations of the Rural Credit Survey Report released by the Reserve Bank in December, 1954. By an Act of Parliament, the Imperial Bank has been reconstituted into the State Bank of India for the extension of banking facilities, particularly in the rural and semi-urban areas. A chain of warehouses will soon be built, where it will be open to cultivators to deposit their food grains and obtain credit instead of selling stocks in the open market soon after harvest, when prices are generally low. Credit will be extended to small peasants in rural areas not on the security of land as hitherto but on the security of the estimated yield of the crop

THE EASTERN ECONOMIST

INDEX OF

INDIAN AGRICULTURAL PRODUCTION

(Base : Average for 1936-37 to 1938-39=100)

	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46	1946-47	1947-48 (*)	1948-49 (*)	1949-50 (*)	1950-51 (*)	1951-52 (*)	1952-53 (*)	1953-54 (*)	1954-55 (*)
Food Grains ..	95	93	103	107	104	95	96	102	96	99	91	91	104	122	120
Rice ..	88	92	99	109	102	96	104	102	98	101	88	90	98	118	105
Wheat ..	98	91	99	90	97	84	67	77	77	86	87	82	101	106	116
Millets	108	99	112	111	114	99	99	108	89	99	93	96	111	136	143
Gram ..	96	86	111	122	103	100	115	143	145	117	115	105	133	146	164
Fibres ..	111	105	78	87	55	56	53	58	53	78	85	100	98	105	113
Cotton ..	107	109	76	89	54	52	51	54	46	65	72	77	77	97	106
Jute ..	132	82	87	77	62	78	66	83	99	154	164	235	229	156	158
Oilseeds ..	111	94	98	104	107	97	100	104	95	106	103	104	100	111	124
Sesamum ..	110	93	100	102	88	88	81	88	84	108	113	110	113	132	148
Groundnut ..	118	82	91	125	122	110	114	109	92	107	109	97	92	114	122
Rape & Mustard	114	113	102	93	111	96	107	109	99	107	101	122	112	112	130
Linseed ..	99	81	92	86	89	83	77	101	99	97	85	73	83	83	91
Miscellaneous	107	112	117	116	112	124	112	121	121	126	127	126	127	130	135
Sugarcane ..	113	83	100	114	106	102	110	131	109	111	126	136	113	104	125
Tobacco ..	104	103	86	75	93	97	79	69	75	78	76	61	71	75	70
Tea ..	109	110	113	135	121	136	147	152	156	158	158	164	162	164	173
Coffee ..	89	112	102	108	108	159	96	99	139	128	116	130	142	184	156
General Index	98	95	102	106	101	94	96	100	95	100	94	95	105	120	121

(*) Revised.

AGRICULTURAL PRODUCTION

Progress of First Five-Year Plan

(Million to

Crop	Base Production	Planned 1955-56	Actual 1951-52	Actual 1952-53	Actual 1953-54	Actual 1954-55
Rice	23.2	27.2	21.0	22.5	27.6	24.2
Wheat	6.3	8.3	6.1	7.4	7.9	8.5
Other Cereals	16.5	17.0	15.8	19.2	22.4	22.6
Total Cereals	46.0	52.5	42.9	49.1	57.9	55.3
Pulses	8.0	9.1	8.3	9.0	10.5	10.5
Total Foodgrains	54.0	61.6	51.2	58.1	68.4	65.8
Oilseeds	5.08	5.48	4.93	4.65	5.46	5.88
Sugarcane (gur)	5.62	6.32	6.00	5.02	4.46	5.55
Cotton*	2.91	4.17	3.13	3.13	3.97	4.30
Jute†	3.28	5.37	4.68	4.61	3.13	3.15

*In terms of million bales of 392 lbs of cotton lint each.

†In terms of million bales of 400 lbs each.

Means of transport will be developed in regions where they have been bad. The increased tempo of activity under these schemes is likely to be reflected in the production figures in 1955-56, in spite of the damage done by floods throughout the country. For example, the second estimate for sugarcane shows a further increase of 5.7 per cent in acreage and 4.5 per cent in production. The first estimate of rice places acreage in the current agricultural year at 5.4 per cent higher, at 65,916,600 as against the previous year's first adjusted estimate of 62,542,000 acres.

Thus, towards the end of the first Five-Year Plan, Indian agriculture presents a picture of added strength and vitality, which is not only satisfactory in itself but also augurs well for the future. The relatively greater emphasis laid on agriculture under the first Plan was inevitable since without substantial increase in agricultural production, it would be difficult to raise the tempo of development in other spheres. We have now also to reckon with the requirements of raw materials for our growing industries and for export. This means that, under the second Five-Year Plan, we would have to increase the production of different agricultural commodities by the maximum possible use of manures, fertilisers, improved seeds, irrigation facilities and improved cultural practices. An important consideration would, therefore, be to put the land to the best possible use, and to extract the maximum yield. This would be in contrast to the emphasis laid on the production of cereals under the first Plan. There is, however, no doubt that, even if greater importance is to be given to industry under the second Five-Year Plan, the emphasis on agriculture will and must continue.

Industrial Production

BEING the last year (1955-56) of the first Five-Year Plan, it is only appropriate, at the end of the calendar year 1955, that we begin to take stock of India's industrial production since the launching of the Plan. Unlike on previous occasions when this country was enabled to enjoy periods of brief spells of industrial expansion which were in the nature of incidental or fortuitous advantages gained following the first and the second World Wars, on this occasion, India can legitimately take credit for the industrial renaissance that the country has been witnessing since the attainment of her independence, more especially since 1950-51. This is the first time in its history that this country has deliberately set before it a specific goal thus and has gone all out to achieve that goal. But the first Five-Year Plan is only the preparation for a more ambitious plan to help India reach a stature in her economic life no less renowned than that which she has already achieved in the political field, a stature which at once compels respect and admiration at the hands of all the leading countries of the world today.

Inasmuch as the quantum of steel that a country makes or uses is regarded as one of the best indices of its industrial importance, priority in any study of industrial production should be given to the steel industry. Steel is, indeed, the basis not only of a country's industrial structure, but of the very way of life in the modern world. As one of the major key industries, the important role that steel plays in a country's economic growth and advancement cannot be underestimated. In fact, it can be unhesitatingly stated that the entire edifice of India's economic build-up rests on a sound and efficient superstructure of steel. While India is amply endowed, by nature, with sufficient scope for the expansion of this industry, in that she has vast sources of quality iron ore, not to mention her position as the world's main supplier of manganese ore—an essential raw material for the industry—she has as yet been able to make only a modest beginning owing to a conspiracy of circumstances, both political and economic. The long way that India has still to cover in this regard will be evident when we compare the steel production of a few advanced countries in the world. Thus, America, which leads the rest, has the unbelievable production capacity of over 100 million tons a year, while that of Soviet Union, which comes next, is only 40 million tons. Britain, Germany, and France, with 18, 17, and 10 million tons, respectively, comprise the other important steel-producing countries. Placed alongside these, the target figure of Indian steel production under the first Plan at 1.6 million tons looks lilliputian. It is for this reason that special attention has been given to this industry in the second Plan with a target of six million tons of steel ingots. Since 1954, when the first fruits of the development programme initiated under the first Plan began to manifest themselves, a major shift in the steel policy became necessary. The Union Minister for Commerce and Industry gave expression to the importance of greater steel production in the country when he stated, early last year, that the target for the next Plan must be six million tons of ingot steel. This is to be shared equally between the public and the private sectors. In the public sector, three new steel works are entrusted with this task—the Hindustan Steel Company of Rourekela (Orissa), which will work in collaboration with a German Combine; the second steel unit proposed at Bhilai (Madhya Pradesh), which will work in concert with the Government of the U.S.S.R.—production in both these cases is expected to start by 1959—and the third one to be located at Durgapur with the help of a leading group of steel interests from Britain, which is expected to start work three years after the placing of orders for equipment. With the completion and commissioning into service of these three units, India would save about Rs. 200 crores of foreign exchange every year. It must be emphasised here that, although the target for steel production has been set at six million tons, it is by no means the country's objective. India should hitch her wagon to a star higher up in the firmament to attain a steel production target of the order of anywhere up to 40 to 50 million tons in order to enable her adequately and impressively to raise the standard of life of her people.

So much for potentialities. In actual practice, the output of finished steel in India has recorded a steady increase from 976,000 tons in 1950-51 to 1,083,000 tons in 1951-52 and to 1,104,000 tons in 1952-53; in 1953-54, however, there was a decline to 1,070,000 tons, mainly due to the slow-down strike in the Indian Iron and Steel Co.'s works at Burnpur between January and August and the subsequent lock-out from August 24 to September 17, resulting in a loss of output of as much as 88,000 tons. With the increase in the monthly average production since the resumption of work at the IISCO Works, however, this loss was more than made good in 1954-55 and the production of finished steel has improved to 1,240,000 tons.

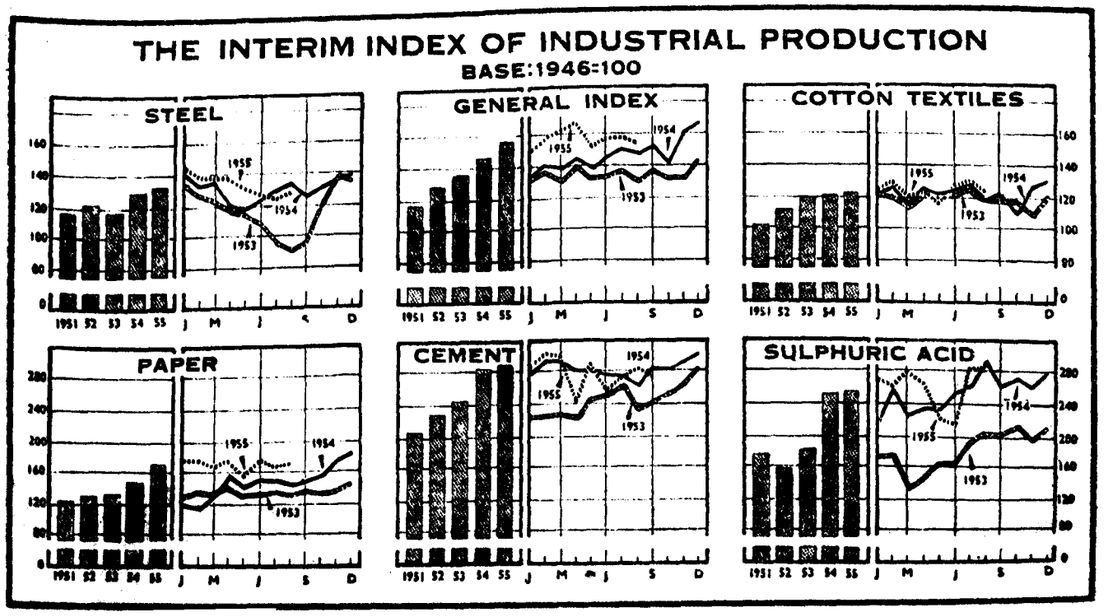
Closely allied to the steel industry is the coal industry which recorded steady progress during the first Plan period. Thus, production of coal increased from 34.3 million tons in 1951 to 36.2 million tons in 1952, although it declined a little in the following year to 35.8 million tons. In the year 1954, however, a new peak in production was established since 1948, when coal raisings increased to 36.7 million tons. For the first six months of 1955, coal production stood at 19.2 million

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	140.3	178.2	116.0	1,531.9
1952	..	128·9	113.8	106·0	117.7	87·4	125.4	101.9	83.8	229.3	129.7	159.1	160.1	122.0	897.9
1953	..	135·3	119.9	110·1	124.8	79.8	124.1	139.0	83.5	245.1	131.8	150.0	181.8	116.5	785.6
1954	..	146·0	123.3	114·2	127·9	85.2	127.3	109.2	95.9	285.1	146.5	128.4	251.5	130.2	1,829.6
1955*	..	158·0	125.0	114.5	128.6	93·3	132.0	171.0	92.8	291.0	170.0	148.0	260.1	134.0	2105.5
August	1953 ..	131·0	119.5	109·6	124·5	73.5	111.9	543.8	82.5	234.4	137.7	126.4	207.3	91.2	887.6
September	.. ..	137·2	119·5	111·5	123.3	81.6	125.1	12.5	88.8	243.0	148.0	138.0	203.0	96.4	1,242.0
October	.. ..	133·4	118.9	111·9	122.6	72.1	119.7	32.6	93.6	251.3	137.2	119.5	214.1	121.2	1,430.7
November	.. ..	134.3	102.8	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	.. ..	138.1	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	.. ..	145.6	126.2	114·9	131.9	83.7	127.9	127.2	95·4	283.7	158.3	114.3	232.7	121.0	1,766.8
May	.. ..	140.3	121·7	110·6	127.2	77.0	121.3	43.3	102.4	285.0	141.0	125.5	234.4	116.2	1,664.6
June	.. ..	146.0	123.9	113.4	129.2	83.3	121.5	..	94.7	278.0	150.3	100.7	231.4	123.1	2,008.5
July	.. ..	150·5	127.2	116.8	132.3	87.2	120.8	..	95·1	278.6	148.2	127.5	261.8	128.6	1,770.2
August	.. ..	147 4	120.2	113·1	123·7	84.5	120.5	..	85.1	261.4	142·1	136.4	290.8	133.2	1,569.0
September	.. ..	152·5	123.7	115·8	127·6	88·2	133.5	293.8	96·8	285.1	149.1	139.4	262.5	125.1	1,865.6
October	.. ..	141.6	111.4	105·5	114·4	81.1	119.0	165.1	89.1	284.1	155.2	125.2	276.1	130·3	1,009·3
November	.. ..	160 9	127.7	120·0	131·5	98.0	139.9	361·3	108.0	290.6	172.5	141.8	262.6	136.9	2,276·1
December	.. ..	165 8	131.6	122·3	136·3	101.5	142.7	154·8	104·6	303.8	181·6	143·2	281.4	139·0	2,633.2
January	1955 ..	150·9	124·4	114.0	129·6	90.6	128.5	116 0	104·6	287.6	175.4	145.8	270.0	143.2	2,230.8
February	.. ..	158·7	128·0	118.3	132·9	97.8	146.6	127·0	102·0	307.3	173.2	162.1	263.2	139.3	2,079.6
March	.. ..	163·2	122·9	114.4	127·1	96.0	134.6	193.3	90·6	290.2	167·8	146·4	281·4	135.6	2,208.2
April	.. ..	167 2	125.8	116·5	130·4	95.6	130.1	583.5	82.8	239.5	172.9	151.6	268.6	135.9	2,299.5
May	.. ..	152·3	116.4	107·6	120.7	88.2	129.4	1,400.0	83.0	286.5	154.8	143.5	221.7	130.1	2,220.3
June	.. ..	157.3	125 8	119.2	129·1	93.6	129.5	1,203.6	97.1	259.8	174.7	148.0	208.7	125.1	1,811.0
July	.. ..	159.1	130.8	124·0	134·3	90.8	120.4	..	82.0	266.5	167.6	140.1	281.2	125.1	1,840.6
August	.. ..	155.9	122.6	118.0	125.0	87.9	127.1	..	100.5	285.2	172.4	150.7	285.9	129.9	2,064.4
September	.. ..	..	..	..	..	97.5	142.2	543.8	..	276.1	..	..	..	..	..

*Estimated



tons, which figure compares favourably with the corresponding half-year of 1954 of 17.9 million tons. According to the second Plan target, coal production is expected to be raised to 60 million tons by 1960-61, as against the present average annual output of around 37 million tons.

The issue of nationalisation, the dangerous implications of which have become specially pronounced since the Fourth Amendment to the Constitution, has been hanging like a Damocles' Sword over the future of the coal industry. Touching on this subject, it may be noted here, the President of the Associated Chambers of Commerce and Industry drew the attention of the Government, at the last annual meeting of that body a few days ago, to the public sector's 'deplorable efficiency' in the management of this industry and added how the amendment to the Constitution referred to earlier has only served to remove the guarantee against nationalisation, thereby making the industry less attractive than only a year ago. He availed himself of the occasion to point out that the private sector has all the means, as well as the desire, to undertake fulfilment of the entire target.

In the past few years, the performance of the cement industry also has been impressive, and all available evidences go to show that this tempo of progress will not only be maintained but accelerated further in the coming years, thus enabling the industry easily to achieve the target of 12 million tons proposed for it in the second Plan. With the units that started production during 1951-54 and the new cement plant established at Sindri for the utilisation of the by-product of the fertiliser factory—calcium carbonate sludge—this year, the total number of units in the cement industry has reached 26. The aggregate production potential of all the established companies put together is 45 lakh tons annually, of which the largest unit, namely the A.C.C., accounts for as much as about 26 lakh tons. Immediately following the Partition, there was a curtailment of the expansion plans of this industry. But, in 1950, after fully reviewing the position, the Planning Commission set a target of 5.4 million tons to be reached by 1955-56. The bulk of this expansion has been in the private sector, but the Government also has entered the field with the construction of a factory of over 2 lakh tons near Mirzapur in the U.P. and a Government-sponsored factory at Bagalkot in the Bombay State.

The progress of the cement industry in this country has been largely influenced by the manufacture of Portland Cement, which made a real beginning only in 1913 with a production of about 40,000 tons a year at Porbandar. During the last decade, there has been a phenomenal increase by as much as 2½ to 3 million tons, and it is quite on the cards that the industry will be able to exceed the target fixed for the industry under the first Five-Year Plan. The target for cement production by the end of the second Plan period (of 12 million tons) is slightly more than double the capacity obtaining at present. But, if the rate of progress of this industry so far is any indication, even this target does not seem overambitious, and the industry may be depended upon to squarely face up to the task.

The cotton mill industry, which celebrated its centenary in 1954, has earned the distinction of being an industry that has not only achieved the target of production set for it by the Planning Commission but one that has, in fact, surpassed it by a comfortable margin, and that quite two years too early! After a careful assessment of its rated capacity, it may be remembered, the Planning Commission fixed a production target for the mill section of the textile industry at 1,640 million lbs. of yarn and 4,700 million yards of cloth per annum to be reached by the end of the first Five-Year Plan. The output of mill cloth is already around 5,000 million yards, and this, it is noteworthy, has been attained not by an expansion of equipment, but by increasing the number of shifts. Given a clearer directive by the Government in respect of modernisation of mill equipment, the cotton mill industry can by itself reach even the ambitious target fixed by the second Plan of 10,000 million yards from all sectors. But, with the Government's avowedly unsympathetic approach to the mill industry 'vis-a-vis' the handloom sector, it is doubtful if the target for cloth production proposed under the second Plan can be achieved at all. The Government's move to freeze mill cloth production in the country at the present level of 5,000 million yards has naturally, and perhaps rightly, come in for severe criticism at the hands of mill interests. Mr. G. D. Somani, President of the Bombay Millowners' Association, recently called for caution in determining the production targets between the handloom and the mill sectors. He warned the Government and the Planning Commission against implementing the recommendations of the Kanungo and the Karve Committees in this respect and said that, if they followed this course, they would be paving the way for "an unprecedented cloth famine with dangerous consequences to the national economy" as a whole.

The Indian jute industry, which has emerged as the country's largest dollar-earner, and which is the premier jute manufacturing industry in the world, has at last been able to recover from the setbacks experienced during the first three years of the first Plan period. At the beginning of the Plan period, that is in 1950-51, production of jute manufactures was only at 892,000 tons, but this improved to 931,000 tons in 1951-52. Thereafter, there was steady decline in the following two years, the production in 1953-54 at 864,000 tons being the lowest for the period under review. However, in the year 1954-55, the industry was able to make up the earlier losses and the production is currently put around 971,000 tons. With the rationalisation schemes, already implemented and in course of implementation, in the Calcutta mills and the subsequent streamlining of the manufacturing processes resulting in the attainment of maximum efficiency at minimum cost, it is now possible to visualise that the jute industry will be able to attain the target fixed for it during the second Plan period.

For the realisation of a rapid industrial development, power in the form of electricity, that most versatile form of energy, is indispensable. Electricity, being the prime mover, as it were, of the productive capacity of a country in the industrial as well as the agricultural sphere, it is needless to say, the successful implementation of the country's Five-Year Plans rests, to a large extent, on the provision of adequate electric energy at minimum cost. At the beginning of the first Plan, the installed capacity in India was about 1.7 million kw., excluding the industry-owned plant. An addition of 1.2 million kw., resulting from the execution of some of the projects under the first Plan period, would give us an installed capacity of 2.9 million kw. (excluding the industry-owned plant) at the beginning of the second Plan. If the projects on hand, that is such of those as have not been completed during the first Plan period, are executed at least in the course of the second Plan period, then the generating capacity in the country would go up to 4 million kw. Meanwhile, in the light of the industrial expansion envisaged under the second Plan, the requirements of heavy industries, small industries, cottage industries and domestic requirements, it has been estimated that at least 3.6 million additional kw. are required.

In any underdeveloped country, more so in a socialistically patterned State, the State also has a definite part to play in accelerating the pace of economic development. This is the raison d'etre for the

establishment, among others, of the National Industrial Development Corporation, which was set up in 1954-55 specifically to ensure that the development of industries in the country is harmonious and well-balanced. Registered as a private limited company, with an authorised capital of Rs. 1 crore—Rs. 10 lakhs being wholly subscribed and paid-up by Government—this Corporation has taken upon itself the task of processing a number of important fields of production. Presently, it has been entrusted with the task of setting up new foundries, new forges and new fabricating shops in the country. Besides being an important instrument of the policy of positive planning thus, the N.I.D.C. is the most significant innovation in recent years. A counter-point of this in the private sector has been the Industrial Credit and Investment Corporation which has already helped to float a large paper concern in the Bombay State participating in the share capital to the extent of Rs. 1 crore.

Among the industries which have made striking progress in the course of the first Five-Year Plan period, the Indian paper industry occupies an important place. Inasmuch as the industry has been able to meet the indigenous demands to the extent of 80 per cent of printing and writing papers, 50 per cent of specialities and 30 per cent of packing and wrapping and nearly 95 per cent of paper and pulp boards, the progress of the paper industry during the past few years is patent enough. There are 20 paper mills in the country with an annual installed capacity aggregating 2,11,900 tons and with substantial expansion, already under way, in either of these units, an additional capacity of 1,09,500 tons is anticipated. Although the investment outlay was only Rs. 24 crores in 1952, the proposed investment of Rs. 66 crores under the second Plan may well bring about the achievement of the targeted six lakh tons of paper and boards. During the year 1955, paper output increased from 96,555 tons to as much as 1,19,256 tons. What with the Government's requisitioning the services of foreign consultants under the various Technical Aid and Co-operation Organisations like the Point Four, T.C.M., F.A.O. and the Industries Regulation and Development Act which helped the industry to be planned on a modernised basis with an economic capacity and efficient equipment, not to mention high protective tariff walls, the future of the industry is assured and progressive developments in this industry during the Second Plan years are a foregone conclusion.

The sugar industry also figured prominently in establishing record production levels during the period under review. In fact, the year just concluded has provided a landmark in the history of sugar industry by recording an all-time high of 15.86 lakh tons which exceeds the earlier record production of 1951-52 by nearly 87,000 tons. With the Government's grant of licences this year for the establishment of 35 more sugar factories, and the expansion of a number of existing units, the target of sugar production under the second Five-Year Plan of 22.5 lakh tons is certainly not beyond the industry to reach. All told, the story of industrial production in the past few years, and more particularly in 1955, has been one of impressive dynamism.

Money and Banking

THE year 1955 was a more-than-a-normal year which the 1954 year was, as described in these columns last year. It was a year of all-round expansion, thanks to the accelerated tempo of the country's development plans. Evidently, the results of working of banks in India for the year as a whole are highly satisfactory, judging from the way in which these banks have volunteered to implement the Industrial Disputes (Banking Companies) Decision Act, 1952 even more liberally than has been stipulated.

Consequent upon the larger provision for development expenditure, it will be recalled, the Central Budget presented to Parliament last February, which, by the way, was the last of the Central Budgets to be covered by the first Five-Year Plan, envisaged an overall deficit of Rs. 318 crores for the year 1955-56 to be covered, in the main, by an increase in floating debt. Conditions in the capital market also proved to be extremely propitious for the success of the Government's as well as private borrowing operations.

The deliberate policy of Budget deficit followed by the Government of India explains the sharp rise in money supply and a strident increase in deposits of scheduled banks. For the first time since the Partition, the total deposit liabilities of the scheduled banks crossed the Rs. 1000-crore-level during the year under review. While time deposits continued to increase as they have done since 1951, demand deposits, which started moving up only last year, began to increase at a faster pace during the year although, unlike last year, this increase has not been higher than in the case of time deposits. It was not only money supply that showed an expansion thus but also bank credit. It is interesting to note that the trend of seasonal variations in money supply since 1953 is becoming more and more pronounced. Thus, every new busy season has been more active with a greater expansion in money supply than the previous busy season; again, the contraction of money supply and bank credit during the subsequent slack season every year has been becoming smaller and smaller, so that the latest busy season, namely 1955-56 has started on a much more overextended credit basis than even the 1954-55 busy season or the 1953-54 busy season. In the busy season of 1954-55 which began on September 25, 1954 and ended on May 6, 1955, there was an increase in money supply of Rs. 231.5 crores as compared to an increase of only Rs. 179 crores in the previous busy season. As is to be expected, the bulk of this increase is accounted for by govermental outlay. If the resulting fall in Government balances has not been commensurate with this increase as should normally happen, it is because of the Government's heavy borrowings from the Reserve Bank with a view to maintaining the Central Government's deposits at around the minimum working balance of Rs. 55 crores as indicated by the Union Finance Minister. Such borrowings were facilitated by the issue of ad hoc Treasury Bills which was, of course, in consonance with the Budget policy adumbrated last February, namely the planned increase of as much as Rs. 340 crores in Treasury Bills.

Unlike in the season 1953-54, the variations in the sterling assets of the Reserve Bank did not add to the expansion of money supply this year. In the latest busy season, namely that which began last October, there has been an increase in money supply during the first two months, October and November, 1955, of about Rs. 50 crores, 80 per cent of which is due to a rise in currency circulation. This rise has been facilitated by increases in the holding of rupee securities by the Reserve Bank. It is still too early to discuss the effects of the busy season on the scheduled banks. As yet, scheduled bank advances have not moved up appreciably. Perhaps, as in 1954-55, the impact of the 1955-56 busy season also may come to be felt a little later than usual.

SCHEDULED BANKS

(Rs. in Lakhs)

Period	LIABILITIES			Cash (Notes + Coins)	Balances with Reserve Bank	(5+6) as percentage of (4)	Advances	Bills Discounted	(8+9) as percentage of (4)	Investments in Govt. Securities in India
	Demand	Time	Total (2+3)							
(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	76,63	11 67	424,86	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	10.76	523,59	22,81	63.66	303.48
1952-53	646,23	309,26	955,49	33,33	51,82	9.95	461,64	38,47	60 48	306,34
1953-54 ..	626,75	328,26	955,00	31,97	44,48	8.98	442,79	51 40	59.56	321,29
1954-55 ..	559,62	351,86	911,48	32,65	53,91	9.50	468,39	84,66	62 06	339,74
Average of Fridays										
January 1955 ..	576,82	368,37	945,19	32,83	60,31	9.85	476,83	78,24†	58.74	351,33
February ,, ..	588,47	370,53	959,00	32,16	49.63	8.58	494,74	84,46†	60.58	354,09
March ,, ..	578,19	375,11	953,30	32,95	46,16	8.27	509,93	102,47†	64.21	346,25
April ,, ..	587,73	380,42	968,19	34,43	46,61	8 37	507,23	119,49†	64.74	343,27
May ,, ..	585,70	386,37	972,07	34,64	47,08	8 41	504,23	119,56†	65.77	344,41
June ,, ..	596,14	394,62	990,75	34,71	49,13	8.46	501,44	114,19†	63.98	346,47
July ,, ..	600,22	403,14	1,003,36	33,80	49,01	8 30	499,64	110,56†	62.73	362,67
August ,, ..	605,00	409,09	1,014,08	34 15	49.19	8 22	495,96	110,80†	61.76	373,92
September ,, ..	604,02	413,69	1,017,87	33,22	54,14	8.58	498,19	106,18†	61.15	381,86
October ,, ..	612,82	422,95	1,035,77	33,98	59,64	9.04	484,87	105,51†	59.24	390,42
November ,, ..	612,61	423,85	1,036,46	35,22	57,05	8.90	491,93	105,00†	59.79	393,43

* Undivided India.
† Including foreign bills purchased and discounted.

MONEY SUPPLY

(Lakhs of rupees.)

Last friday	Money supply	Total currency with the public	Deposit money with the public			Total variations in money supply
			Total	Demand liabilities of banks	Total deposits with Reserve Bank (excluding those of central Govt. & Banks)	
1	(2)=(3)+(4)	(3)	(4)	(5)	(6)	(7)
1952-53 ..	1,784,55	1,199,25	585,30	548,95	36,35	−44,30
1953-54 ..	1,850,57	1,220,43	627,14	549,83	77,30	+72,02
1954-55 ..	1,980,90	1,311,77	669,13	599,18	69,97	+124,33
September 1954 ..	1,774,00	1,173,53	600,47	576,01	24,46	+2,08
October ,, ..	1,797,27	1,185,44	611,83	579,08	32,75	+23,27
November ,, ..	1,807,86	1,188,45	619,40	591,39	28,01	+10,59
December ,, ..	1,848 89	1,224,61	624,28	597,20	27,08	+41,03
January 1955 ..	1,877,73	1,245,91	631,82	601,04	30,78	+28,84
February ,, ..	1,915,34	1,272,35	643.00	610,04	32,96	+37,61
March ,, ..	1,980,90	1,311,77	669,13	599,18	69,97	+65,56
April ,, ..	2,003,14	1,342,90	660,23	614,26	45,98	+22,24
May ,, ..	1,989,50	1,348,41	641,09	616,96	24,12	−13,64
June ,, ..	1,988,42	1,343,74	644,67	623,43	21,24	−108
July ,, ..	1,974,91	1,324,80	650,11	619,53	30,58	−13,51
August ,, ..	1,994,44*	1,314,80*	679,65*	631,63*	48,02	+19,53*
September ,, ..	1,963,23*	1,309,79*	653,44*	630,09*	23,35	−31,21*
October ,, ..	2,007,67*	1,332,34*	675,33*	633,98*	41,35	+44,44*

* Provisional. **Source: Monthly Bulletin of Reserve Bank.**

The trend in regard to deposits of scheduled banks noticed since the close of 1952 received a marked stimulus from the large increase in Government outlay referred to earlier. The total deposit (demand and time) liabilities which stood at Rs. 845 crores on November 30, 1952, have risen to Rs. 1,044 crores on Nov. 25, 1955. While time liabilities have increased from Rs. 313 crores to Rs. 424 crores, over the same period, demand liabilities have increased from Rs. 532 crores to 619 crores. In the case of both time and demand liabilities, the rise has been fairly continuous, the lowest and the highest levels being more or less alike. Thus, the lowest level of time deposits was touched on March 28, 1952 at Rs. 283.5 crores, while the highest was on November 25, 1955, at Rs. 424.3 crores. Similarly, the highest and the lowest levels touched in the case of demand liabilities were Rs. 619.4 crores (November 25, 1955) and Rs. 513.8 crores (January 8, 1954), respectively. The peak in the case of demand liabilities was thus reached relatively later than that in respect of time liabilities. A notable feature in regard to deposits of scheduled banks this year has been the more or less fairly even distribution over all the four quarters of the year, although the palm for increase must go to the third quarter.

As already stated, conditions in the capital market were extremely favourable for Government borrowings. Probably the fact that the Central and the State Governments floated their loans at different times and during the slack season unlike last year also contributed to the remarkable success of both the Central and the State loans. The total subscriptions of the Rs. 100-crores 3½ per cent National Plan Bonds (Second series), a cash-cum-conversion loan, amounted to Rs. 103.65 crores, including conversions of the order of Rs. 57.87 crores. The State Governments, which issued 4 per cent 12-year loans, were even more fortunate, in that they not only got a remarkably satisfactory response to the loans issued by them in the first instance, but the response was repeated even in respect of the second loans that some of the State Governments issued. As against a total sum of Rs. 47.50 crores issued by ten State Governments on both these occasions, the aggregate response by way of amounts tendered was as much as Rs. 67.77 crores. The response to Treasury Bill sales also—these continued throughout the year, unlike last year—was highly satisfactory. Thus, as against a total amount of Rs. 52.7 crores offered for sale during the year up to the week ended December 9, the total amount tendered was as much as Rs. 86.7 crores. The corresponding figures for the previous year were Rs. 32.5 crores tendered against Rs. 23.5 crores offered. Encouraged by the response, obviously, the monthly average of amounts of Treasury Bills offered for sale was stepped up from Rs. 4 crores to Rs. 7½ crores.

The Government was no less fortunate in its drive for small savings. It is noteworthy that, despite the flotations of sizable loans by both the Central and the State Governments during the year under review, the net receipts from small savings in 1955 were more than in the previous years. Up to the end of September last, for which period only official figures are available, net receipts of small savings amounted to Rs. 52.35 crores as against Rs. 35.92 crores for the corresponding period of 1954 and Rs. 30.24 crores for the same period in 1953. The figure for 1955 up to the end of September compares with the Union Finance Minister's Budget estimate under this heading of Rs. 51.6 crores for fiscal year 1955-56.

It was not only the Government that could float loans successfully thus, but even semi-government institutions like the Municipal Corporations of Bombay, Madhya Bharat and Ahmedabad were equally successful in their loan operations. Similarly, the capital market obliged a number of private borrowers as well. This activity is in striking contrast to the comparatively dormant state of the capital issues market in the previous years and probably reflects the extent of revival of confidence amongst investors. Between April and September 1955, 680 new joint-stock companies were registered in India with an authorised capital of Rs. 67.6 crores. If only to give a broad idea of private borrowings, mention may be made of the 6 per cent tax-free preference shares for Rs. 25 lakhs and ordinary shares for nearly Rs. 22 lakhs issued by the Mahindras, the 5½ per cent tax-free redeemable preference shares of Rs. 1 crore issued by Jiyajirao Cotton Mills, Gwalior, the 6 per cent redeemable preference shares worth Rs. 60 lakhs and ordinary shares valued at Rs. 43 lakhs issued by Dharangadhra Chemicals, the 5½ per cent debentures of Rs. 1.5 crores issued by National Rayon, the 5½ per cent debentures issued by Caltex (India) Ltd. for Rs. 2 crores, and the West Coast Paper Mills' ordinary issue of Rs. 60 lakhs, among others.

It is not out of place to draw attention to a very important feature of the capital issues during the year 1955. Readers may recall a reference to a consortium or syndicate for under-writing for investing in new shares consequent on the recommendations of the Shroff Committee which reported last year. Although no such consortium materialised, banks and insurance companies were readily forthcoming to underwrite new issues. It may perhaps be of interest to add here that the new corporation, namely, the Industrial Credit and Investment Corporation, underwrote the West Coast Paper Mills issue of about Rs. 60 lakhs.

There was an increase in the number of scheduled banks from 88 at the end of 1954 to 89, the new addition being the Mitsui Bank Ltd. There was no bank failure as such in 1955. Figures for the whole of the year are not available for new branches of banks opened during the year. But the table in the latest Report on Currency and Finance gives details of branches of scheduled banks as on June 30, 1955, which at 2816 is higher than for the corresponding date in either the previous year or in 1953. Out of the increase of 83 in the number of branches during the year ended June, 1955, the number of branches of the State Bank (former Imperial Bank of India) was as much as 22, which raised the number of branches to be opened by this Bank in pursuance of the recommendations of the Rural Banking Enquiry Committee (114 branches within a period of five years ending July 1, 1956) to 70. Although the general tendency among Indian banks is said to be to go in for fewer branches as far as possible as alleged, during the year under review, it is noteworthy, the five leading Indian Banks accounted for as many as 23 branches, as against only a third of that number in 1954. The addition to branches by other Indian scheduled banks also was sizable, being as many as 38 compared to 'nil' in the previous year. All these, in short, give the direct lie to the conclusion recently arrived at on the working of the banking system in India by the Bombay Shareholders' Association, i.e. that, in spite of the marked advance in the economic health of the country, banking as such has remained content with regaining the 1951 position which had been lost during the difficult days of 1952.

Transport Highlights in 1955

PERHAPS the greatest weakness in our transport structure is that there is no integrated national transport policy as such. The first step that the Government ought to take, therefore, is formally to announce its policy in regard to the development of different means of transport. Opinion in transport circles is unanimous that unless a policy of co-ordinated development is embodied in a statute, the comparatively

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	42,98	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	50,53	415,36	1,152,94
1950-51*	1,163,21	17,19	1,180,40	40,02	624,70	690,36	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	604,02	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
1954-55*	1,196,19	22,98	1,219,17	40,02	648,81	688,83	56.50	102,25	428,09	1,219,17
Average of Fridays										
January 1955	1,220,25	14,88	1,235,13	40,02	655,70	695,72	56.33	104,27	435,14	1,226,53
February ,,	1,239,39	12,46	1,251,85	40,02	663,15	703.17	56.17	103,47	445,21	1,251,85
March ,,	1,275,26	12,32	1,287,58	40,02	660,41	700,40	54.41	101,74	485,44	1,287,58
April ,,	1,313,32	18,91	1,331,74	40,02	652,98	692,99	52 03	104,99	533,75	1,331.74
May ,,	1,324,71	15,14	1,339,85	40,02	661,98	702,00	52.39	104,14	533,71	1,339,85
June ,,	1,324,56	17,97	1,340,03	40,02	652,04	692.06	51.65	104,33	543,65	1,340,03
July ,,	1,306,93	29,34	1,336,28	40,02	646 04	686,06	51.34	105,87	543,65	1,336,28
August ,,	1,299,00	26,50	1,325,50	40,02	633 29	673,29	50.79	108,24	543,69	1,325,50
September ,,	1,290,78	23,49	1,314,27	40,02	668,82	708,84	53.93	110,51	494,93	1,314,27
October ,,	1 303,25	10,97	1,315,39	40,02	632,07	672.08	51.09	110,95	531,18	1,314,22
November ,,	1,327,06	14,27	1,341,33	40,02	642.08	682.09	50.85	109,38	549,84	1,341,32

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	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	,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	,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	,46	123,31	1,78	19,84	81,58	7,51
1954-55*	89,13	20,66	55,20	36,29	201,28	23,62	234,90	23,24	,10	87,53	1,14	26,55	80,52	9,82
Average of Fridays														
January 1955	53,95	15,50	61,48	34,01	164,95	20,95	196,89	15,19	3,44	74,98	2,01	19,23	71,78	10,26
February ,,	51,26	16,81	50,78	34,15	152,99	26,13	189,13	12,72	2,71	68,78	1,08	21,98	67,22	14,69
March ,,	58,81	37,71	47,51	21,84	165,87	29,58	205,45	12,54	8,59	70,73	95	42,26	51,67	21,03
April ,,	56,47	36,38	47,74	22,05	162,55	32,79	205,34	18,59	11,96	69,30	51	36,73	45,26	22,92
May ,,	52,97	17,90	48,89	22,08	141,84	38,25	190,08	15,28	11,46	51,97	80	40.22	41,51	28,76
June ,,	55,64	12,33	50,02	21,89	139,88	43,80	194,44	18,10	12,78	63,67	100	28,61	39,55	29,98
July ,,	76,93	17,83	50,62	19,03	164,40	32,13	206,52	29,47	9,53	69,84	88	32,44	58,34	6,02
August ,,	87,33	20,66	51,35	20,28	179,12	30,62	219,74	26,64	9,90	86,25	1,92	25,04	62,18	7,74
September ,,	60,36	18,28	55,51	16,91	151,06	21,26	182,32	23,63	13,68	51,57	1,02	28,64	52,13	11,65
October ,,	50,15	23,59	61,12	15,97	150,84	25,92	186,76	11,10	9,30	82,93	76	20,52	50,24	12,17
November ,,	54,93	14,81	58,52	15,46	143,57	29,71	183,43	14,40	7,37	70,45	2,22	24,17	50,09	12,21

Note: Figures in brackets relate to Pakistan. and Reserve Fund. *Average of Fridays.

**Includes Rs. 5 crores each on account of capital paid-up
†Includes cash and short term securities.**

weaker elements in the transport system such as road and inland water transport will not have proper scope for development. Railways have always received the foremost attention at the hands of Government; indeed, they have been developed at considerable cost, regardless of the adverse effect on other means of transport. Even today they continue to receive the highest priority. The first Five-Year Plan provided a sum of Rs. 418 crores for railways, and for the next Plan there is a demand for Rs. 1,480 crores. Even the Study Group (Transport Planning) has admitted "though some measures have been taken and policy statements made from time to time regarding the importance of developing other means of transport, no definite policy giving due recognition to the part played by road transport, inland navigation and coastal shipping has been finally adopted by Government".

The first Plan aimed at only the rehabilitation of railways. Of Rs. 418 crores allotted, about Rs. 300 crores are estimated to have been spent. It is doubtful if even a substantial part of our orders for locos, wagons and coaches will be fulfilled by the manufacturers. The programme of restoration of the rolling stock keeps the finances so engaged that there has not been any rapid expansion of the railway system in recent years. The average mileage of the railways has been constant at one mile per 37 square miles of area of the country. The urgent need to replace 1,260 locomotives and 20,000 wagons during the first Five-Year Plan period has been engaging the attention of Government. Although the Chittaranjan Locomotive Works started production in 1951, the maximum capacity has not yet been reached. The hope is that eventually this factory will eliminate the dependency of the nation on foreign supplies of locomotives. The integral coach factory at Perambur, which went into production in October this year, is another national enterprise that has been set up to meet the needs of the railways. It has progressed well and is expected to produce 360 coaches annually by 1960.

The volume of both passenger and goods traffic has been steadily rising. By the introduction of the telescopic system of rates in this year's budget the long distance passenger has been offered a slight reduction in fares compared to 1954, while the short distance passenger has been made to pay more than before. The freight tonnage carried and the average earnings per ton-mile have also risen. The Nation's freight will increase further with greater tempo of economic activity. An important aspect of the railways' second Five-Year Plan, therefore, is to meet the demand for wagons and coaches. Since the railways are a monopolistic enterprise, Government has established a Rates Tribunal to investigate the complaints from the public on questions of discriminatory policies and abnormally higher rates for commodities. Increase in population and expanding trade have resulted in greater demand for railway service. The overcrowding in railways is a problem which the authorities are trying to solve with measures such as increasing the accommodation in trains and running additional ones.

Today we have but 0.2 mile of road per square mile, while our small neighbour Ceylon has three and a half times as many miles of road to the area! This means that we have a big leeway to make up. The first Plan aimed at an addition of 30,000 miles to the 244,000 miles we had in 1951. An optimistic estimate is that about 24,000 miles may be completed before April next. The Planning Commission allotted Rs. 93.74 crores for development of roads during the five-year period ending March 1956. This has since been increased to Rs. 131.29 crores, to which is to be added a further sum of Rs. 25 crores from the Central Road Development Fund. Thus the total allocation amounts to Rs. 156.29 crores. The importance given to roads in the Plan varies from State to State and so does the actual pace of execution of the works included in the programme. Generally, West Bengal, Bihar, Bombay, U.P., Rajasthan and Himachal Pradesh have made good strides in road development. Some of the remaining States have not given the same attention to State and district roads as to national highways, for which finance is provided by the Central Government. On present indications 10 to 15 per cent of the allocations for roads will remain unspent at the end of the first Plan period. It may be noted that not even the whole of the revenue derived from one form of road transport—the motor vehicles—is being spent on our roads. The average annual allocation for the road programme is Rs. 31 crores to which if we add Rs. 22 crores towards repairs and expenditure outside the Plan, we get a total road expenditure bill of Rs. 53 crores. As against this, the motor vehicle tax alone brings in more than Rs. 65 crores annually. Thus, while the traffic requiring to be hauled is beyond the capacity of our railways, road transport, which should have been available as an effective substitute, has not been enabled to fulfil its role. Excessive taxation, physical restrictions and the threat of nationalisation have impeded the growth of motor transport in this country.

Considering the large number of rivers in India covering thousands of miles, inland navigation should play an important part in our transport system. But hardly five thousand miles of waterways are as yet navigable by mechanically propelled vessels. Although an assurance to develop river transport was given by the Union Minister of Transport and Railways as far back as 1948, nothing much in this direction has been done since. Before the advent of railways, the Ganga used to be navigable far inland and steamers could go as far as Kanpur. Similarly, the Jamuna used to be navigable from Delhi to Allahabad. Some opine that our waterways, which once provided the principal means of transport, were deliberately neglected because of the discriminatory policy of our past rulers in favour of railways. But the fact remains that even under our own national regime the first Five-Year Plan did not make any recommendation regarding the development of water transport. At least the next Plan should give it some attention.

The net addition of 215,000 tons to our mercantile fleet envisaged in the first Plan is modest in itself; but it is sad to note that we should fall short of even this target by about 45 per cent. Considering the pace at which other maritime countries have increased their tonnage, India has got a long way to go yet. The present tonnage is still about 480,000 G.R.T. True, shipping companies have at present on order, or under construction in India and abroad, about 110,000 tons, but most of these will be delivered only during the second Plan period. Government has also taken various measures for the development of shipping, such as provision of cheap loans for the acquisition of ships, patronage to Indian ships operating in the overseas trade and the opportunities provided for discussion of problems at high level, particularly the appointment of the Steering Committee, which apart from following up the recommendations of the Consultative Committee, has proved to be a convenient forum for discussion of matters of interest to shipowners and Government.

The expression "flag discrimination" has of late lent itself to various interpretations by vested interests, although its accepted definition relates only to ports in the matter of charges, berthing facilities and the like, and has nothing to do with the movement of cargoes. The spokesman of the countries with developed merchant fleets have got into the habit of using the expression to attack all national and Governmental efforts in countries with undeveloped merchant fleets to patronise national shipping. It is rather ironical that the Eastern Shipping Corporation should find it so difficult to get admission into a Conference regulating the trade emanating from and terminating in India.

INLAND TRANSPORT

Wagons Loaded*

Class I Railways**

(No. In thousands)

		Coal and Coke†	Grains and pulses	Oilseeds	Cotton	Others (Miscellaneous, smalls, etc.)	Total
1948	Monthly average	94	42	9	8	308	461
1949	" "	103	43	10	8	349	513
1950	" "	106	42	9	7	358	522
1951	" "	113	52	8	8	389	570
1952	" "	116	51	10	9	398	584
1953	" "	86	49	9	8	418	570
1954	" "	96	48	10	8	438	600
1954	January	84	46	11	10	467	618
	February	75	49	9	10	435	578
	March	89	53	14	11	459	623
	April	87	53	13	9	417	579
	May	90	49	10	10	408	567
	June	88	46	7	8	404	553
	July	100	49	8	7	404	568
	August	105	52	7	6	396	566
	September	103	44	8	6	395	556
	October	103	44	9	7	410	573
	November	96	47	10	8	444	605
	December	100	44	13	8	491	656
1955	January	95	47	13	11	505	671
	February	90	45	12	10	475	632
	March	96	50	13	11	506	676
	April	93	49	14	11	466	633
	May	95	51	12	11	437	606

* In terms of 4 wheelers. Broad and Metre gauges only. Annual figures relate to twelve months conmencing April of year stated. ** Railways with gross earnings of not less than Rs. 50 lakhs a year.
† Excluding free hauled railway coal.

Freight, Traffic and Earnings of Class I Railways*

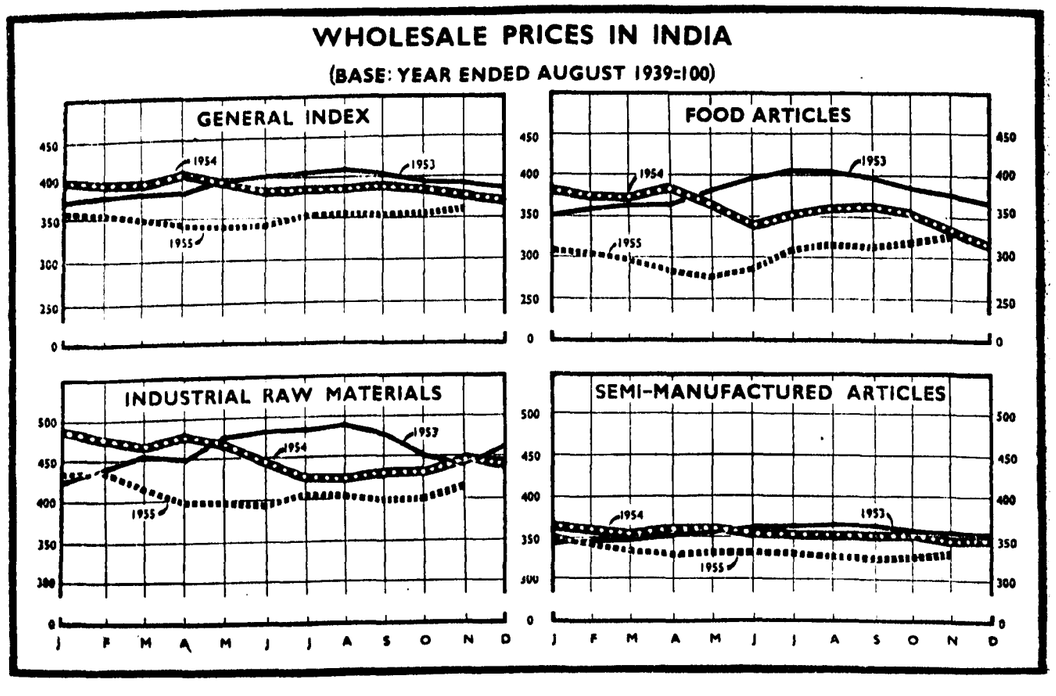
		Freight Traffic and Earnings			Passenger Traffic and Earnings			Gross earnings† (Rs. lakhs)
		No. of tons carried (000)	Net ton miles (Millions)	Earnings from goods** carried (Rs. Lakhs)	No. of passengers carried (000)	Passenger miles (Millions)	Earnings from passengers carried (Rs. Lakhs)	
1938††	Monthly Average ..	9,443	1,815	5,51	42,722	1,482	2,41	8,63
1948	" " ..	8,608	1,659	9,02	94,552	3,060	7,31	18,80
1949	" " ..	9,824	2,055	10,95	101,247	3,168	7,50	20,80
1950	" " ..	10,423	2,225	11,42	108,297	3,353	7,96	21,86
1951	" " ..	10 449	2,336	12 42	99,797	3,187	8,90	24,30
1952	" " ..	10,723	2,372	11,79	97,979	2,859	8,11	22,48
1953	" " ..	10,751	2,447	12,11	98,489	2,935	8,18	22,53
1953	January ..	11,448	2,383	12,70	92,468	2,657	8,19	22,78
	February ..	10,985	2,311	13,19	98,838	2,706	8,15	22,64
	March a ..	13,436	2,830	12,37	109,624	3,167	8,72	25,01
	April ..	10,028	2,196	12,27	102,616	3,058	8,81	23,58
	May ..	10,790	2,433	13,73	109,621	3,229	8,91	24,34
	June ..	9,754	2,308	10,52	109,998	3,297	9,12	21,60
	July ..	10,370	2,403	12,03	101,176	3,067	8,53	22,31
	August ..	10,436	2,360	11,37	96,728	2,814	7,81	20,75
	September ..	10,252	2,284	10,52	93,265	2,633	7,86	20,18
	Otcober ..	10,479	2,426	11,40	88,573	2,568	7,32	21,46
	November ..	9,923	2,306	11,64	87,145	2,539	6,93	20,48
	December ..	10,980	2,470	11,89	93,500	2,748	7,70	22,11
1954	January ..	11,281	2,531	12,83	93,564	2,781	8,13	
	February ..	10,313	2,274	12,70	100,928	3,157	8,58	23,39
	March a ..	14,383	3,308	14,46	104,768	3,325	8,78	23,72
	April ..	9,923	2,275	11,45	106,525	3,198	8,81	26,35
	May ..	10,220	2,341	12,16	110,987	3,437	9,69	22,83
	June ..	9,511	2,238	11,09	113,862	3 446	9,54	24,44
	July ..	10,005	2,225	12,44	101,496	3,051	8,28	22,89
	August ..	9,743	2,449	11,26	97,693	2,657	7,25	23,00
	September ..	9,902	2,394	10,57	94,650	2,630	7,14	20,98
	October ..	..	..	..	..	..	..	19,00
								23,08

* Broad and Metre gauges only. Annual figures relate to twelve months commencing April of the year stated. ** The basis of figures from April 1952 is the place from where the traffic originates.
† Including Nasrow Gauge. †† Exclude Bikaner State Railway.
a March figures, generally, include heavy annual adjustments. Source: Ministry of Railways.

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	87.3	93.4
1954-55	..	339.8	436.2	350.3	377.3	612.4	377.4	90.5	100.7	88.4	113.9
January	1954 ..	381.5	481.5	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 ..	371.1	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	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
September	,, c ..	363.6	426.0	353.3	377.7	607.8	384.4	90.7	100.5	88.6	121.0
October	,, c ..	355.9	428.8	351.8	376.5	605.7	381.6	90.4	100.5	88.4	118.2
November	,, c ..	344.2	443.8	348.8	377.0	605.4	376.1	90.3	100.5	88.3	116.0
December	,, c ..	318.0	436.3	347.4	375.1	579.7	367.8	90.4	100.8	88.3	113.7
January	1955 ..	310.3	432.0	344.3	375.5	568.8	363.9	90.6	100.7	88.4	113.7
February	,, c ..	304.3	436.2	339.5	376.8	558.5	361.4	90.6	100.7	88.2	114.2
March	,, c ..	297.0	412.8	333.5	376.3	553.3	353.7	90.6	100.7	87.4	115.1
April	,, c ..	283.6	398.6*	327.8	377.1*	541.2	345.4*	90.5	100.6	87.5	115.1
May	,, c ..	276.1	396.4	329.6	374.6	544.6	342.0	90.7	100.7	87 8	112.9
June	,, c ..	281.8*	390.4	329.7*	370.0	567.4*	342.5*	90.8	100.6	87.5	113.2
July	,, c ..	309.7*	408.1*	329.6	370.9*	562.6*	355.6*	90.9	100.7	87.8	117.9
August	,, c ..	317.5	404.2	326.3	371.2	563.1	357.3	90.9	100.7	87.8	122.8
September	,, c ..	313.0	396.1	324.8*	368.8	556.3	353.2	90.9	100.7	87.2	122.8
October	,, c ..	315.7	403.7*	329.8	371.2	559.3	357.2*	91.0	100.7	87.2	124.5
November	,, c ..	325.8	418.7	338.1	373.3	543.6	364 7	91.0	101.0	87.7	120.9

†Economic Adviser's Series. c Average of weeks. ††Reserve Bank Series. *Revised

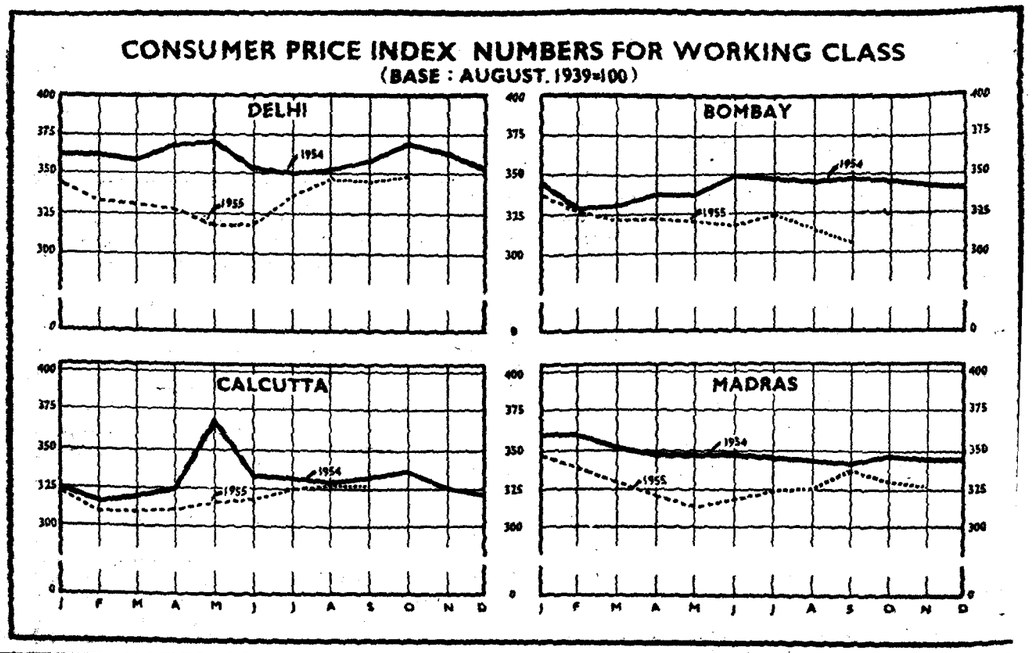


CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

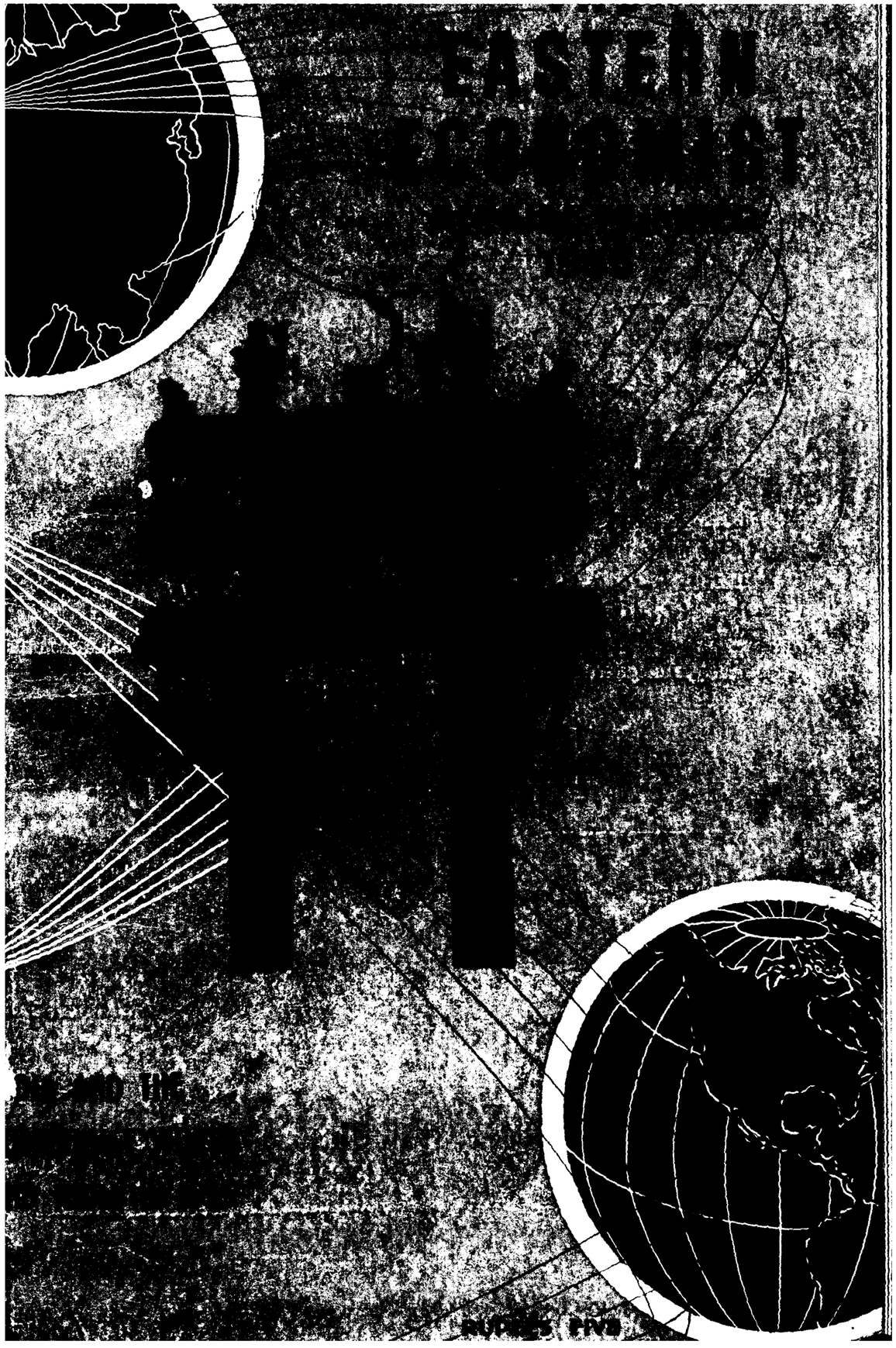
(August 1939=100)

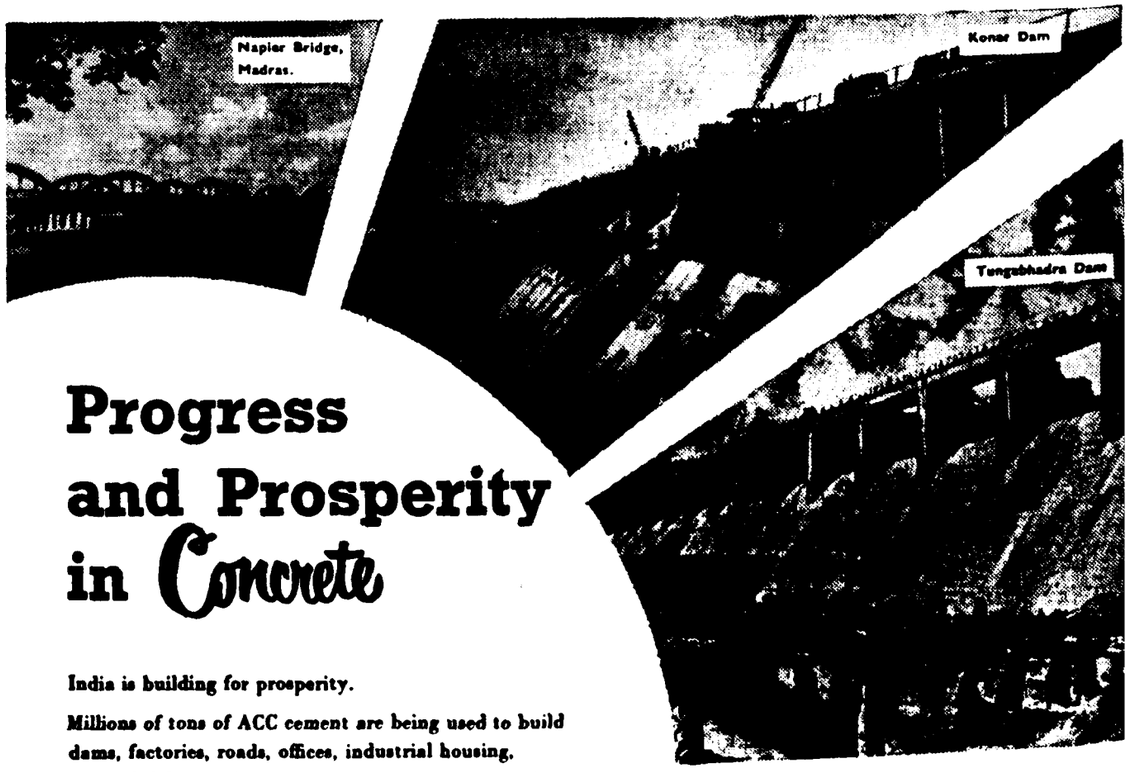
Period	Bombay	Bombay June 1934 =100	Ahmedabad July 1927= 100	Delhi	Bengal	U. P.	Central Provinces		Madras	E. P.	Bihar	All India†
	Bombay			Delhi†	Calcutta	Kanpur	Nagpur	Jubbulpur†	Madras June 1936= 100	Ludhiana†	Jamshedpur†	
1939 (Aug-Dec.)	103	—	—	—	—	105	104	—	106	—	—	—
1948	288	303	243	132	339	471	372	146	309	168	136	134
1949	292	307	248	132	348	478	377	151	323	164	138	136
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	141
1953	346	363	275	140	349	453	387	151	351	147	156	145
1954	342	359	244	138	327	408	373	139	341	148	140	136
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	138
July	349	366	241	134	331	400	373	141	339	145	140	138
August	345	362	237	135	330	408	372	140	336	145	141	138
September	347	364	236	137	332	406	371	137	335	147	142	138
October	346	361	235	141	336	404	369	134	338	145	143	139
November	344	361	235	139	325	387	370	135	337	146	139	136
December	344	362	227	135	321	369	370	128	337	144	135	134
1955 January	335	358	217	132	324	372	370	126	333	141	136	134
February	329	345	210	128	310	384	361	126	326	137	135	131
March	328	340	207	127	310	377	360	129	321	133	133	130
April	324	340	205	126	311	352	353	130	314	129	129	128
May	320	336	204	122	315	335	351	128	307	131	129	127
June	317	333	211	123	317	347	359	131	311	131	129	130
July	324	340	224	129	325	371	364	136	316	134	134	133
August	325	341	229	134	329	375	364	137	318	136	138	134
September	317	333	224	133	327	373	—	—	322	—	—	—
October	315	331	225	134	—	—	—	—	323	—	—	—

† Base 1944=100



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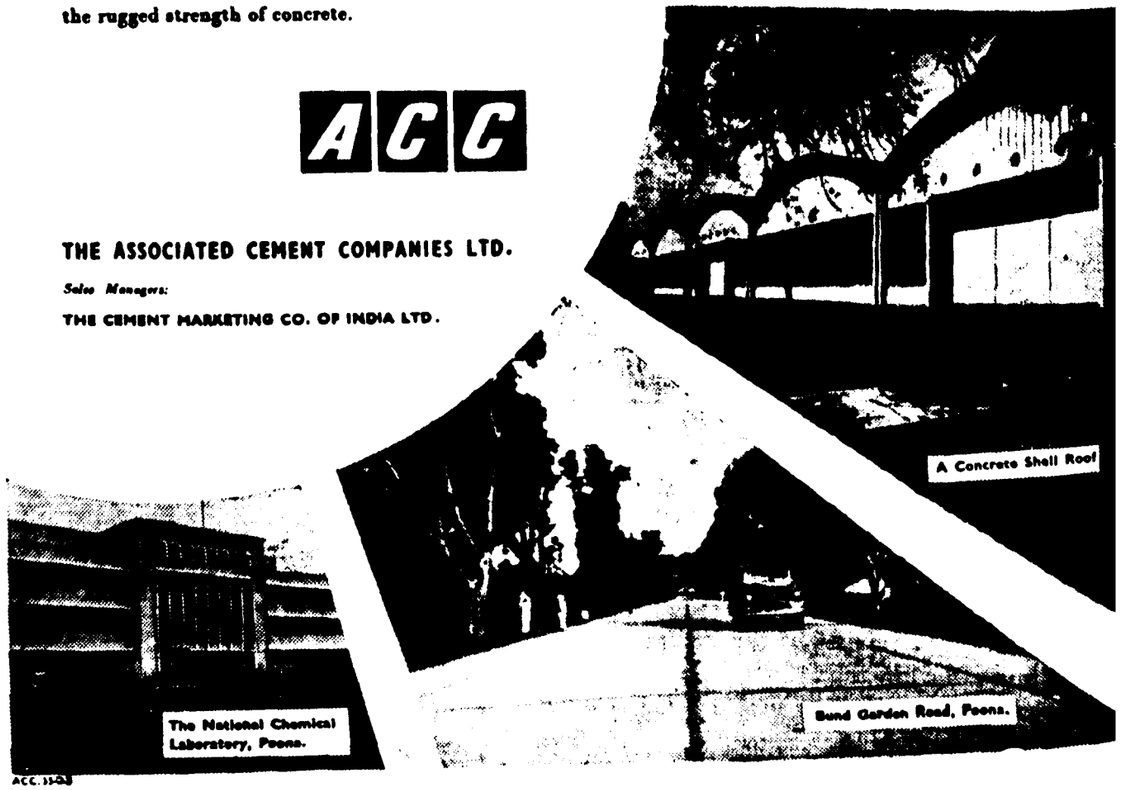
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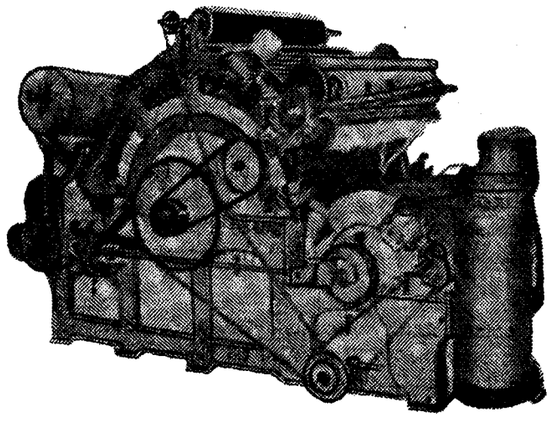
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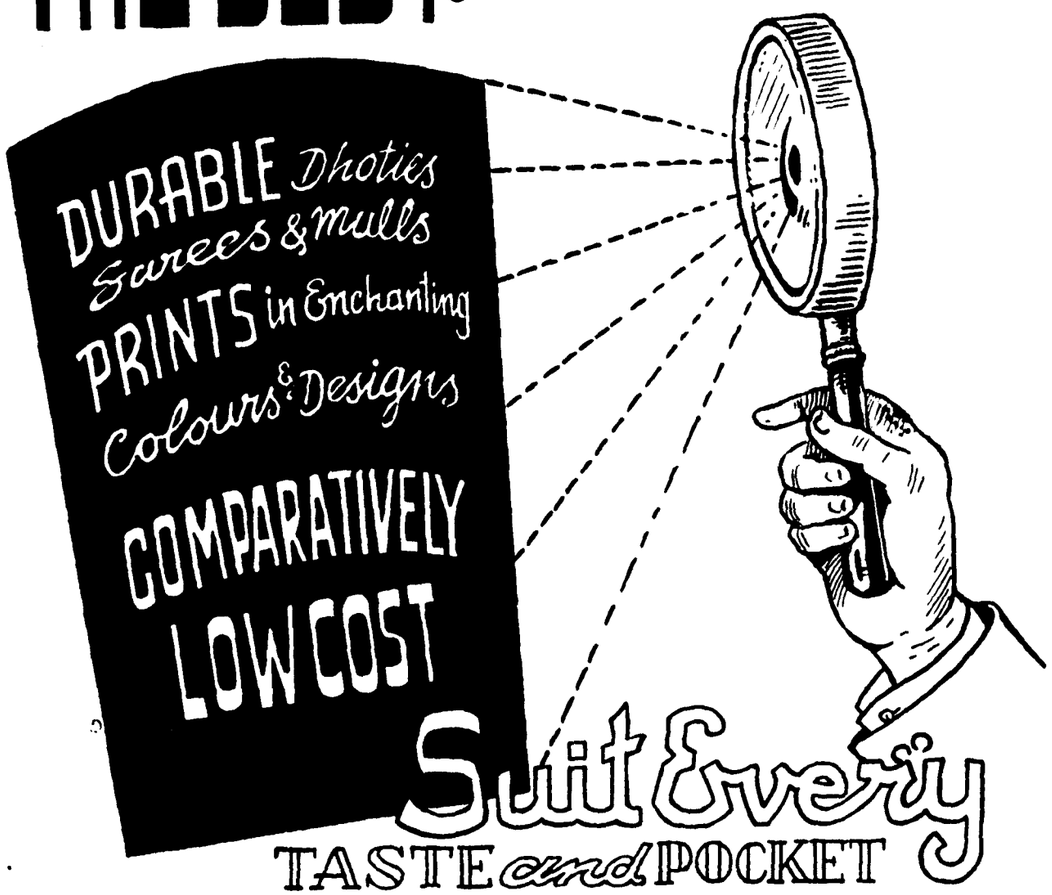
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(ii) Reserve Fund	Rs.	92,50,000
(iii) Deposits	Rs.	86,12,49,473
(iv) Other liabilities consisting of acceptances, endorsements, bills payable, bills for collection, etc.	Rs.	16,94,01,920
Total	Rs.	1,04,86,51,393

ASSETS

(i) Cash and balances with Bankers		Rs.	8,05,75,142
(ii) Investments:—			
(a) Investment in G.P. Notes, Municipal Loans and shares guaranteed by the central and State Governments	Rs. 39,92,74,144		
(b) Other investment	Rs. 1,24,87,023	Rs.	41,17,61,167
(iii) Loans and Advances ..		Rs.	42,30,76,802
(iv) Other Assets including bills receivable, etc.		Rs.	13,32,38,282
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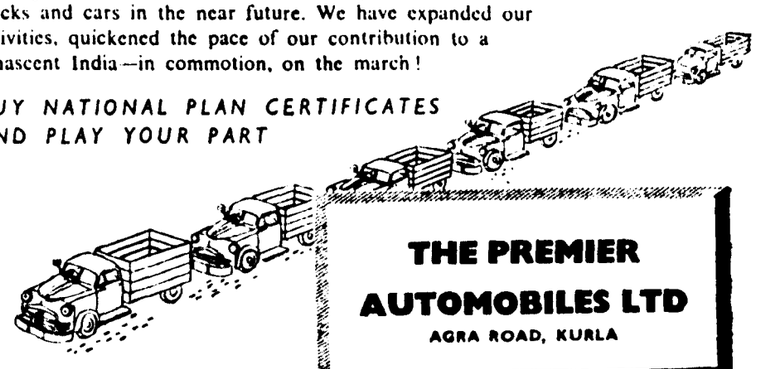
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Pan American Airways	1075
Palai Central Bank Ltd.	1062
Premier Automobiles Ltd.	978
Punjab National Bank Ltd.	975
Ramnarain Sons Ltd.	977
Rohit Mills Ltd.	1086
Sahu Jain Ltd.	1021
Standard Vacuum Oil Co., Ltd.	1104
Sun Life Assurance Co. of Canada	1012
Sundram Iyengar & Sons T. V. Ltd.	1003
Swadeshi Cotton Mills Co., Ltd.	1061
Tata Industries Ltd	1085
Textile Machinery Corporation Ltd.	1070
Texmaco (Gwalior) Ltd.	1101
T. C. Government Industries	1071
Thackersey Mooljee & Co.	1094
T. I. Cycles of India Ltd.	1047
Thomas, A. V. & Co., Ltd.	1057
United Commercial Bank Ltd.	1022
United Nations Publications	977
Voltas Limited	1011
Walchandnagar Industries Ltd.	1082
Williamson Magor & Co., Ltd.	1082



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INDIA AND THE COMMUNIST WORLD

"Do I contradict myself?
Very well then I contradict myself,
I am large, I contain multitudes."

WALT WHITMAN,
"Song Of Myself"

"'The times that tried men's souls' are over and the greatest and completest revolution the world ever knew, gloriously and happily accomplished. . . . . In this pause then of recollection — while the storm is ceasing, and the long agitated mind vibrating to a rest, let us look back on the scenes we have passed, and learn from experience what is yet to be done."

THOMAS PAINE,
"The American Crisis"—April, 1783

"So may the outward shows be least themselves:
The world is still deceived with ornament.
In law, what plea so tainted and corrupt
But, being season'd with a gracious voice,
Obscures the show of evil. In religion,
What demand error, but some sober brow
Will bless it and approve it with a text,
Hiding the grossness with fair ornament?

"Ornament is but the guiled shore
To a most dangerous sea; the beauteous scarf
Veiling an Indian beauty; in a word,
The seeming truth which cunning times put on
To entrap the wisest."

WILLIAM SHAKESPEARE'S
"The Merchant of Venice"

Preface

FOR its Annual Number 1955, "The Eastern Economist" has chosen the theme "India and the Communist World". Perhaps it would be more correct to say that the theme has chosen itself; for in the last twelve months history, pursuing its own relentless course, has taken us in the direction of the Communist world. It would be improper to say that we were drifting on the sea of history. The Bandung Conference, at which the People's Republic of China established herself in the esteem, if not in the affections, of South-East Asia was, in part, an event of Indian making. Again the doctrine of Panchshila which in this same year endeared both the Government of the People's Republic of China and the Government of the USSR to the Indian External Affairs Ministry is supposed to have taken its roots in Indian thought and is sometimes described as being set in an Indian mould. Then again, the Prime Minister's visit to the USSR was an act of Indian conscious choice. So indeed was the return invitation to Marshal Bulganin and Mr. Khrushchev, the full consequences of which have not yet been seen. In a sense, it is certainly true we have made some of our own course. There is no doubt, too, that at the end of the year we find ourselves much closer to the shores of the Communist world than one, two, or three years ago. If this has not been a successful course, we must bear at least a part of the responsibility.

CHANGE OF COURSE

Three years ago, to be precise on December 2, 1952, we were as far away from the USSR as, in some respects, we now seem to be from the United States. Speaking in the United Nations on the Indian Resolution on Korea, Andre Vyshinsky said: "At best you are dreamers and idealists. At worst you do not understand your own position and camouflage horrible American policy". Contrast this with a statement made last week. Speaking on his return to Moscow on December 21, the Soviet Prime Minister, Marshal Bulganin said: "They (Western Powers) do not like our friendship with India, Burma and Afghanistan. But we like it—it suits us"; and again "India is a good friend of the Soviet Union in the struggle for peace". Thus in three years the wheel has come full circle. In 1952 we were supposed to be agents, in Russian eyes, of American policy. Today we are one of Russia's staunchest friends. If this is dynamic neutrality, its capacity for movement is greater now than ever before.

It is this remarkable change in our position in the external world which is the central theme of the Annual Number this year. It is fashionable to think that this difference in external appearance has not affected in any manner the basic principles of Indian foreign policy. We believe ourselves to be the same although we look so different to the external world. Who is wrong; they or we?

"The Eastern Economist" does not hold the view that India's foreign policy is the same, and much of the present issue is designed to indicate that, in important respects, there is greater cause for misgiving than there was in 1952. Not, indeed, that this should cause alarm. At least on one point the external factors have lost some of their power. In 1952 foreign economic aid was looked upon as though it were an absolute necessity so far as India's short-period economic progress was concerned. This was an error. During the last three years we have had a rate of economic development in terms of national income of four per cent per year though the volume of net foreign aid has been negligible. Indeed it is the argument of these pages—particularly in the economic section—that the foreign component of India's economic progress is less important today than it seemed three years ago. In that sense, the oscillations of India's foreign policy first towards the Western world and now away from it do not have the same economic implications as they had in 1952. The proportions of foreign economic assistance have changed. We need less per unit of the national income, and we may conceivably need only slightly more in total than in the last five years.

It is the argument of the pages that follow that the changes in Indian foreign policy, while relatively small in terms of our total economic progress, have tended to destroy something of our moral quality. There has been some injury done in the last twelve months both to India's individual prestige and to the domestic moral conscience. Perhaps there is no contradiction that in these twelve months we have grown significantly in economic confidence and the capacity to do things for ourselves. While we have lost on the spiritual front, we have to some extent gained in material terms. In this case, unhappily, what we have lost on the swings we have not gained on the roundabouts, for material progress can by no means be a compensation for spiritual loss. This is an unhappy conclusion; the unhappiness should not, however, be exaggerated. India has not lost markedly any fundamental freedoms which she possessed twelve months ago. The true position is, perhaps, best described in the words used in "The Eastern Economist" fifteen days ago: "We are more friendly to the USSR; this means, unhappily, some loss of friendship elsewhere. We have got a little more confused, a little more endangered in our concept of neutralism, a little less able to criticise systems of political thought in the Soviet Union. The emphasis in each case is on the word 'little'."

THE PATTERN

In the pattern of the Annual Number of 1955 there are, as usual, three sections, the first of which deals with a political assessment which underlines the main changes in the Indian political position since the last Annual Number appeared. Then follows an economic section the particular relevance of which arises from the fact that the Communist world is now, whatever happens, a major partner of the Indian Union in the execution of certain projects of the second Five-Year Plan. The argument is advanced that while this economic co-operation is welcome in itself, it carries political overtones which it is necessary we should understand, before making a further decision greatly to extend our partnership with the Communist States. Finally, there is a section on the mind and philosophy of India, contrasted with the way of life of the Communist world; here there are no parallel lines.

DEDICATION

This Annual Number, like many that have gone before, is dedicated to the Indian people. It is appropriate that it should belong to them; it is their collective conscience which is largely discussed. This is also a peculiarly Indian examination of conscience, a fearless statement, of what is wrong with ourselves. It was Mahatma Gandhi who taught us thus to expose ourselves in our experiments with Truth. Perhaps the roots of Gandhian teaching are really deep in us after all, though they show so little outwardly or bear such indifferent fruit. In any case, here is an experiment with Truth; it should do us good to look into a Gandhian mirror. He made us look bigger than we were; what will his mirror do?

PART A

A POLITICAL ASSESSMENT

India in the Changing Cold War

WHAT in substance is the difference between the position of India in international affairs between 1952 and 1955? It has already been indicated that viewed in Russian or in American eyes, there has been some significant difference. In the present-day world these might be taken to represent the poles from which political projections are made. Since both the U.S.S.R. and the U.S.A. take the view that we have moved somewhat closer to the U.S.S.R. in the interval, one need not question at least the 'external' projection of our foreign policy which is that of a movement towards the Soviet bloc. Whether in point of fact we have so moved may be a matter for internal debate; since, however, in the Cold War we do not represent a major focus for a judgment of the external world, we should perhaps be prepared to judge ourselves from without rather than from within. India's view, neutralist or otherwise, is one which may be held by minorities in most countries of the Free world and conceivably by majorities—if they could be determined—in the Communist world. So far as governmental views are concerned, however, it is becoming increasingly clear that the extent of our neutralism has been deemed to have been reduced by those who view us from abroad.

It is vital that we should define the causes and conditions of this movement over the last three years. Since it has been a movement in the last three years it must, logically, be related to events which have taken place in this time. We need, therefore, no longer discuss the general principles of foreign policy. We are more concerned with the particular trend of events in the last three years which have tended to identify some of our views with those of the Soviet Union, thereby withdrawing some political support from the Free world. The position might be expressed by saying that, whereas in 1952 we were not obviously inside the Cold War, some events have occurred in the last three years which now make us, in important respects, a participant in Cold War controversies.

INDIA'S PET AVERSION

It will be argued in this and the following section on economic affairs that there have been three main factors responsible for the change. In the first place—and without any doubt this has been the dominating factor—there has been the development of what has been called comprehensively the policy of Communist containment. This is essentially a group of military preparedness round the Communist bloc. In Europe, there is NATO (the North Atlantic Treaty Organisation); in the Middle East there is now what has been called the Baghdad Pact, which is a corresponding organisation for this area. There are also subsidiary military agreements such as that between Pakistan and the United States, designed partly in fulfilment of the purposes of larger organisations but directly available as instruments of United States policy on its own.

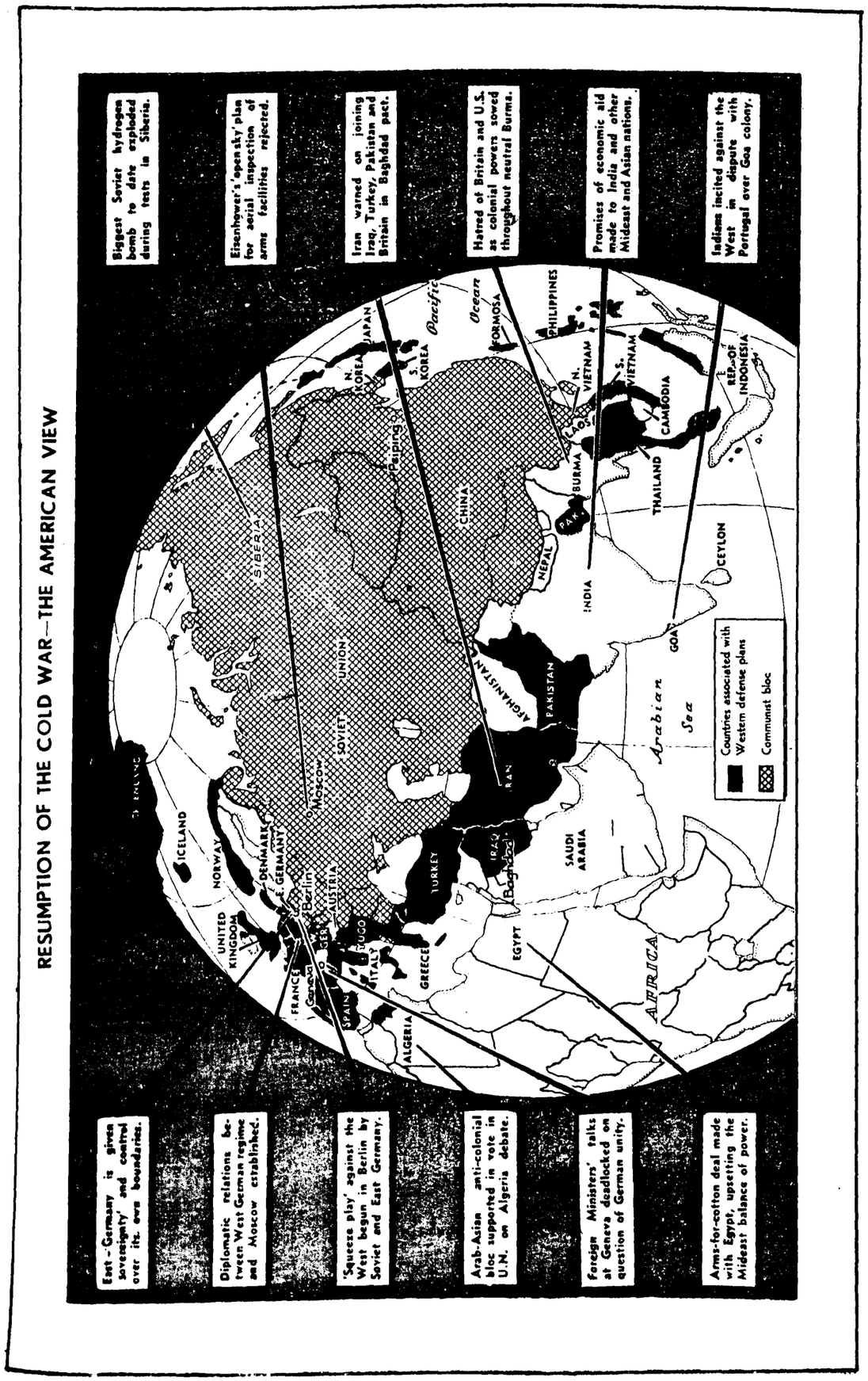
There is no doubt that Indian opinion, which is predominently against military pacts of this kind, has tended to gravitate towards the Soviet Union by reason of the very pressure which United States policy has exerted in fields near to our own. It is true that NATO was in existence before 1952 and caused little Indian concern; but NATO was entirely a European organisation with little relevance to areas in which the Indian Union was primarily concerned. The conclusion of the United States-Pakistan military pact and the South-East Asian Defence Pact brought the whole of the military apparatus of the United States and its allies, so to speak, to the frontiers of India. While in 1952, it was possible for us to preach with some detachment the abandonment of military alliances for adoption by both blocs, in 1955 India is confronted with a more particular situation in which her national interests are believed to have been invaded.

It is this factor, namely, that the pacts against which we are most violently set have come about through activities of the State Department of the United States, that has changed, in important respects, our attitude towards the Western world. So long as military pacts operated in an area which had no impact on Indian freedom or security, one might conceivably argue that India stood uncommitted to either side, although she was in theory against all military pacts. The Sino-Russian military pact and the military arrangements which existed between the U.S.S.R. and the satellite countries are no more defensible in theory than those between the North Atlantic powers; but the projection of military alliances in areas bordering the Indian Union has given a general principle a practical and a potent turn. Since the United States has been the instrument of the special displeasure which has been caused in the Indian Union it is natural that we should hold the balance a little uneven. All military pacts are bad; but some military pacts—those closest to us—are worse than the others.

FRIENDS BY AGREEMENT?

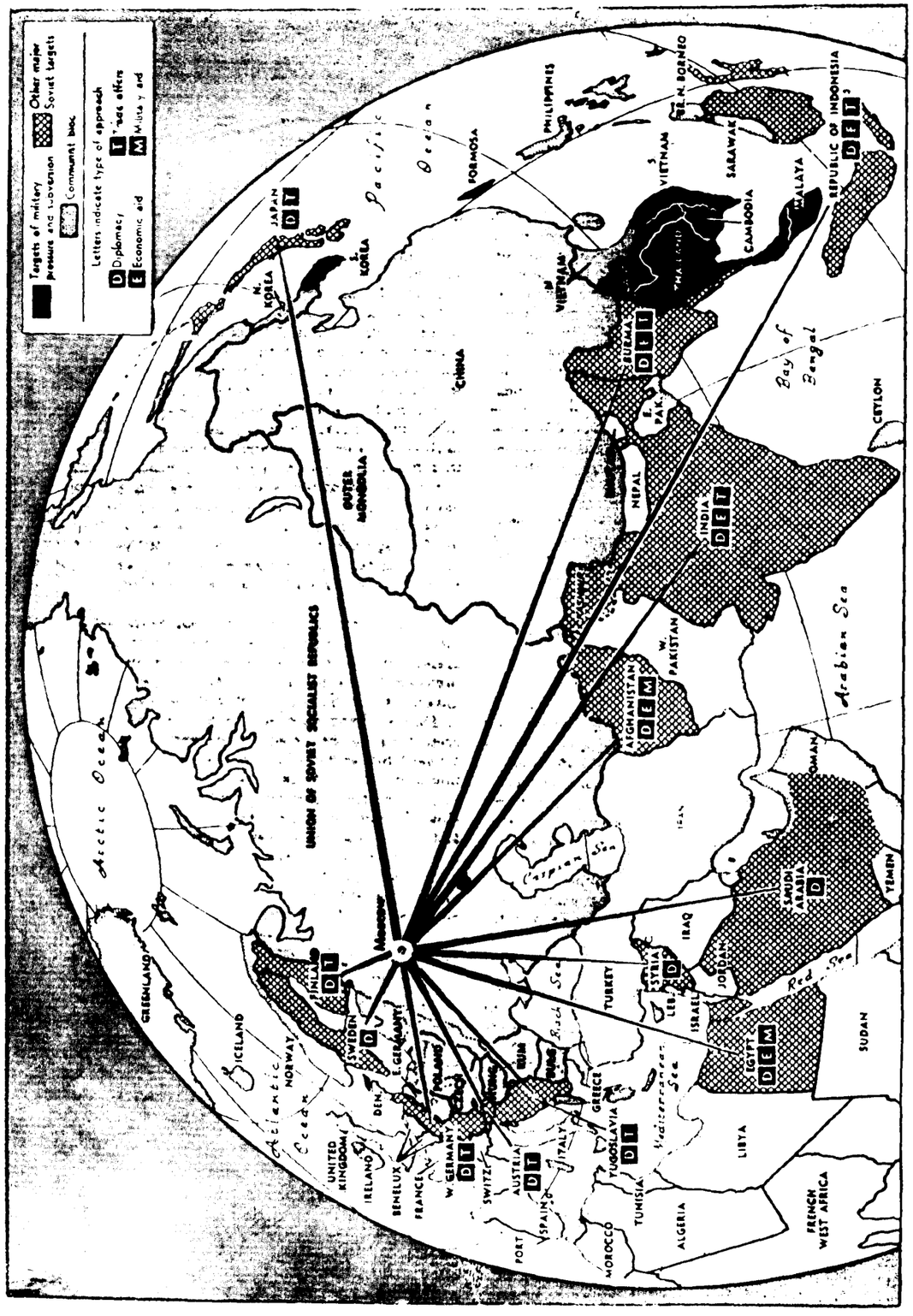
There is a second, though perhaps a less important, cause of difference. This arises from two major national interests of the Indian Union: Goa and Kashmir. The Western world has been loth over many years to accept the Indian stand on Kashmir; it has recently shown no enthusiasm for our stand on Goa. The U.S.S.R. and the People's Republic of China have shown no such hesitation, and, indeed, while Messrs. Bulganin and Khrushchev were in India, they proclaimed beyond any shadow of doubt their belief in the fundamental righteousness of our position in both cases. These, like the military pacts, are instances in which our major interests have been advanced by one party in the cold war, whilst they have been rejected or at least hindered by the other. While, in theory, Soviet satellitism might be more dangerous because it is a more complete form of colonial subjugation than metropolitan colonialism, the anti-colonial view taken by the U.S.S.R. in the case of Goa turns the emphasis against the Free world. Similarly, on Kashmir particularly since Pakistan is allied to the United States, a declaration in favour of the Indian view must be very acceptable to the Indian Union; in other words, two current pressures have been designed to make us believe that the U.S.S.R. is our friend whereas the United States has tended to be inimical.

Finally, there arises the whole question of the attitude of the Free world to India's economic problems. One might, perhaps, look at the record of the last three



Source : The New York Times.

MOVES AND COUNTER-MOVES IN RUSSIAN STRATEGY



Source : The New York Times

years and wonder why the Indian Union should consider that at the present time the Communist bloc is likely to be of greater assistance than the Free world in the economic development envisaged in the second Five-Year Plan. If memories were not short, one perhaps might have found it unnecessary to observe that the American Wheat Loan, directly or indirectly, was, as one single piece, far more valuable as an instrument of economic aid to this country than have been all the offers of assistance received or promised by the Communist world up to this time. All the Russian deals have been on the basis of payment at prices which were no less, and in some cases greater than international ruling prices; except on the Steel Plant there is no indication that there is an element of aid included in any of the Communist supplies Nevertheless, a widespread opinion has been created that the Communist world has proved itself more generous than the Free world. On what is this opinion based? It will be argued in the economic section which follows that there is no substance for the belief that at the present time there is any comparison between the contributions which the Communist world and the Free world respectively make to the economic well-being of the Indian Union. It is argued that, while this position might change, the limits of that change in the next five years are narrow and will not substantially alter the position. In economic affairs it is a terrible error to see the emergence of major co-operation between the Soviet Union and India in a form which significantly reduces our dependence on the Free world, except possibly in specific items like steel.

It is now necessary to consider not merely the change in India's position vis-a-vis the two blocs, but also the structure of changes in the Cold War itself. The problems of 1955 are not the problems of 1952. In a sense the departure of Marshal Stalin has brought about a difference. But this is marginal. His Majesty the Hydrogen Bomb—as Kingsley Martin has called it—has reduced the area of tension which belonged to the previous Cold War.

In the first place, the recognition that a total war is now far too dangerous a risk to be run has inclined both the Soviet Union and the U.S.A. to talk peace in spacious terms. The Geneva Summit Conference of this year which produced in its turn the 'Geneva Spirit' —quite unique in the Cold War history—does not imply that war has been renounced. But the fact that the race in armaments with atomic weapons can benefit neither side has now been fully accepted. In other words, this particular Cold War will almost certainly never run the risk of an actual shooting war; it was quite otherwise in the old days as Korea abundantly proved.

This particular factor, namely, that an extended war is not now a practical possibility, sets the American containment policy in what might be called an Indian perspective. By and large, since military pacts are designed to prevent major wars, and a major war is excluded by the presence of His Majesty the Hydrogen Bomb, one might be justified in holding that military pacts are redundant. It is unthinkable that the U.S.S.R. would take a risk of total war under present circumstances. On the other hand, can the "risk" be brought home to the U.S.S.R., unless there are bases close enough to retaliate at once when an act of aggression takes place?

While in this sense the Indian view has been reinforced and the physical dangers of the Cold War have been reduced, there is one respect in which its area has tended to expand. In 1952 the Cold War was predominantly an issue for Europe. It was then, and in part still is, the central difference between the U.S.S.R. and Western Europe on the placing of Soviet armies and the exercise of Soviet political influence in the heart of Europe. The failure of the second Geneva Conference shows that no agreement on Germany is immediately possible; but the Cold War has certainly abated slightly in Europe. On the other hand the Cold War has certainly developed in Asia as the maps on the two preceding pages will show.

Worse still, India which was outside the Cold War in 1952, now occupies a central place in the Asian conflict. In the Communist interpretation of "peace" policy, India is with the Soviet Union. The signing of treaties with Panchshila has also, in a sense, identified certain peace aims of the Indian Union with those of the Soviet Union though neither the Soviet Union nor the People's Republic of China is prepared to reduce significantly their military strength. In this respect they differ markedly from India. Nevertheless they profess a philosophy which is acceptable in the sense that it implies that all aggressive intentions, so far as Panchshila countries are concerned, have been eliminated. The Free world is prepared for "peaceful" coexistence, if it means no act—even in the air—of implied aggression. We are less particular; we see no major aggressive tendencies in the policies of the U.S.S.R. or the People's Republic of China.

This represents the major difference between the views of the Indian Union and the Free world in the present phase of the Cold War. The Indian Union is disposed to accept at face value the professions of 'peace' of the Soviet Union and the People's Republic of China. Panchshila has been designed to give concrete form to this common purpose. It is true, as the Prime Minister has said, that one cannot trust any nation hundred per cent, but the consensus of Indian opinion is certainly that the element of trust in the Soviet Union's intentions has very greatly increased in the last few years. It is quite otherwise with the rest of the Free world. The rest of the Free world is not prepared to accept Communist professions at their face value. Equally it might be added that whereas we are prepared to exercise greater trust in Communist professions, we are unable to accept the view that military pacts of a 'defensive' character have no danger of any kind.

In the two following articles 'Peace by Panchshila?' and 'Peace by Containment?' the central difference which surrounds Indian philosophy in the Cold War is set out in two aspects. The conclusion is drawn that Panchshila is not enough for peace. But neither is Containment. The basic differences are as wide as they have ever been; only we have lost, temporarily, our capacity to act as a bridge.

Peace by Panchshila?

IT is clear now that India's foreign policy differs from that of the Free World in two respects, one negative, the other positive. The negative component of the difference is the steady denial of the value of a military approach and the powerful, and even emotional, objection to all military entanglements in the Asian area. The positive side of Indian foreign policy is represented in nothing so much as in what is called the doctrine of Panchshila or the Five-Principles. These are (1) Mutual respect for each other's territorial integrity and sovereignty. (2) Non-aggression. (3) Non-interference in each other's internal affairs. (4) Equality and mutual benefit and (5) Peaceful co-existence. This doctrine is enshrined in numerous treaties in which it has been employed. The most important of these treaties are those with the People's Republic of China and with the

Union of Soviet Socialist Republics, though it figures in quite a large number of other treaties notably those with the satellite countries and with Yugoslavia.

The negative or anti-military position is more fully described in the following article "Peace by Containment?" in which the Free World's use of military means is discussed at greater length. For the present it is important to ask whether India's policy of Panchshila is either a necessary or sufficient condition of the extension of the area of peace in the present world system. It is desirable that one should be quite outspoken on this matter as it is extremely likely that we may be led into the belief that great moral conceptions are efficient even in areas where the moral purposes which should lie behind them are not present.

A GANDHIAN APPLICATION

On the use of Panchshila, one might observe, firstly, that it stands in the direct Gandhian tradition, that is to say, that it is based on the doctrine of respect for the individual and respect for governments which carry the approval of their peoples. It is logical enough to treat totalitarian Governments with respect as, at the present time, there is no doubt that these governments represent their peoples in the U.S.S.R. and the People's Republic of China. It is less likely that these governments can be influenced by the process of democratic persuasion either from within or without. That would seem to be a severe limitation on the effectiveness of the Gandhian approach of peaceful persuasion.

Panchshila is an expression of Gandhian "soul force" in the international sphere. Can it succeed in that sphere as it does in the domestic area? The answer at the present time depends firstly, on the parties with whom such relations are established. In the domestic scene we have had experience within our time of the enormous difference with which satyagraha was received by the British Government when in India, and that with which it has been repulsed by the Portuguese Government operating from Goa. It is obvious that the same weapon might be not merely very differently received but may have quite different values depending on the adversaries against which it is employed. It is by no means obvious that there are any absolute values in satyagraha or in "soul force"as such. In terms of Realpolitik "soul force" is as much a function of its adversary as it is the state of the mind of its users or the impersonal state of history at the time at which it is used.

THE LIMITS OF PANCHSHILA

Since Panchshila or "soul force" in the international area is conditioned by the parties who use—or perhaps abuse—it one should ask oneself whether the chances are that it will be useful in dealing with the Communist world. Unlike ourselves, the U.S.S.R. and the People's Republic of China are by no means convinced of the virtues of non-violence or satyagraha. Both these Governments have come to power by bloody revolutionary movements and have continued over many years the practice of "liquidation" on a scale which makes every other revolutionary movement in the world look petty in terms of the cruelty and violence employed. Again, at the present time, the U.S.S.R. possesses in military terms the most powerful military units in the world and the People's Republic of China possesses the largest army in numbers in the world. If they share our desire for non-violence, it is clear that they do not share it with anything like the same conviction. If they trust at all in "soul force" or in God—a word which can have little meaning for Communist agnostics—they are certainly keeping their powder dry.

There has been in India a naive willingness to assume that paper treaties can be divested from a long history of thought and, indeed, from the current practice of countries signing them. There is no evidence whatever in a reading of either Soviet or Chinese history that the present Governments have anything similar to the Gandhian outlook which still inspires our Prime Minister in the international field. Their signatures carry their minds, not his; how can they have his moral earnestness when both their outlook and their means have been or are so different? It is, therefore, arguable whether a mere paper treaty has any significance. The behaviour of totalitarian Governments in the recent past has not been encouraging. The U.S.S.R. in particular signed, as Stalin made clear, a treaty with Hitler's Germany which it never intended to treat as an obligation. It is now clear that this was merely an operation for gaining time; this was full of the wisdom of Realpolitik but again of no moral significance. Similarly one might add—not that this indicts the U.S.S.R.—Hitler's agreements, in which the Munich treaty is the best known, show that these paper instruments are often used by totalitarian regimes to confound their opponents. These treaties cannot mean in practice what we believe they mean on paper. This is why the security of the world cannot be built on moral rearmament so long as the necessary moral conviction does not exist. If the U.S.S.R. today had the moral conviction which we associate with the Gandhian outlook, they would disarm unilaterally. The U.S.S.R. has not got that conviction, and it is no argument to say that it has not got it because the Free World does not have it either. In either case, it would imply that the weapon of Panchshila which we use is ineffective in the real world.

THE LIMITS OF PANCHSHILA

What then is the measure of approbation that should be given to Panchshila? It should be admitted at once, that so far as India is concerned, (on whom military attack is unthinkable largely because of the Free World's protection) treaties of Panchshila have a useful but marginal role. There is no reason to decry any treaty of friendship. This is equivalent to saying that there is no harm, and maybe some good, in the use of moral rearmament in either the domestic or the international spheres, provided the necessary requisites to peace, stability, and progress exist elsewhere. Moral rearmament—in the form in which it is advanced in India and which has been practised by many teams in all portions of the world—sustains itself both on the worldly wise and on the organisation of many persons who employ means of which moral rearmament would not approve. In much the same sense, Panchshila, which is really a branch of moral rearmament, may conceivably do some good within its limits. Panchshila, cannot guarantee peace Nor indeed can it guarantee order or organisation over a large portion of the world. It can, however, be used to extend the area of goodwill where some large measure of it exists already. This is not much to claim, but perhaps the volume of goodwill in the world is not so large that we should ignore any means by which it can be augmented.

Peace by Containment?

IF Moral Rearmament alone has no prospect of maintaining security or peace, can anything be better said of military projects, particularly those described as the American policy of containment? The answer here depends on whether one is speaking in terms of the short or long periods. In terms of the short period, there is no doubt the deterrent to aggression is great. It is, however, constantly being reduced and the possession of the Hydrogen Bomb by both sides in the Cold War at the present time suggests that deterrent action can be confined to the most dangerous and "deterrent" weapons. It is possible for the Hydrogen Bomb to be delivered at the source of aggression with amazing rapidity, notwithstanding vast occupation forces in between. In other words, the theory of equality in all armaments has now tended to be out-of-date; and military preparedness to resist short-period aggression can be made more limited as a consequence.

THE LIMITS TO CONTAINMENT

What seems to be still relevant to the doctrine of negotiating from military strength is the point that there must be a combination of powers which are able to use with sufficient force the most destructive weapons for the purpose (a) to prevent an aggressor from taking the initiative or (b) if this is not possible, making it clear to the aggressor and to the entire world that aggression will not succeed in the end because the forces ranged against it are always powerful enough in course of time to recover the initiative. The criticism that needs to be made of the American policy of containment is that it greatly overdoes the military argument. Since atomic weapons can be delivered from bases in the United States and these atomic weapons could destroy key centres of the Soviet Union, there seems to be no great urgency for surrounding the Soviet Union with innumerable bases. Even if such a necessity existed, which is militarily doubtful, it is obvious that there are limits set by other considerations with which it should be implemented in the short period.

The essence of the Free World is that it is an alliance of non-aggressors against aggression. If the non-aggressors proceed on a course in which some, perhaps, of their potential allies are unconvinced (as India is) or resent the incursion of the Free World even more than they resent the incursion of the Communist world (as India does) even necessary strategy takes on an undesirable, and an unwittingly aggressive, role. This, in fact, is what has happened to the American containment policy in the area of the Indian Union.

It is American practice, not theory, which is resented. One might draw particular attention to the manner in which the containment policy of the United States has been implemented in areas adjacent to the Indian Union. Before India was divided her defence was almost entirely defence at one point, which was the North-West Frontier. The Indian Ocean was for the most part in friendly hands which did not threaten us in any way. After partition we lost the point in the North-West but obtained—what looked far more dangerous—a long frontier on the West and a long frontier on the East with Pakistan. It is always to be remembered that India and Pakistan have been at war in Kashmir and have not settled this major dispute at this time; it has all the marks of a possible eruption. Therefore a long frontier with Pakistan has invested us with severe new military obligations.

The equilibrium between India and Pakistan has been maintained largely by the ratio between military capacity and potential on both sides, which makes it unlikely that an act of aggression will be contemplated by either side. What has altered the condition of equilibrium is the United States' offer of military aid to Pakistan on a scale which, at the moment, looks relatively small but which may, at any time, alter the ratio in such a manner as to compel India to take defensive action by increasing its military budget on a significant scale. The American containment policy has therefore brought into being a significant anti-Indian pressure; SEADO will imply the use of waters adjacent to India for purposes over which we are not in agreement, and the specific agreement with Pakistan implies that we need always to hold, so to speak, in reserve a force comparable to any which Pakistan with American help could put into the field. These fears and suspicions are not less because they are at the moment undefined. Indeed, they are probably more because no upper limit has been placed upon American assistance.

The conclusion reached from this discussion is by no means happy. Largely because of the irritation which American methods in the Indian sphere of influence have generated, there are few Indians who are capable of taking an unbiased view of the containment policy as it has operated in Western Europe or elsewhere. There is no doubt, however, that it is American organisation of Western European defence that prevented more aggressive action by the Soviet Union in the time of Stalin. Now, however, that the Age of Stalin is over, one might well wonder whether the containment policy has the same significance even in Europe. Again, one might argue that the containment policy has prevented major Communist success in Asia after Korea, but one might wonder, particularly after Bandung, whether the threat in Asia is as great as to justify the elaborate military preparations of SEADO. These are what might be described as the Free World's excesses. There is no doubt, however, that the Indian view that no military preparations of this nature need to be made is based on a presumption which accords less with the practice of the Soviet Union since 1945, than it does even with aggressive Marxist theory. Perhaps if the Free World's policy had been less clumsy in its operations in the Indian scene, we would be more ready to accept the premise on which it is based. It is time to turn to a more positive statement of Indian policy suited to these conditions.

Words to Ourselves

THE argument up to the present point has been more negative than positive; it has indicated that neither the American policy of containment nor India's present stand that international problems are best dealt with on the doctrine of Panchshila are sufficient in themselves; they are, of course, unworkable together since they are contradictions. Meanwhile, whatever view might be held either on the doctrine of military containment or the doctrine of Panchshila, the fact remains that India's obviously neutral position in 1952 has been compromised abroad. This has not been made any better by our willing acceptance of Russian support on Kashmir or on Goa.

On Kashmir it may well be argued that the USSR's assistance is valuable as a power of veto to prevent the Kashmir issue from being raised in the Security Council. This is, in Realpolitik, in the national interest and one which we are entitled to accept. On the other hand, on Goa the position is by no means clear. Since the USSR cannot deliver the goods and its approbation has—in view of the realities of the Cold War—only attracted opposition for considerations nothing to do with the Goa problem in itself, one may wonder whether the Russian declaration has done us any good. However foolish the Dulles-Cunha statement has been from the point of Indo-United States relations, it is an indication to us that, if we enter the Cold War by association with either party of the Cold War, we will inevitably receive some of the shrapnel which burst from blasts of that unhappy controversy.

It is not in India's interest to become a party to Cold War controversies. Apart from everything else, this is a contradiction of the purposes of Indian foreign policy. These purposes are fourfold. Firstly, Indian foreign policy is designed to maintain an area of peace around the Indian Union so that, in this vital period of reconstruction, we are not distracted by war and not injured by the inevitable consequences of war which might end in reducing the standard of living of the Indian people. Secondly, it is the purpose of the Indian foreign policy to proclaim in the international arena the doctrine of the freedom of interference from any source of the rights of Asian peoples. This involves our championing the cause of all subject peoples, and should involve us in equal criticism of Colonialism and Satellitism. If we take—or even allow ourselves to appear to have taken—sides in the Cold War, there is no doubt the capacity of our advice to be accepted on one or other side or both may be involved. Thirdly, the purpose of our foreign policy must be to serve our interests in this vital period of economic reconstruction. There is no indication that a leaning on either side of the Cold War would be in our economic interests. This is more fully elaborated in the piece which follows. Finally, our foreign policy must be designed to project the moral principles of the Gandhian tradition into the international area. We cannot conceivably, as a great democratic country, ally ourselves in any form with totalitarianism without doing violence to the principles of individual freedom which became our heritage in the Gandhian age. For all these reasons, an alliance with the Communist world is not merely undesirable; in appearance, it is a handicap; in fact, it would be a betrayal of ourselves.

REDRESSING THE BALANCE

In view of the undesirable nature of a leaning in the Communist direction, how, it may be asked, has it come about that such a leaning is believed to exist in many countries in the Free World? The answer certainly is to be found in our relatively cordial relations with the USSR at a time when we have had deteriorating relations with the United States. We are by no means entirely or even primarily responsible for the deterioration in relations with the United States. But whether we are or not, the fact remains that India's national interests are not served by the situation such as that which exists at the present time.

What then is to be done? 'The Eastern Economist' holds the view that some positive measures should be taken to redress the balance so that we recover the position of greater neutrality that we seemed to occupy three years ago. In the first place, this requires the recognition of the fact that relations with the United States should be improved. This makes it incumbent on us to explain to the United States, as well as to the other misinformed countries in the Free World, the position we believe ourselves to hold, namely, that we are in fact neutral in the Cold War. We are not free from blame. There has been over many years dismal failure in our publicity activities, both at home and abroad. At the present time, the instruments of publicity attached to our embassies abroad are badly equipped to explain and interpret Indian foreign policy; one might be surprised that the results in some respects are not worse than they are. A major Public Relations campaign is a first condition of a change in the Free World outlook on Indian foreign policy. Secondly, there must be obviously some greater recognition from official sources in this country of the limited value of statements of principle in criticism of the Free World, whilst criticisms of the Communist world are held in abeyance for considerations—Panchshilan or otherwise. It is obviously undesirable that we should create the impression anywhere in the world that we are prepared to compromise on maior principles because of the injury we might do to friendly relations with the USSR or the People's Republic of China. It is widely believed—and there is some justification for the view—that we do not hold the balance even when criticising weaknesses on both sides.

Finally, we have to determine the strategic and economic interests of the Indian Union. On the assumption which we entertain that an attack on the Indian Union by either party of the Cold War is not a contingency to be guarded against, surely there is no need for us to show excessive regard for the Communist world. If it were, indeed, our argument that these countries were aggressive in nature and a policy of a verbal apeasement would allay an attack, there would be some justification for leaning. In view, however, of the point that we do not consider present conditions that either the USSR or the People's Republic of China is aggressive, our leaning cannot be justified on grounds of national security. On the other hand, any leaning towards the totalitarian powers will certainly compromise our national democratic outlook.

It is obvious that we cannot acquiesce in the present position which does some violence to our national interests, involves us willy-nilly in the Cold War, projects our capacity to be of use as mediators as we were in Korea and Indo-China, and allows the impression to be created in the Free World that we are not now so concerned about moral principles as we were in the Gandhian age. We should, therefore, attempt to recover some ground that we have lost. There is an equal obligation on the Free World to set its own record right.

Words to the World

IF the present position of India in international affairs is not entirely in India's interests, it is even less in the interests of the Free world. It is to be remembered that if the influence of the neutralistic countries of Asia is thrown on the side of the Communist conception of "peace", the total population so committed will considerably exceed that of the Free world. In effect, the activities of the notorious Communist "Peace Councils" would have received an increase of strength which would make them "majority" representatives of the peoples of the world. This would be in itself a major democratic reverse. Quite apart from these regimented opinions, there is also to be considered the strategic place which India occupies in both military and economic terms. The Free world must make a supreme effort to correct any deviation of Indian opinion from the Free world or at least from a sound neutralistic position; it has stakes which it is impossible to exaggerate.

THE FREE WORLD'S OBLIGATIONS

It is obvious from what has been said before that the Free world has not been successful in preventing some adverse changes in India's political outlook. It should not be necessary to argue that, if a Public Relations campaign from India is necessary to correct the Free world's prejudices against us, a Public Relations campaign from the Free world is necessary to correct misunderstanding in India of the purposes of Free world strategy in the Cold War. The American doctrine of containment in particular must be shown to be necessary—if, indeed, it is a necessary condition of the security of the Free world. At the present time, it

looks to Indian minds as if it is merely a projection of military thinking imposed on the Free world by prejudiced observers in the Pentagon at Washington. Surely, if information actually exists to show that the danger of Communist aggression is real today, it should be made available to every member of the Free world. India can claim that this evidence has not been produced sufficiently in New Delhi.

There is also no reason why the Free world's passion for peace such as that shown in President Eisenhower's "open-skies" proposal should not obtain the same response in this country as that of Soviet claims for "peace" which are so readily believed. Why, it may be asked, is this spacious proposal of President Eisenhower so little known in this country and has had so little explanation from the Free world? If our external publicity has failed in the Free world, one might with equal justification say that the Free world's publicity in India has done likewise.

THE COMMUNIST ECONOMIC OFFENSIVE

What invests this problem with even more significance is the current Communist offensive which is designed to show not merely that the Free world is aggressive in politics but that it is uninterested in raising the standard of living of the Indian people. The challenge presented by Messrs Bulganin and Khrushchev inviting the Free world to compete with the Soviet Union for India's friendship is one which has not yet drawn fundamental new response from Free world countries which are in a position to help. Seeing that Free world capacity is so much greater than that of the Communist powers, friends of the Free world here tend to concede the first round in the new propaganda offensive entirely to the Communist side. It is not that Free world assistance has not been far greater; it is the future, not the past, which the public mind tends to weigh in the balance. The recent meagre two-hundred-million-dollar provision for matching Soviet moves in this direction in Asia merely indicates a token protective measure, but no deep passion for contributing on a scale commensurate with South-East Asia's needs or with the capacity of the Free world to assist development in under-developed areas.

There are also particular illustrations which are calculated to create the impression that the Communists are more earnest in their present offers of economic assistance to the Indian Union at this time than the Free world is. It is known, for example, that the Communists are prepared to accept interest at the rate of 2½ per cent on deferred payments while, at any rate in the case of the British Steel Plant, this figure has not been matched. Similarly, it is known that while Free world has hesitated to supply steel, the U.S.S.R. has agreed to make available one million tons in three years. It may be that in total supplies the Communist world's additions to supplies are to be reckoned marginal. But the fact that they are making quick offers, based upon India's immediate needs, while the Free world is hesitating, will weigh in on the Communist side.

In the economic section, these different outlooks on aid and trade as they emerge as contributing factors in India's second Five-Year Plan are discussed in greater detail. There is no doubt, however, that at the present time the Free world has lost some ground in Indian public opinion. It is earnestly to be hoped that the reasons for this failure, which are connected with the slowness of the Free world to rally its political and economic resources for dramatic moves of this kind, should be examined and some means of meeting the Communist challenge devised.

Conclusion to Part A

It is now possible to draw together the threads of the argument as it has been developed in the previous pages. It has been argued that India has, in fact, shifted her position from 1952 in that we are much more friendly to the USSR than we were then. As a consequence, we are a little more suspect in the Free world. It has been argued that the deterioration of our relations with the Free World has been mainly the result of our criticism of the doctrine of military containment and our more positive relations with the People's Republic of China and the USSR. Our opposition to military containment and the doctrine of Panchshila have both been examined as the central negative and positive aspects of Indian foreign policy. It is pointed out that neither singly nor collectively are they sufficient in fulfilling our major aims in foreign policy.

It is argued that whether or not we, in fact, agree that we have moved our position in fundamentals, there is a widespread belief that we have reduced the area of neutralism which we are prepared to employ. It is believed that this calls for corrective action so as to vindicate—if, indeed, that is the case as we believe it to be—that we are no less well-disposed towards the Free World than we had always been. For this purpose, it is desirable that foreign policy statements should be framed so as to keep us out of the Cold War. This applies in particular that on the issue of Colonialism we should recognise that Satellitism is an equally dangerous disease.

We cannot exercise the influence that we have had in the last few years unless some corrective is applied to the present trend of suspicion of India's intentions which seems to be growing in the Free World. For this purpose, it is suggested that we mount a Public Relations campaign, which will understand and duly interpret the adverse movements in public opinion in other countries. India is very apt to be complacent on her international prestige. If we are to develop the remarkably effective position we have occupied in recent years, this defect will need to be recognised and then remedied.

Nothing that has been said in this piece should lead either ourselves or our friends abroad to believe that we do, or can, consistently with our obligations to our own inheritance in Gandhian philosophy, lean towards the Communist brand of political thought. To the extent that Panchshila imposes silence on us not to criticise the tyranny exercised behind the Curtains, it is a positive denial of our Gandhian faith. We need to recognise that this is a temporary aberration, which cannot with our traditions occupy for long a central place in our foreign policy. Panchshila is merely a restraint which is imposed on us as, perhaps, one might say, of the individual mind in the words of the poet "Be still, my soul; the arms you bear are brittle."

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PART B

AN ECONOMIC REVIEW

Introduction

STATISTICS—AND STATISTICS!

THE central economic issue involved in India's relations with the Communist world at the present time concerns the level of assistance which we might receive from the Communist world in the execution of our second Five-Year Plan. In the articles which follow, an attempt has been made to set out all the relevant facts which bear upon this issue. These facts are not of one piece, and, unhappily, are not consistent with one another. In part, this is a reflection of the Cold War in the statistical world. The Communist countries claim for their systems a high rate of economic progress and support these by a wide range of statistics on production and supply. It is right that we should have these statistics and that they should be available to the Indian people. It is not right, however, that every conclusion should be based upon these statistics, some of which are very misleading from the point of view that India has in mind, namely, the capacity of the Soviet Union for her own economic development. Largely because the standard of living in the Communist countries is so much below that of the standard of living in the Free World, (even if such increases of production as are claimed did take place) a much larger percentage would need to be diverted to the needs of the producing countries themselves. In other words, export surpluses in the Communist World do not bear the same relation to increases in production as corresponding increases might do in the Free World.

While, therefore, two aspects of the matter are set out, namely, what might be called the Communist and non-Communist views, the kernel of the economic assessment which follows relates essentially to trade factors and to the particular assistance which the Communist world can render to India in the second Five-Year Plan. This forms the third chapter in this section and is one to which "The Eastern Economist" specially directs attention.

THE CAPACITY OF THE USSR

It is appropriate that there should have been released at just this time figures for the defence budget of the Soviet Union for the calendar year 1956. The USSR is cutting her defence expenditure by about ten per cent "to permit greater development of the public economy and culture". Assuming, which is not entirely legitimate, that this expenditure can be reckoned in pounds it would appear that the defence budget of the USSR has dropped from £11,900 millions to about £9,318 millions or a change of the order of £800 millions.

The whole of this £800 million pounds cannot be translated into export surpluses. There is no doubt that a great deal of domestic income is incapable of export. It cannot therefore be that, as a result of this cut in her own expenditure, the USSR export potential has increased by any large fraction of the total cut in expenditure. If one might assume that the cut in export was increased by 100 million pounds one would perhaps be generous in estimating the increased export capacity of the Soviet Union. However, this particular figure—small as it is—has comforting bearing on India's second Five-Year Plan. If this additional amount were divided equally between India and China for example, it would imply that it will be possible for the USSR to increase its aid to China by about Rs. 60 crores per year and to give India about the same quantity in deferred payments or by separate aid. It will also have some effect on the capacity to provide increased steel for India's pressing needs.

There is no tendency in the pages that follow to under-estimate or exaggerate the export capacity of the Communist countries to assist India in her plans. What is indicated however in the final result is that, large as this contribution might look, it is, nevertheless, small in relation to our dependence on the Free World. This is really a vital conclusion. It is in terms of this conclusion that economic policy in India must be largely conceived.

Planning and Economic Progress

COMMUNISM has been making its strongest appeal in those areas of the world which are uncommitted wholeheartedly to a democratic way of life, only through its promise of a high rate of economic progress. It is now widely realised that the doctrine of the classless society is not Communism's strongest point. While in political terms democracy has paid equal homage to the principles of equality, Communism has not been notably successful in effectively translating it into practice, in terms of equality in the possession of economic or political power. Nor again, has Communism proved that it is equally efficient, much less superior, in providing welfare. Welfare services in the United States or in the social democracies of Western Europe have perhaps, far exceeded those available under the conditions of living of the people under the Communist rule. Therefore, there has been nothing distinctive about many aspects of Communist professions, though it may not be always understood everywhere. But at least in respect of an increasing rate of productivity per person, the Soviet Union has been able to show some striking results. Though this has been confined to rapid development in the industrial sphere (Soviet inferiority in agriculture being indisputable at this stage), the ambition to industrialise being common to most of the underdeveloped countries, there has been a keen interest in the Soviet system which has enabled such a high rate of industrialisation within less than three decades as to make the U.S.S.R. the second major Power in the world.

Considering that the second best performance in this respect has been shown by Japan—which though non-Communist, did not pursue democratic methods,—the impression has gained ground that whatever might have been the conditions of industrialisation in the West,

a quick building up of industry is better achieved by central planning. Modern theories of development within a backward economy have now conceded that all the conditions, social and political, which pertained to Western economic progress may not be reproducible in the underdeveloped areas and that a central direction of development may be desirable and necessary to help these countries to catch up with the demand for progress from their peoples. Planning, which was once considered to be a negation of a free economy, is no longer considered to be so, with the result that democratic planning has come to be distinguished from Communist central planning. The major difference, apart from the differences in the political processes through which plans are implemented, has been found in the circumstance that under Communism planning is done on a physical basis and within a closed economic structure while democratic planning provides room for economic forces—internal and international—freely to operate, subject only to overall regulation.

India's acceptance of the democratic method has been deliberate not only because of the emphasis placed on her own tradition which regards means being as desirable as the ends themselves, but also because of the belief that the conditions for a high rate of economic progress can be created, without the hardships which are inevitable when decisions are imposed from above. Even if as a result, the rate of increase of economic productivity cannot be equal to what the Soviet Union has achieved in the first two decades after the Revolution, the deficiency could be more than offset by the gains in terms of freedom and human welfare. "I am convinced", Mr. Nehru has said in his message to the King of Nepal only last week "that real progress of a country under present circumstances can come only with the full co-operation of the people and the application of the democratic method." This is a reiteration of a firm faith which lies behind India's choice of the road to progress, which remains unshaken by all that Communist achievement has to show for itself.

In other words, since the end of all progress is human welfare, any system which subordinates it in the long or short term cannot provide a valid reason for its operation. India has undertaken a responsibility of promising that democratic planning can take care as much of the short term as the long, and still provide a comparable if not equal or higher rate of economic progress; and the implications of this responsibility remain to be realised. The Soviet economy is estimated to have grown, even on a modest reckoning by about 5½ per cent per annum before the war and by about 7½ per cent since 1948. Japan had shown a rate of about 3 per cent per annum before the war. The Soviet achievement is based on an overwhelming superiority in industry which has compensated the deficiencies of Russian agriculture. In the mining and manufacturing sectors alone, the average annual rate of expansion has been estimated to have been 7 per cent in Japan and 12 per cent in the U.S.S.R. and this rate of growth compounded over many years has produced a superiority which China now seeks to acquire by adopting similar techniques of economic planning. There need not be much uncertainty about China's securing a comparable rate of achievement, as the East European countries have also been able to develop their heavy industry in such a manner as to bring their apparent per capita steel consumption almost near that of the Soviet Union. There may be no reason for Communist China, with her vast resources, to fall behind in this race, though her planning would be less under the direct control or regulation of the Soviet Union than that of East European countries. But an important difference may arise from the fact that in per capita terms, China will continue to be at a serious disadvantage because of the rate of growth of her population at the high rate of 2 per cent per annum which will neutralise much of the advance.

Eventually, it is China's experience that will provide an interesting comparison to India's because the starting point of the two countries has been almost parallel in point of time and also in respect of the level of economic advance. Both can draw upon the methods and techniques applied elsewhere with success and make those leaps in technology which the progress of the advanced countries has made possible. India has a far wider field for this purpose than would normally be available to China, whose economy has been tied more closely to that of the Soviet Union. It is possible that in the future China's links with the rest of the world may be closer than it is now, just as India's links have extended now to the Soviet Union.

It is possible that totalitarian efficiency is superior in mobilising labour or in training it for purposes of development and these two factors may often be able to show very high rates of growth in the initial stages. There will also be less obstacles to the introduction of new techniques, because of the lack of freedom for organised interests to oppose technological change. Savings can be mobilised more effectively under a system of totalitarian planning than elsewhere, which accounts for the fact that the U.S.S.R. has often invested more than 20 per cent of her national income—a rate which is expected to be attained in India only at the end of a long period of years. The democratic substitutes for these devices have to be discovered and there can be little doubt that the major advantage that India possesses is the access to techniques and materials on a wide scale which her political and trade contracts can make available. China and Eastern Europe have been able similarly to draw on those of the Soviet Union but with much less freedom in their choice. There is no political necessity in either case to reproduce the conditions of isolation within which the economy of the U.S.S.R. had to be developed.

India and China in the Beam-Scale

MOST Western observers have, in assessing India's position in relation to the Communist Powers, imagined a beam-scale across the Himalayas with India and China at either end weighing in the balance. The success of these two countries in the pursuit of their different paths to industrialisation and the cost at which that success is achieved are expected to decide which country will eventually tip the scales. This method of assessment may not be uniformly accepted in India, where there has been some natural diffidence in assuming that all that Communist China can do to mobilise national effort in development would be possible here in terms of physical quantities, though whatever India succeeds in achieving will have a different value to us in qualitative terms. Prime facie, the odds seem to be against India, judged purely in terms of population and land resources. The energies of 576 million people on the Chinese mainland, harnessed purposefully to the land and mineral resources of China may greatly contribute towards an increase in productivity and the facilities in the availability of Russian technical skill may be adequate to give the Chinese economy the momentum it now needs for moving on the path to industrialisation, though it may not provide all the help that China can successfully absorb at this stage. But the disadvantages of China cannot be overlooked. The

INDICES OF NATIONAL INCOME AND INVESTMENT IN CENTRALLY PLANNED ECONOMIES, 1951 TO 1954

(Preceding year=100)

Country	National Income				Investment			
	1951	1952	1953	1954	1951	1952	1953	1954
Bulgaria	136	..	116	..	141	114	111	98a
China, Mainland	..	..	111b	113b	..	..	118	131
Czechoslovakia	110	115	105	..	..	117	100	100
Germany, Eastern	116	111	106c	..	141	135	121	105d
Hungary	123	105	112	..	145	125	107c	67
Poland	112	110	110	107	138	122	115	102
Rumania	..	..	..	..	131	136	128	..
U.S.S.R.	112	111	108	111	112	111	104	115

Source: Reports on fulfilment of plans.

a Derived from data on planned total investment and on percentage fulfilment of the plan.
b Preliminary estimate. Total output of agriculture and industry.
c Partly estimated. d Six months. According to some official sources, the increase was only 3 per cent.

INCREASE IN THE SOVIET UNION'S OUTPUT OF STEEL, COAL, OIL AND ELECTRICITY

	1913	1928	1932	1937	1940	1952	1955
Steel (million tons)	4.2	4.8	5.9	17.7	18.3	35.0	45.0 (approx.)
Coal „ „	29.0	35.5	64.4	127.9	166.0	300.0	390.0
Oil „ „	9.0	11.7	22.3	30.5	31.0	47.0	70.0
Electricity (thousands of million of kwh.)	1.9	5.0	13.5	36.4	48.3	117.0	166.0

INDICES OF OUTPUT OF CONSUMER AND PRODUCERS' GOODS IN CENTRALLY PLANNED ECONOMIES OF EASTERN EUROPE, 1954

(1953 100)

Country	Total	Consumer Goods	Producers' Goods
Czechoslovakia	104	105	104
Germany, Eastern	111	116	..
Hungary	103	110a	97b
Poland	111	111c	111c
Rumania	107	111	104

Source: Reports on fulfilment of plans.

a Light industry only; in the food processing industry 112.

b Including consumer goods produced by heavy industry.

c Based on official statements that the rates of increase were approximately the same for producers' goods as for consumer goods.

INDICES OF INDUSTRIAL PRODUCTION IN CENTRALLY PLANNED ECONOMIES 1951—1954

(Preceding year 100)

Country	1951	1952	1953	1954
Bulgaria	119	118	112	109
China, Mainland	137**	137**	133	123†
Czechoslovakia	115	118	110	104
Germany, Eastern	122	116	113	110
Hungary	130	129	112	103
Poland	124	120	118	111
Rumania	129	123	114	107
Union of Soviet Socialist Republics	116	111	112	113

Source: Reports on fulfilment of plans.

**Average annual rate of increase during 1949-52.

† Preliminary estimate.

WORLD PRODUCTION OF FIBRES

PRODUCTION OF COTTON

(Million lb.)

	1938-39	1949-50	1950-51	1951-52	1952-53	1953-54	1954-55
India ..)	2,462	1,132	1,307	1,520	1,452	1,802	1,864
Pakistan ..)		488	583	631	736	562	586
Total Commonwealth ..	**2,758**	**1,951**	**2,307**	**2,510**	**2,604**	**2,811**	**2,942**
United States ..	5,709	7,709	4,786	7,239	7,235	7,876	6,501
Egypt ..	826	844	842	777	962	685	717
Brazil ..	932	645	789	932	765	700	717
Mexico ..	147	458	573	634	583	580	837
U.S.S.R. ..	1,820	1,600	2,050	2,100	2,209	2,300	2,300
China ..	1,067	970	2,200	2,200	2,800	2,600	2,400
Roumania ..	2	9	20	25	30	40	40
Bulgaria ..	15	14	16	16	16	16	16
Total of Soviet Bloc ..	**2,904**	**2,593**	**4,286**	**4,341**	**5,046**	**4,956**	**4,756**
World Total ..	**14,244**	**15,381**	**14,823**	**17,975**	**18,765**	**19,239**	**18,144**

ESTIMATED WORLD CONSUMPTION OF COTTON

(Season: August 1 to July 31)

(Million lb.)

	1938-39	1949-50	1950-51	1951-52	1952-53	1953-54
India ..	**1,642**	**1,554**	**1,506**	**1,683**	**1,852**	**1,905**
Pakistan .. ..)		69	72	86	110	215
United Kingdom	1,286	1,000	1,021	841	747	877
Total Commonwealth	3,068	2,908	2,945	2,910	3,013	3,306
United States	3,278	4,246	5,023	4,396	4,522	4,102
Brazil	307	394	402	394	382	430
France	619	554	600	586	554	635
West Germany	550*	417	517	461	512	584
Italy	318	447	472	426	413	418
Japan	1,282	493	764	968	987	1,228
U.S.S.R. & Eastern Europe	2,231	1,628	1,752	1,916	2,117	2,199
China	1,575	1,076	1,362	1,577	1,601	1,673
Total Soviet Bloc	**3,806**	**2,704**	**3,114**	**3,493**	**3,718**	**3,872**
World Total	**14,616**	**14,022**	**15,796**	**15,554**	**16,125**	**16,778**

* Whole of Germany.
Figures for 1953-54 are provisional.

WORLD STOCKS OF COTTON

(As on August 1)

(Million lb.)

	1938	1949	1950	1951	1952	1953	1954
United States ..	5,531	2,527	3,272	1,089	1,333	2,679	4,577
India ..)	1,606	656	596	706	956	655	741
Pakistan ..)		44	53	63	174	191	108
Brazil ..	447	296	253	299	669	956	526
Egypt ..	262	281	233	206	418	416	225
United Kingdom ..	713	773	670	587	614	486	436
Japan ..	234	186	152	328	250	250	217
Total Soviet Bloc ..	**1,272**	**727**	**599**	**491**	**814**	**684**	**768**
World Total ..	**12,057**	**7,202**	**8,029**	**5,594**	**7,165**	**8,025**	**9,256**

ESTIMATED WORLD PRODUCTION OF RAW WOOL

(Million lb.—Greasy Basis)

	Average 1934-38	1949-50	1950-51	1951-52	1952-53	1953-54	1954-55
Australia ..	995	1,142	1,118	1,080	1,281	1,246	1,288
New Zealand ..	300	390	390	407	418	426	455
South Africa* ..	261	230	245	251	274	282	295
India ..	**96†**	**72**	**72**	**72**	**72**	**72**	**72**
Total Commonwealth ..	1,786	1,970	1,961	1,948	2,193	2,178	2,265
Argentina ..	376	415	430	420	407	397	365
United States ..	470	273	271	270	290	302	308
Uruguay ..	114	163	185	188	190	203	200
Total Soviet Bloc ..	**450**	**494**	**533**	**557**	**590**	**623**	**614**
WORLD TOTAL ..	**3,810**	**3,936**	**4,022**	**4,054**	**4,372**	**4,421**	**4,475**

* Including Basutoland and S.-W. Africa Territory.
† Including Pakistan.



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population pressure is greater there, and both by reason of her ideology and the feeling of insecurity among her rulers, internally and externally, China may have to set aside more of her resources for defence. If in spite of these, a high rate of investment is made possible, some freezing of consumption even at the present low standards of living would be necessary, causing both political and economic strains.

It is yet difficult to make precise comparison on the magnitude of effort being made in the two countries because the data are not strictly comparable except perhaps in terms of physical quantities. The outlays proposed in money terms cannot, even roughly, indicate the scale of effort needed to achieve the objectives and any relationship derived merely from the exchange value of the two currencies could prove grossly misleading. Even after the Chinese currency reform with effect from March 1955 (which has made calculations less cumbrous by reducing the value of the old Yuan to tenthousandth of its original value). the internal value of Chinese currency unit is lower than the exchange value attributed to the new Yuan (of U.S. $44 100 Yuan which gives an approximate equivalent of Rs. 2.1 to one Yuan). Thus, while the proposed outlay in terms of Yuan would give some indication of the internal structure of the Chinese Plans in terms of the priorities allocated among the various aspects of economic development, there is no valid basis of comparison with the Indian rupee. We must, therefore, have recourse to the targets proposed under the Plan and the rate of progress achieved in reaching them. Considering that the Chinese First Five-Year Plan places such heavy emphasis on industrialisation as to devote 58 per cent of the investment to industry, it is strictly comparable only with India's second Five-Year Plan which aims at an expansion of industry. The adoption of other criteria of development, like increase in the national income is out of question in the case of China.

Vice-Premier Li Fu-Chun's report on the first Five-Year Plan 1953 to 1957 has given the following figures of investment in capital construction and the number of major projects described as 'above-norm' projects in each sector:

OUTLAY ON CAPITAL CONSTRUCTION IN CHINA

1953 TO 1957

	In Million Yuan	Percentage of Total	No. of Major Projects
Industrial Departments	24,850	58.2	694*
Agriculture, Forestry, Water Conservancy etc.	3,260	7.6	252
Transport, Posts & Telecommunications	8,210	19.2	220
Trade, Banking & Stockpiling	1,280	3.0	..
Cultural, Educational & Health	3,080	7.2	156
Municipal, Public Utilities	1,600	3.7	118
Others	460	1.1	160
TOTAL	42,740	100.0	1,000

* 156 of these are Soviet sponsored.

This is apparently a high rate of investment, which translated in rupee terms (at the assumed exchange value of the Yuan) would show a total capital outlay of the equivalent of Rs. 8,550 crores of which just less than Rs. 5,000 crores would represent investment in industry over the five years. This seems to be consistent with China's annual budget. The total receipts of the State in 1954 were estimated at 30,746 million Yuan of which taxes constituted 13,218 million Yuan, receipts from State enterprises 9,961 million Yuan, credits and loans 3,057 million yuan, and the previous year's carried-over surplus 4,509 million Yuan. But considering that the per capita national income in China is not much higher than India's, if at all, and that even this approximate equality is possible only because China's agricultural output is slightly more than twice the size of India's, it is clear that Chinese price levels are several times higher than what the nominal exchange value would imply, vis-a-vis India. This is confirmed by the figures of targets set out to be achieved in industry under the proposed outlay by 1957, which except in special fields will not be considerably higher than what is sought to be achieved in India under a more balanced Plan which pays attention to agriculture, power and transport.

INDUSTRIAL TARGETS: INDIA AND CHINA

	Output in 1952		Output Planned	
	China	India	China (1957)	India (1961)
Steel (million tons)	1.35	1.3	4.12	6
Electricity (million Kwh)	7,260	5,858	15,900	
Coal (million tons)	63.5	36.5	113	60
Cement (million tons)	2.66	3.6	6	10
Paper (000 tons)	370	136	650	400
Cotton piecegoods (million yards)	2,310	4,600*	3,393	5,500*
Sugar (000 tons)	249	1,500	686	2,200

* Mills only.

China has lagged very much behind in the matter of railway transport with only half the length of the railways, which considering the size of the country may be even more inadequate than here. It is difficult to say how far China's industrial targets are consistent with her backward transport system. The movements of coal, ore, cotton and grain must require considerably more capacity than what has been planned for in the enthusiasm for heavy industry based on the model of Soviet planning.

There are thus many question marks across the objectives of planning in China. It is possible that a high standard of accomplishment may be shown in the fields of agriculture, merely by the utilisation of China's vast power in irrigation, flood control and reclamation. An increase of about 12½ per cent in grains during the first four years of the Plan has been officially claimed, showing an average increase of 3 per cent per year which when set off against the annual increase of population of 2 per cent would result only in a net increase of 1 per cent. The difference between India and China in this respect is that while productivity here has been very low all along and offers ample scope for being doubled, the system of intensive cultivation in China would limit the possibilities of increase unless chemical fertilizers are available on a scale on which it may be difficult to secure for a considerable time. There would, however, be more scope for bringing new land, under cultivation and in extending irrigation. But the largest of all the problems might arise, judging from Soviet experience, from Communist policies towards peasants. Whether China can acquire the secret of rapid Soviet industrialisation while avoiding the agricultural setbacks experienced under the Communist system, remains to be seen.

It is in the light of these considerations that one should judge the prospect of Communist China's suc-

ceeding in raising industrial production by about 14.7 per cent per year under the Plan, giving a total increase of 98.3 per cent in all. In agriculture, a rate of increase of about 4.3 per cent has been envisaged. While comparable rates have been attained even in India in recent years, the maintenance of these rates in the future may prove difficult when the existing unutilised capacity is used up more and more and the limits to agricultural productivity in China are reached. There may be little reason, therefore, to feel overawed by the size of China's Plan, even while conceding that China's *mighty industrial effort may, like* those of the East European countries, carry her ahead of India in some respects though China's industrial base when planning commenced in 1952 was considerably lower than in India.

Trends in Agricultural Production

THE latest F.A.O. survey of a decade of post-war agricultural trends in the world has given the estimate that in 1954-55, world agricultural production was 30 per cent above the war-end level (in 1946-47) and 20 per cent above the pre-war average (of 1934-38). The rates of recovery from war-time damage and the rates of growth in areas where there was no damage have varied, but it seems that the Far Eastern and Communist countries have contributed very little compared to the increase in the rest of the world. While these countries have shown a satisfactory recovery from the damage inflicted by the war, the secular trend in agricultural production, judged on the basis of the pre-war levels have been unsatisfactory while North America, Africa and the Middle East have recorded impressive gains:

PERCENTAGE INCREASE IN WORLD AGRICULTURAL PRODUCTION

	1946-47 to 1954-55	1934-38 to 1954-55
Western Europe	61	24
Near East	41	43
Africa	34	45
Oceania	29	22
Far East	24	9
Latin America	22	35
North America	10	48
All above regions	26	27
WORLD (including USSR, China, Eastern Europe)	30	20

STRIDES IN THE WEST

The above table illustrates the fact that while the rapid post-war recovery of the Communist countries has been reflected in the 30 per cent increase in world agricultural production during the last decade, as against a 26 per cent increase in the rest of the world (excluding the Communist areas), over the long period of two decades, it is the stagnant production of Communist countries which has reduced the average from 27 to 20 per cent for the world as a whole. This decline is, however, consistent with the low priority accorded to agriculture under Communist planning. North America, Africa and the Middle East have in the ordinary course recorded the largest gains over the long-term; and even Western Europe, which had a problem of recovery from the effects of the war, has been able to improve on the fairly high levels of productivity which had been attained earlier before the war. Western recovery in agriculture is all the more significant because it corresponds with a period of development in industry also, which has increased industrial production by about 25 per cent over the whole region. Both processes of increase have been assisted largely by Marshall Aid on the one hand, and the great effort made by the peoples of Western Europe themselves for their economic recovery. This experience of Western Europe gives reason to refute the general Communist fallacy that it is necessary to deliberately to keep agriculture under check in order to expand industry to the utmost and that there is no satisfactory midway.

The average rate of increase in Western Europe in agriculture has been of the order of 7 per cent per annum in the eight post-war years, a rate which is perhaps without many precedents. There has been increased attention to pasture and livestock production a matter in which there have been failures and great dissatisfaction in the Soviet Union. In the other areas of the world where the rate of advance in agriculture has been equally heartening—North America, Africa and the Middle East—there was no problem of recovery from damage to be faced. But here both the war and the Korean boom had provided the incentives; the increase of cereal production in the Middle East, the expansion of the export crops of Africa and the vast output of cereals, cotton and livestock products of North America were thus possible. This general picture is in contrast to that presented in Eastern Europe the USSR and China. Cereal production in Eastern Europe has not yet regained pre-war levels and though some exports of grain are still taking place, the region has become a net importer of grains. In the USSR, cereal output is only slightly above the pre-war level though much higher targets have now been set for the next five years. In Eastern Europe and the USSR livestock numbers are still below the pre-war levels, so that these countries have to import livestock products and sugar. These experiences appear to have brought about some of the correctives to policy because there is a greater reliance now on price incentives to farmers, particularly in Eastern Europe. In China, on the other hand, some increases in production have been achieved, though about a fifth of the population in urban areas is under foodgrain rationing.

THE OTHER PICTURE

These are indications that the development of agriculture in the rest of the world has provided the war-damaged areas and the undeveloped agricultural countries with the supplies of food needed during the difficult post-war shortages. North America has been the granary of the whole Free World. The exports of the USSR of wheat, and of rice from China, have flowed in very small quantities and under special terms which have often required a high quid pro quo. It is clear that the Communist countries do not have surpluses in agriculture to export whether it is food grains or cotton or sugar, commercial livestock products or commercial products like rubber and tobacco. On the other hand, their capacity to import may not also be very high except in certain commodities and to a limited extent. Except in the Eastern European countries, availability of agricultural products may be just sufficient to freeze

COLLECTIVIZATION AND MECHANIZATION OF AGRICULTURE IN EASTERN EUROPE

	Arable land in co-operative farms (Million hectares)			Number of tractors in the MTS (Thousand 15 HP units)			Arable land in co-operatives per tractor unit (Ha/tractor)		
	End 1950	End 1953	Mid-1955	End 1950	End 1953	Mid-1955	End 1950	End 1953	1954-55
Bulgaria	2.19	2.51	2.53	10.87	13.47	17.2*	201	186	147
Czechoslovakia	0.48	1.61	1.59	15.80	19.02a	17.0b	30	68c	..
Eastern Germanyd	..	0.72	1.01	21.67	46.1	72.24	..	16	14
Hungary	0.39	1.39e	1.0	6.53	8.67	11 a	60	160	91
Poland d	0.20	1.5	1.8f	5.00	16.4	20	40	91	90
Rumania	0.27	0.97	1.3	6.1	12.5	16	44	78	81

Note: Though the MTS tractors are mainly used on co-operative farms, in all the countries except Bulgaria they also perform work (to an extent varying from country to country but exceptionally great in Eastern Germany) for private farmers.

a In addition the more developed co-operative farms had 4,560 tractors (15 HP units) of their own.
b End-1954.
c This calculation takes into account the tractors owned by co-operatives as well as those on machine and tractor stations.
d The figures relate to agricultural area of co-operative farms.
e This figure represents the area at the 1953 peak, before the dissolution of some co-operatives.
f September 1954.

Source: Economic Bulletin for Europe, Vol. 7, No. 3,

SOWN AREA IN THE SOVIET UNION AND EASTERN EUROPE

Millions of Hectares

		1953	1954	1955			1953	1954	1955
Soviet Union					**Poland**				
Sown area		157.2	166.1	183.1a	Sown area		..	16	16
of which:	Grains	106.7	112.0	123.0	of which:	Grains	..	8.8	8.9
	Wheat	48.4	49.3	60.3		Maize	..	..	0.1
	Maize	3.5	4.3	17.9		Sugar beet	0.36	..	0.40
Czechoslovakia					**Rumania**				
Sown area		4.87	4.79	4.83	Sown area		9.0	9.3	9.5
of which:	Maize	..	0.14	0.16	of which:	All winter grain	..	3.1	3.4
Hungary						Maize	2.9	3.4	3.5
Sown area		5.05	5.40	5.30*		Sugar beet	0.11	0.11	0.15
of which:	Bread grains	1.75	1.88	1.84					
	Maize	1.15	1.21	1.30					
	Sugar beet	0.13	0.14	0.13					

Source: E.C.E.

PRODUCTION TRENDS OF PRINCIPAL CROPS IN EASTERN EUROPE

	1947	'48	'49	'52	'53	'54		1947	'48	'49	'52	'53	'54
													(Million metric tons)
Bulgaria							**Hungary**						
Cereals	2.1	..	..	2.9	4.3	4.0	Cereals	4.0	6.3	..	3.7	5.3	5.2
Potatoes	0.1	..	..	..	..	..	Potatoes	1.1	2.1	2.6	1.1	2.2	2.3
Sugar Beet	0.2	0.5	0.4	0.4	0.8	0.8	Sugar Beet	1.2	1.8	1.8	1.2	2.5	2.5
Czechoslovakia							**Poland**						
Cereals	3.5	4.7	5.4	4.8	5.0	..	Cereals	8.4	11.7	12.0	11.1 (av.)	11.1 (av.)	..
Potatoes	4.7	6.6	2.3	..	8.5	..							
Sugar Beet	2.5	4.5	4.5	4.7	5.5	..	Potatoes	30.8	26.8	30.9	26.6	31.3	33.8
							Sugar Beet	3.5	4.2	4.8	6.0	6.9	7.3
Eastern Germany													
Cereals	3.5	4.4	4.5	6.0	5.3	5.0	**Rumania**						
Potatoes	8.0	12.4	8.5	12.0	12.0	13.3	Cereals	7.0	..	..	4.5	6.0	6.2
Sugar Beet	3.1	4.1	3.5	5.0	5.0	6.1	Potatoes	1.6	1.2	1.0	2.3	..	..
							Sugar Beet	0.6	0.8	..	0.8	0.9	..

.. Not Available.

PRODUCTION TRENDS OF CEREALS IN INDIA, U.S.S.R., CHINA AND EASTERN EUROPE

(Million metric tons)

	India	U.S.S.R.	China	Eastern Europe		India	U.S.S.R.	China	Eastern Europe
1947	43.1	..	..	28.5	1951	42.4	121.2	..	..
1948	44.4	114.7	..	..	1952	43.6	131.0	163.9	33.0
1949	40.0	124.5	..	..	1953	49.9	131.0*	165.0	37.0
1950	46.7	124.5	..	..	1954	58.8	131.0*	170.0	37.0†

.. Not available. * 'Similar to 1952'. † Estimated. **Source:** The State of Food and Agriculture: 1955

GROSS OUTPUT OF INDUSTRY IN THE U.S.S.R.

Index Numbers of Industrial Production.

Base: 1951 100

	1950	1952	1953	1954	First half (corresponding period of previous year 100) 1954	1955
Gross Industrial Production	86	111	124	140	114	112
Coal	93	107	113	122	108	112
Crude petroleum	89	112	125	140	110	119
Natural gas	93	102	—	—	112	114
Electricity	88	113	128	142	111	112
Pig iron	88	114	124	135	106	112
Steel	87	110	121	131	109	110
Zinc	87	124	140	150	107	107
Lead	80	117	143	162	115	114
Locomotives	—	—	—	—	131	84
Trucks	—	—	—	—	110	112
Motor buses	75	—	—	—	168	100
Passenger cars	—	—	—	—	127	113
Motor cycles	98	—	—	—	166	119
Metallurgical equipment	—	112	132	139	108	112
Electric motors	81	106	120	137	115	112
Machine tools	90	—	—	—	122	116
Spinning machinery	—	118	—	—	114	111
Weaving looms	—	139	142	240	142	102
Tractors	—	107	132	161	119	127
Mineral fertilizers	93	106	118	137	111	121
Tyres	—	101	108	123	113	113
Paper	89	109	120	132	109	104
Cement	84	115	132	157	115	122
Timber shipments	85	—	—	—	112	103
Cotton fabrics	82	106	111	118	103	107
Woollen fabrics	88	108	118	133	119	102
Footwear, leather	85	—	—	—	110	104
Bicycles	56	143	164	205	130	121
Wireless receivers	86	106	135	233	207	122
Refrigerators	—	—	—	—	316	131
Furniture	—	—	—	—	128	118
Meat	89	115	129	141	102*	—
Fish	82	—	—	—	113	104
Dairy products	69	105	114	—	110	116
Vegetable oils	89	109	126	—	117	—
Soap	—	102	113	—	122	100
Cigarettes	88	112	130	—	113	—
Beer	86	106	120	—	113	—

Source: Central Statistical Administration of the Council of Ministers of the U.S.S.R.
Note: The annual index numbers have been chained to the base 1951 by the Statistical Office of the United Nations from U.S.S.R. official statistics.
* Meat and sausage.

INDICES OF INDUSTRIAL EMPLOYMENT AND OUTPUT PER MAN IN CENTRALLY PLANNED ECONOMIES, 1951 TO 1954

(Preceding year 100)

Country	Industrial Employment a				Output Per Man a			
	1951	1952	1953	1954	1951	1952	1953	1954
Bulgaria	104	106	105	106	114	111	107	102
China, Mainland	..	122	115	..	..	..	113	..
Czechoslovakia	105	101	103	102	110	116	107	102
Germany, Eastern	112	105	107b	105b	113b	113b	109b	104b
Hungary	114	112	108	105c	114	111	104	98.5
Poland	109	106	106	104	114	113	111	107
Rumania	117	109	..d	104	110	113	..	103
U.S.S.R.	106	104	106	106e	110	107	106	107

Source: Reports on fulfilment of plans.
a In some instances indices of employment in industry are derived from indices of production and of output per man; in others it is the index of output per man which is derived.
b Nationalised industry only.
c Total employment increased by one per cent.
d Total employment increased by 12 per cent.
e Total employment increased by 4 per cent.
Source: U. N. World Economic Report.

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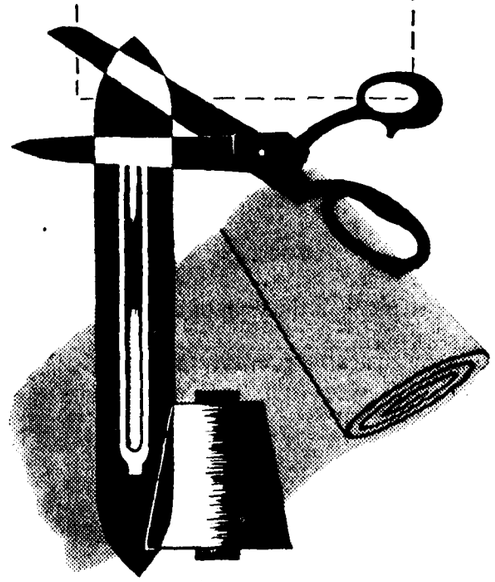
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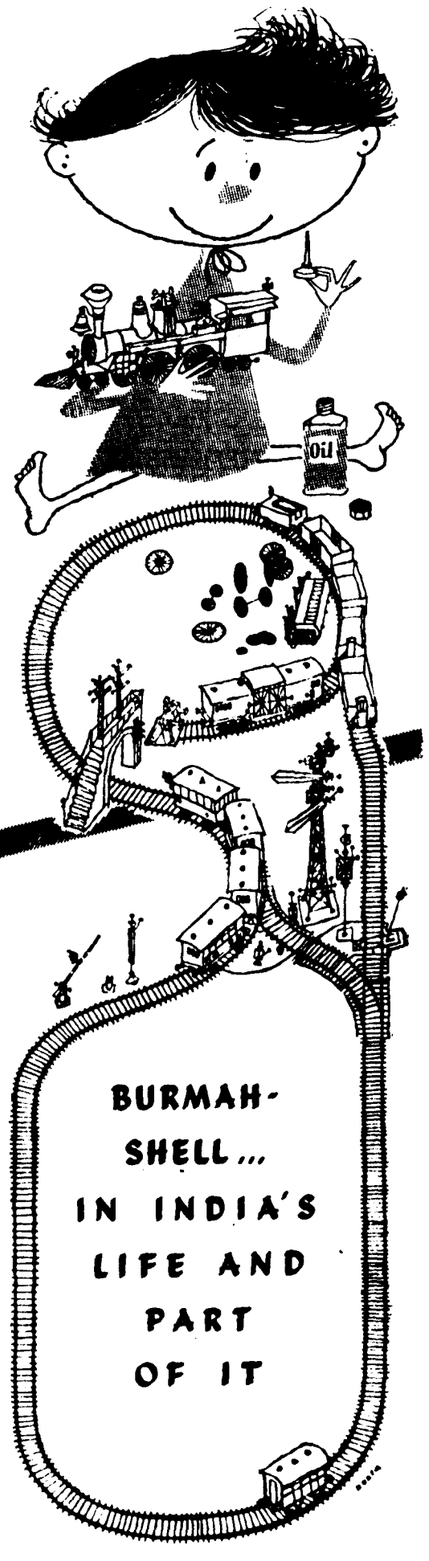
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And there's oil in the signal lamps all along the line.



Burmah-Shell supply a lot of oil to Indian railways. And the railways move a lot of oil for Burmah-Shell—in fact, they have the lion's share in the transportation—in one year the Indian railways carry to the cities, towns and villages of this country nearly six hundred and fifty million gallons of oil for Burmah-Shell.

The railways and the oil industry do a vital job for each other—and they're doing it round the clock, year in, year out, throughout the length and breadth of India.

consumption at existing levels until the internal production improves sufficiently to enable an increase in consumption standards.

In contrast, the picture outside is one of surpluses which have grown in almost all commodities. Wheat stocks of the four major exporters have grown from 17 million tons to about 45 million tons in the last four years, coarse grains by about 20 per cent and sugar and cotton stocks have nearly doubled. These will constitute the reservoir which will be available for the areas which cannot by totalitarian decree impose restrictions on the consumption standards of the people when their local output fails to keep pace with increasing consumption. India, is now placed in the happy position of not requiring imports of food and of being able to face the prospective increases in consumption, arising through an increase in her population and through better nutritional levels. But it is clear that whether there is need to meet temporary deficits in supplies or to exchange surpluses the Communist countries do not offer scope, except for marginal expansions of trade.

Communist Planning in Agriculture

NO SKILL FOR EXPORT

THE foregoing account of the general trends in the world agricultural situation, of expanding surpluses, stocks and trade in the areas outside the Communist countries and of stagnation within, is somewhat relieved by some of the latest developments in the Soviet Union and China. Plans are now in operation in both countries for increasing agricultural output and some modest successes have been recorded. It has to be borne in mind that the net effect of these successes may be to reduce still further the demands which the Communist countries have recently been making on the non-Communist areas for grains and livestock products as the recent deals with Burma would indicate. Thus India would not be in a position either to ask for, in times of need, or to sell, in periods of surplus, sufficient quantities of grain. But even more important is the circumstance that in the field of agriculture, the Communist areas have absolutely little to sell by way of technical skills to India which would raise agricultural productivity because such increases in productivity have not been recorded except through good seasons. The Soviet Union has been one of the world's major consumers of fertilizers but the imperative need to raise productivity within her borders would prevent her releasing substantial quantities of chemical fertilizers even to the other Communist countries of Eastern Europe and China. There is no need in the conditions of Indian agriculture to seek any of the agricultural machinery suited to the collective systems of farming in the Soviet Union. Viewed from any point of view, therefore, there can be little gain to India's agriculture from closer collaboration in this field with the Soviet Union or even China. The latter at least has provided some useful lessons on flood control or irrigation.

EXTENSION OF AREA

Despite the long period available for the development of Soviet agriculture, it remains as much a gamble in the seasons as in India. Compared with 1950 which was a year of exceptionally favourable weather, average yields per hectare have declined until this year when a good season again promises a bumper harvest. The area under grain in the USSR has increased by about 10 per cent to 110 million hectares in 1954 (which was in addition to the newly-ploughed area of 3.6 million hectares under the programme of reclamation of land.) Higher production is sought to be attained through ploughing up 30 million hectares of such new land by 1956, of which more than half was claimed to have been achieved by the end of the last year. Grain, mostly wheat, is expected to be grown in the first instance in these new areas, though a system for rotation of crops may follow. The rapidity with which this new land is being brought into use is seen in Kazakhstan where the sown area is expected to be increased from 9.2 million hectares in 1953 to 18.6 million hectares in 1955 and 28.5 million hectares in 1956. The advantage of this system of expanding grain output is that it can be achieved more easily through manpower direction and physical inputs of equipment and seed, than through more scientific application of techniques. A scheme of induced settlements in the sparsely populated regions of Kazakstan was necessary through propaganda and monetary incentives. The production of cotton, on which there is now equal emphasis, has also been stationery in recent years. In 1950, the sown area in cotton was about 1.8 million hectares and cotton crop 3.8 million tons and only slight improvements have been claimed since then.

THE RETURN TO THE PRIVATE SECTOR

In both the Soviet Union and Eastern Europe grain harvests have been good this year. The crop in the USSR has been estimated at between 145 and 155 million tons as against about 130 million tons (gross) in 1952. Cotton, oilseeds and sugarbeet have also been produced in record quantities this year. In Eastern Europe, Poland, Rumania and Hungary have shared this prosperity and the total grain crop for the whole of Eastern Europe is about 40 million tons; only Czechoslovakia and East Germany have failed to share this good harvest. There have been many important modifications of policy in Eastern Europe. An increased volume of resources labour and tools are diverted to agriculture and there is greater readiness to give the necessary incentives to the private sector. Both by providing farmers with more consumer goods and by giving them sufficient increases in income to buy the goods. Special privileges, which were formerly restricted to co-operatives, were thus extended to the private sector. The results of all these steps have been reported to be encouraging, showing how necessary and useful it is to provide a system of incentives to expand the economy instead of relying on physical regulation or imposing disincentives on the private sector by giving special privileges to co-operatives. This is a valuable lesson which India should not overlook and similar mistakes need not be repeated here because of over-ambitious plans for extending the membership of co-operatives in industrial or farming operations.

CHINA'S METHOD

China's agricultural situation is different in some respects. There is not the same emphasis on reclamation as there is in the USSR but the reclamation target has been revised upwards from 2.5 million hectares to 5 million hectares in 1957. It is claimed that the total irrigated area added since 1949 is about 5.5 million hectares, bringing the total irrigated area in China to about one-fourth of the land under cultivation. It seemed probable that China would lay greater stress on bringing new land under cultivation on the Soviet pattern, though most of it would be marginal land, because of her vaster manpower resources. It has not

been so. China's harvests have recently suffered because of the floods and drought and first bumper harvest is expected this year to yield a grain output in gross terms of about 180 million tons and an increase of cotton by about 20 per cent (1.35 million tons of ginned cotton). More than a third of the total of the grain will be rice. It is difficult to reconcile these high figures of production with the shortages and profiteering often mentioned in the Chinese Press. In net terms, the availability of grain is claimed to have increased from 402 lbs in 1952 to 617 lbs per head in 1954—a very high average. Exports of food grain from China have been a little under a million tons and elaborate justifications have been given in the Chinese Press even for these small exports. Secondly, 100 million people in cities have been under rationing and rations varying from 34.2 lbs per head for clerical workers, to 60 lbs a head for specially arduous workers, have been fixed. In view of the importance attached to the expansion of textile production to clothe China's millions, special efforts have also been made to grow cotton. The rate of mechanisation contemplated is not indeed high; from 1896 tractors in State farms in 1953 there has been a planned increase to 3,012 tractors in 50 State Farms.

Three-fourths of China's trade has been with the Communist bloc of countries and if the improvement in agricultural production is maintained, there are greater chances of China's exchanging her surpluses for machinery she needs from the Soviet Union and the countries of Eastern Europe. In a period of shortage, however, there may be a necessity to seek rice from the South-East Asian countries but the Chinese economy is not one which can provide a substantial volume of goods exchangeable with agricultural products. There would naturally be more emphasis on the widening of the area of rationing than on importing food on a large-scale at the expense of the machinery needed for heavy industrial development.

Industrialisation: Conditions and Methods

IN analysing the Communist economic systems for the possible lines on which they can offer instructive examples or provide substantial lessons for India on the eve of our second Five-Year Plan, it has been conclusively established that in agriculture at least there is very little to be gained through closer collaboration. Whether it is in the U.S.S.R. or Eastern Europe, the story of backwardness in agriculture is the same. Both in crop harvests and livestock farming there has been poor progress and it is only now that the lessons of past mistakes and failures are being learnt and vigorous reform is in progress. If the Communist experience has anything to give, it is the wisdom that should grow from the basically wrong approach adopted for Communist agriculture. Even in China, where some of the inseparable Communist ideological institutions are being forced on peasants, there has been some willingness now to learn from the errors of the Soviet policy, and the incentive systems now being offered to peasants in Eastern Europe are the best commentary on the futility of Communist strait-jackets in the field of agriculture.

SEVERITIES OF A SIEGE ECONOMY

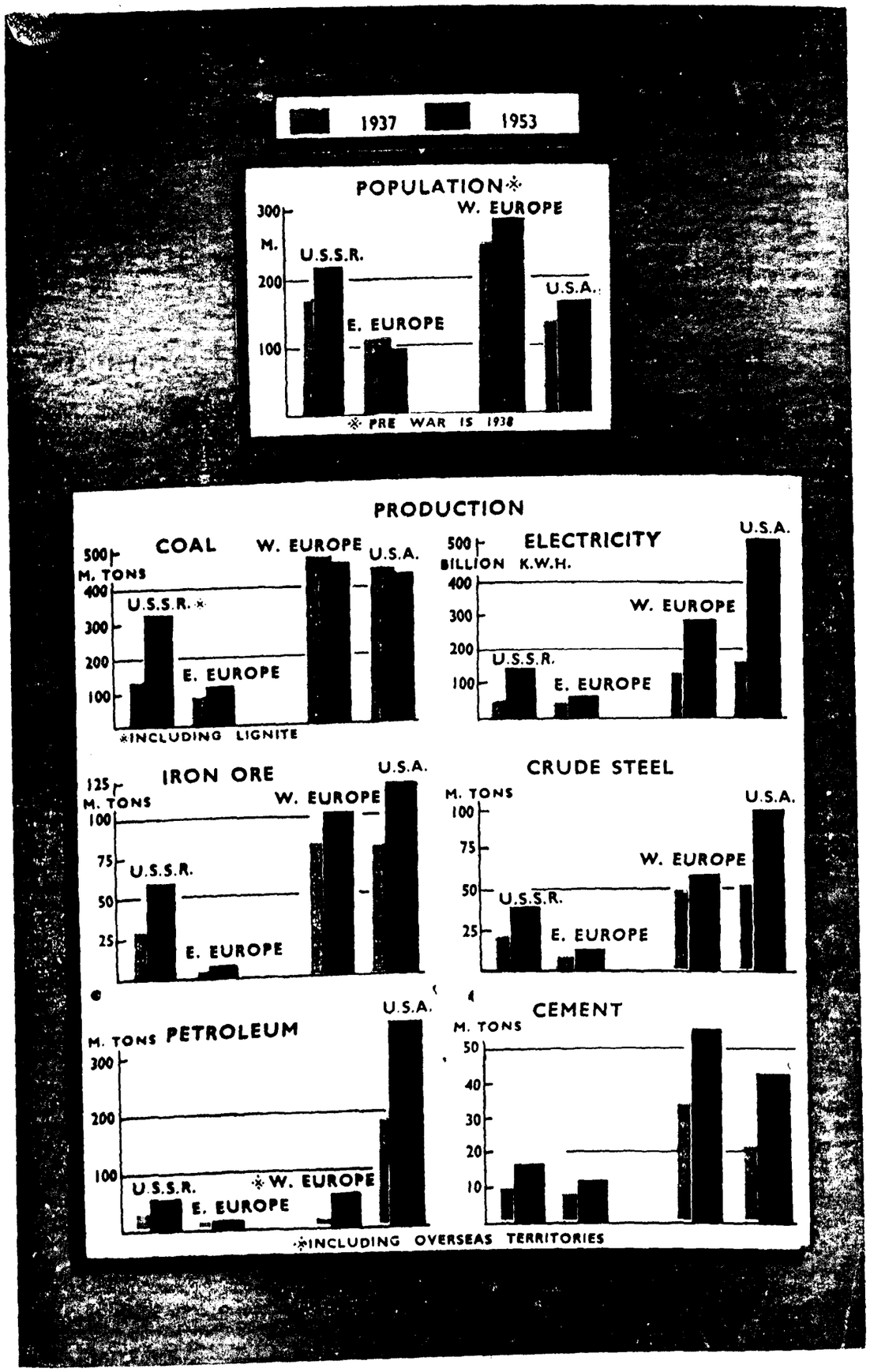
There then remains the field of industry which has been in a real sense responsible for the high rate of production recorded in the U.S.S.R. which even offset the deficiencies of agricultural production. For India, which is on the threshold of an era of planned industrialisation at a rate fast enough to make up for the stagnation of the past, the Soviet system may appear to offer some guidance, though the conditions vary greatly in many respects. Firstly, the political conditions of the Soviet system of the two decades before the second World War were such as to make it operate as a siege economy, in which diversified production of the basic materials secured a high priority regardless of the costs involved. India is faced with no such compulsion; the feeling of facing military encirclement, or threats of the kind which the German Wehrmacht presented before 1940, does not exist here. It has been known that war and rearmament has often proved an important factor in periods of great economic progress, the most recent example being the effect of the Korean boom, and the following rearmament, even on the most developed free economies, which are assumed to possess the momentum for development. For a country like India which has, because of the fundamental premises of her policy, rejected an undue preoccupation with military preparedness and has actively pursued a policy of all-round friendliness, the sense of fear which spurred industrial construction regardless of costs and sacrifices would not provide a parallel.

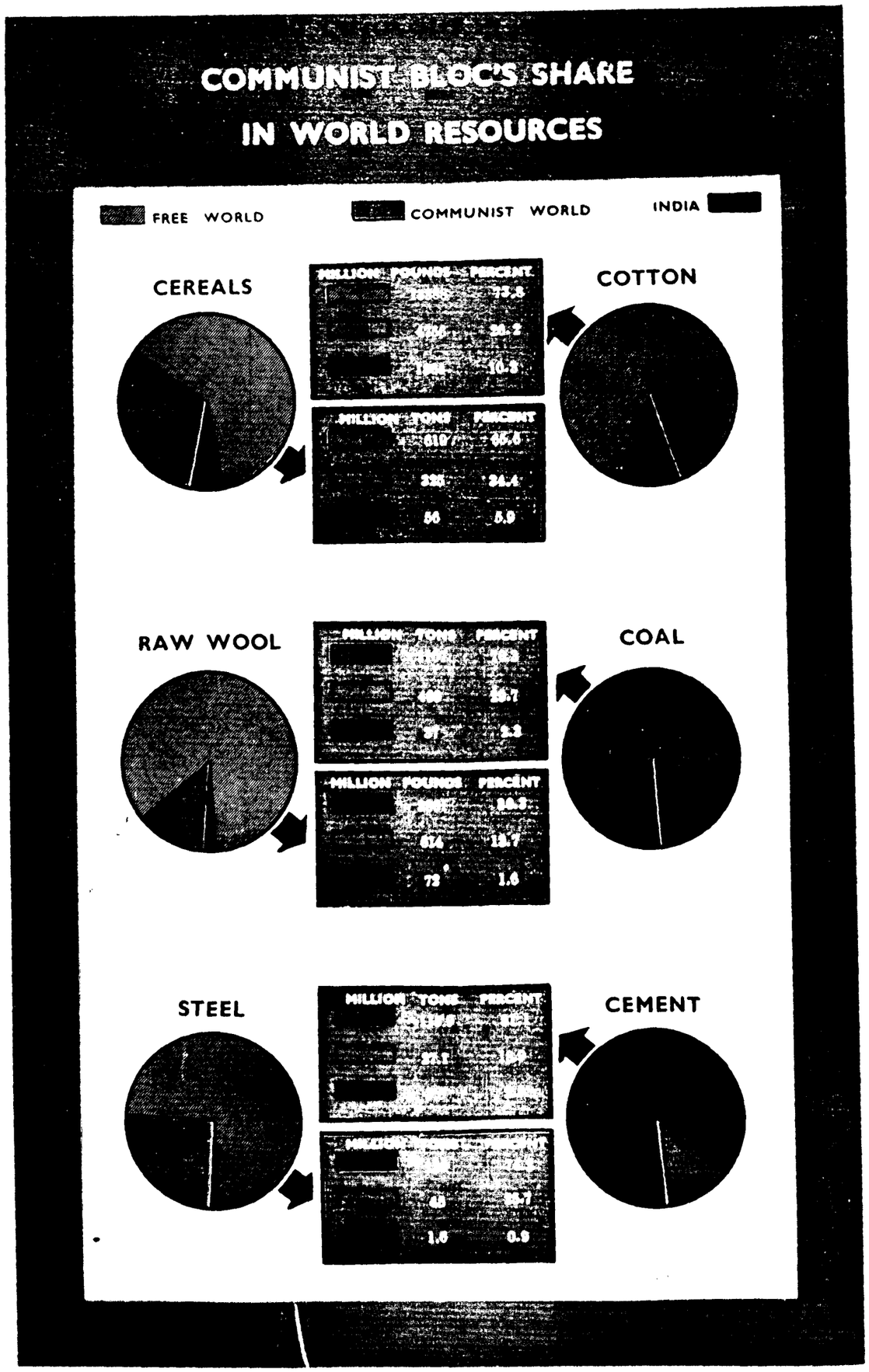
It may, however, be argued that our own preoccupation with improving the living standards of an increasing population compels an almost war-footing for our economic development and a relentless effort at rapid industrialisation. This is true up to a point, but the deliberate choice of the democratic method of planning prevents the suspension of the democratic rights for achieving progress merely in statistical or material terms. The reverse of Soviet industrialisation—and this to a large extent is true of the policy in Eastern Europe also—was the severe housing and food shortages which imposed a burden which was hardly bearable even under a totalitarian discipline. It is significant that in India wherever the public sector embarks on a major industrial project, the building of a housing colony precedes the establishment of the factory. So, it is not industrialisation alone and at all costs, that we prize most. The emphasis on the human aspects of industrial construction has, perhaps, been even overemphasised in some cases, but there are certain very obvious limits to the deprivation of even the minimum needs of the labour force which a 'siege' economy, working under a dictatorship, could deliberately enforce.

The second major factor is the attitude to trade unionism which cannot be the same in a democracy as under Communism. The motto of trade unionism under the Communists is conformity to the wishes of the State which is secured by propaganda, persuasion, or some concessions, or in the last resort through fear of exposure and severe punishment. It is a different thing to say that in a democracy voluntary co-operation can in the last resort secure far more efficiency in production than such compulsion. But industrial planning cannot proceed entirely on the basis of mere ratios of inputs and outputs, with wages, consumption and prices being determined by executive decree. Even so, the Soviet system had not, until 1940, progressed much farther than what our own plans visualise at the moment.

SOME COMPARISONS

Iron and steel output in the Soviet Union remained stationary until about 1928 at about 4 million tons, and it was only in the succeeding decade that it was





INDUSTRIAL PRODUCTION IN THE SOVIET UNION & INDIA

Commodity	Unit	1940	1950	1954	1955 (Plan)	India 1954
Coal and lignite	Million tons	166	260	346	372	36.7
Crude Oil	"	31.0	37.8	58.0	70.0	..
Electric Power	Billion Kwh	48.3	90.3	147.0	163.0	7.5
Peat	Million tons	32.1	42.4	52.0	54.0	..
Atomic	Thousand Kwh	..	..	22	..	..
METALS						
Pig Iron	Million tons	15.0	19.4	30.0	34.1	1.8
Crude Steel	"	18.3	27.3	41.0	44.2	1.6
Rolled Steel	"	13.1	20.8	32.2	34.1	..
Copper	Thousand tons	161	255	..	485	7.0
ENGINEERING						
Spinning-frames	Thousand spindles	350	1400	480	1381	144
Looms	Thousands	6	25	15.5	38	2
Bicycles	"	270	655	2396	3445	376
Tractors	Thousands in 15 h. p. equivalent	52*	180(d)	137 (d)	(e)	..
All Agricultural Machinery	Index Nos. 1940=100	100	652	1280	..	..
Oil Refinery Equipment	"	100	300	..	1050	..
Sewing Machines	Thousands	170	490	1247	2615	80
Watches & Clocks	Millions	3.1	9.0	21.4	29.2	..
Radio Receivers	Thousands	200	1052	2890	4527	56
Television Receivers	"	..	28	250	760	..
Refrigerators	"	1*	..	127	330	1.2
Cameras	"	40*	260*	765	1000	..
CHEMICALS						
Gross Value	Index Nos. 1940=100	100	180	300†	340*	..
Synthetic Rubber	"	100	200	299 (b)	364(b)	..
Soap	Million tons in 40% fatty acid equivalent	0.6*	0.8	1.0	1.2	0.2
Rubber Footwear	Million pairs	68	105	104.6	109	31.2
BUILDING MATERIALS AND CERAMICS						
Gross Value	Index Nos. 1940=100	100	209	403	420	..
Cement	Million tons	5.8	10.3	19.3	22.7	4.5
Paper	Thousand metres	812	1194	1763	1740	154
TEXTILE & CLOTHING						
Gross Value	Index Nos. 1940=100	100	117	186	200	..
Cotton Fabrics	Million metres	3036	3840	5550	6267	4998††
Linen Fabrics	"	270	420	295	406	..
Wool Fabrics	"	120	155	242	271	13.2
Silk and Rayon Fabrics	"	78	130	516	573	..
Rayon	Thousand tons	23	54	248	253	8
Leather Footwear	Million pairs	16*	..	29	33.5	5.3
FOOD PROCESSING						
Gross Value	Index Nos. 1940=100	100	117	166†	200	..
Meat	Thousand tons	1150	1267	2170	2550	..
Vegetable Oils	"	709	780	1233	1500	228
Confectionery	"	2780	3228	5650	6350	1291
Sugar	"	306	994	1443	1825	..
Cigarettes	Billions	100	125	207	215	19.8

† 1953. †† Million yards.

quadrupled. In this respect, China today has shown much greater progress, mainly because it has been able to proceed on the basis of Soviet assistance. It is true, however, that Communist China will closely follow the Soviet model of industrialisation because her own social system corresponds closely to that of the U.S.S.R. and most of the methods are therefore reproducible. The industrial expansion of the East European countries has also been similarly organised. But the extent of the sacrifice involved in these cases is best shown by the fact that while the Soviet Union attained a production of 41 million tons of crude steel last year, her total production of cotton textiles roughly equalled India's total output; in 1940, it was much below India's level of output. In the same year, (1940) Russian production of 270,000 bicycles was much below India's present production and cement just about equal to our present installed capacity:

Commodity	USSR 1940	India 1954
Coal and Lignite (million tons)	166	37
Crude Oil (million tons)	31	..
Electric Power (billion kwh)	48	7.5
Crude Steel	18	1.8
Bicycles (000)	270	372
Sewing Machines (000)	170	80
Cement (million tons)	5.8	4.4
Paper (000 tons)	812	156
Cotton Textiles (million metres)	3,836	6,000

It is not unfair to compare India in 1954 to the Soviet Union two decades after the Communist Revolution. The above figures show a fairly substantial achievement in many fields in India without the hardships imposed by central physical planning on the Soviet model. To some extent China's emphasis on the expansion of textile and paper production may mean a reluctance to require heavy sacrifices on the part of the people in the name of rapid development.

Greatly diversified as the Soviet industrial economy now is, the directions in which it can assist development in India or other under-developed countries would be restricted for several reasons. Firstly, Soviet costs of manufactured goods have been high and may not prove competitive in the free trading areas. Secondly, this diversification of the Russian economy restricts the commodities she can buy from abroad to agricultural products or raw materials; Russian exports must be confined to machinery which may be surplus to her requirements and to those of other Communist countries. These will be needed more in Communist China, three-fourths of whose trade is now with the U.S.S.R., because she can better find the raw materials required by Soviet industry which Russian agriculture has not supplied. In steel, coal, engineering and nuclear energy, the development in the U.S.S.R. has been strikingly rapid but in respect of a number of other industries, there is nothing peculiar about the growth in the Soviet Union. The expansion of the market under planning in India may help the process of development better in a free economy than what the vagaries of central physical planning enabled in the Soviet Union.

Steel Production and Technology

STEEL production and consumption have always been regarded as basic to a developing economy. In the past, steel development was often possible to attain by some advanced countries even without the local availability of all the raw materials by importing, coal or iron ore and manganese. But now the major steel producers—the United States and the Soviet Union possess most of the raw materials within their territory and the future trend is in the direction of emphasising the areas which possess the domestic resources for steel production. India has been fortunate in this respect. Though our metallurgical coal and iron ore cannot be regarded to be as vast as that of the U.S.A., U.S.S.R. or China, they are sufficient to build up a steel industry on a substantial scale which could produce the cheapest steel in the world. In the light of the knowledge that all the materials have been available all along (including subsidiary raw materials), the inadequate development of the steel industry has seemed a grave deficiency and the last few years have been devoted to plans for making up this deficiency. In this context, collaboration with both the Western and the Communist countries has been found to be in the national interest as much in the technological sense as in the political sense to emphasise our neutral position.

A PROMISE AND A PORTENT

It is no coincidence that the two major World Powers the U.S.A. and the U.S.S.R. are the two largest single producers of steel. While production in the United States was about 80 million tons in 1954 or only 71 per cent of her total capacity, the output in the Soviet Union was 41 million tons of crude steel and is expected to go up to 45 million tons this year. The Russian target for 1960 is 60 million tons and judging by the rate of advance in the Soviet Union since 1950 (when her crude steel capacity was only 27 million tons), the rate of advance, involving a doubling of capacity in more than 10 years, is quite an impressive one. If this appetite for steel is an indication of a high rate of development, then the Soviet Union must be regarded as full of promise, if not of portent, for the future.

This rate of growth is illustrated by the tables which follow. A more notable feature of Soviet steel development is the advance in technology registered in the steel plants and a level of productivity which by all accounts is comparable with the more favourable results recorded in the Western countries. This factor impressed the Indian steel delegation to the U.S.S.R. greatly and this favourable impression has also been shared by some of the leading steel industrialists of Western Europe during their recent flying visit. Some of the figures of productivity calculated according to the open hearth area showed rates which compared favourably even with those of Western Germany where similar technological progress has been shown. India has established links with both these technologies through the two new steel plants now in the making, offering an interesting sample of co-existence and technological rivalry which in time would bring its own lessons. But perhaps the difference in technology is not a very wide one, because Russian technology has grown out of earlier American methods.

STEEL PRODUCTION IN THE USSR AND EASTERN EUROPE, 1950-51

	1950	1951	1952	1953	1954	1955 Target
USSR						
Crude Steel	27.3	31.4	34.5	38.0	41.0	44.2
Pig Iron	4.6	4.9	5.8	7.3	8.0	..
Rolled Products	20.8	23.9	26.8	29.5	32.2	34.1
Eastern Europe:						
Crude Steel	8.3	9.8	11.0	12.5	12.8	16.5
Pig Iron	4.6	4.9	5.8	7.3	8.3	..
Rolled Products	5.6	6.5	7.3	8.3	8.6	..



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STEEL FOR SATELLITES

The rate of increase of steel production in Eastern Europe is modest in comparison with that of the U.S.S.R. and the figures for the individual countries show that, except for Poland, which has shown an increase of 10 per cent in 1954, and Eastern Germany, where the increase last year was only 3 per cent, steel production has not made headway. In Czechoslovakia, it has remained stationery and Hungary and Rumania have registered decreases. It seems unlikely that the target for Eastern Europe of 16.5 million tons would now be attained. The interpretation to be placed on this check to development may vary, but it may mean a desire to correct the over-emphasis placed earlier on heavy industrial development at the expense of consumer goods, in the light of relaxation in tensions which made steel less essential. The building up of steel industry in China with Russian assistance may also be another reason for this change and it is also possible that the resources of the East European countries did not prove as large as expected. But it is significant that the per capita apparent consumption of steel in the U.S.S.R. and E. Europe is nearly as high as some West European countries.

SELLERS' MARKET IN STEEL

Against this total steel production of the U.S.S.R. and E. Europe of 54 million tons, the output in 18 countries of Western Europe in 1954 was 68.7 million tons; and in the current year, the output has been higher showing an increase in the annual rate of about 15 per cent. This is undoubtedly due to the expansion of the world steel market for which Western Europe is the main supplier. And as far as one can judge at present, the sellers' market in steel seems likely to last for some time. The greatest contribution to increased output has been made by three members of the European Coal and Steel Community (ECSC) Western Germany, France and Italy. The net annual exports of steel of Western European countries have been about 6 to 7 million tons but a substantial rise in exports is to be expected with the increase of production this year. Meanwhile, steel production in the United States, which fell in 1954 to 71 per cent of capacity has recovered this year and has been running well near the annual installed capacity of about 114 million tons, so that the prospect for augmenting world steel supplies now seems bright. Whether this would increase the availability for the steel-hungry countries in other parts of the world may be rather doubtful.

The recovery in the United States is more a reflection of strength of the domestic economy than a response to foreign demand because American domestic steel prices have always been higher than the competitive prices of European steel; but with present world prices, American steel may be able to enter other markets. With a steel economy where output can vary between 80 and 110 million tons of steel between one year and another, the United States is much stronger than either Western Europe or the U.S.S.R. and Eastern Europe together. American steel is not perhaps geared to the production of the needs of all the importing countries, because it has grown used to a high rate of domestic consumption of steel. At the other end, since the Soviet Union consumes less steel per head than the United States, there may be a tendency to use up more and more steel internally, subject only to important political considerations or to the requirements of trade and foreign exchange. In a physically planned economy like that of the U.S.S.R. there may, however, be temporary gaps between increases in output and the absorptive capacity of the economy, but, even so, it is doubtful whether the surpluses would be larger than what another Soviet ally like China would need for her own developing economy besides her own output, which is bound to remain limited for a long time.

The probabilities are that in the short term, the developing economies of Asia, Africa and Latin America would be unable to meet their entire needs through local expansions of steel capacity and would have to rely on exporting countries. The European steel industry is more diversified and is in a position to meet small orders for various types of products and this is best seen in the present plans for expansion in the face of a keen foreign demand. Secondly, the purchase of steel may also depend on the prospects of bilateral trade to pay for such purchases and the position of the U.S.S.R. is not quite favourable in this respect for a larger expansion of exports, except in relation to the countries of the Communist bloc, like China, which can supply raw materials in return. By breaking the barriers to trade between the Communist countries and the rest of the world and by establishing multilateral arrangements among the neutral and Communist countries, the steel surpluses of the Soviet bloc may flow outside in larger measure.

The following estimates of per capita steel consumption in 1953 for certain countries is of some significance in this connection as pointing to the high per capita availability of the Eastern European countries:

PER CAPITA STEEL CONSUMPTION (1953) IN SOME COUNTRIES

(Kilograms of ingots)

U.S.A.	624	Australia	240	U.S.S.R.	185	Japan	77
Canada	351	ECSC	196	E. Europe	168	Egypt	9
U.K.	322	S. Africa	130	China	5	India	5

India has now chosen to draw upon the know-how of the entire world to expand her steel production and this has introduced a competitive element which has been regarded as consistent with her desire to develop this basic industry in the country. Meanwhile, the requirements of steel for the Indian economy have to be met and even here the latest Soviet offer of a million tons of steel in three years promises supplies approximately on the scale on which India has hitherto been drawing upon the Western countries, a facility which is now denied to China is placed in a position similar to India's. The difference, however, is that China expects to step up output from 1.35 million tons in 1952 to 4.12 million tons in 1957 at the end of her Plan, which will be higher in absolute terms than what India can now hope to achieve in the next two years. It is necessary that the gap in the rate of expansion should not be too wide; and this can be best ensured only by utilising all the available sources of assistance and not through closing any channel because of undue reliance on any one of them.

Oil: The Free World Supremacy

THE production and consumption of mineral oil is now a major indicator of the standard of life of the economically advanced countries. North American production of 350 million tons a year, which is exactly half of the entire world's production, has enabled a per capita consumption of 15 barrels in the U.S.A. which

PRODUCTION OF RAW MATERIALS AND FINISHED STEEL IN SELECTED COUNTRIES

U.S.S.R.:

(Millions of metric tons)

	1937	1938	1940	1950	1951	1952	1953	1954
Production of Raw Materials								
Coke-Oven Coke	20.0	20.5	21.0	30.0	..	..	..	..
Iron Ore	26.5	26.5	29.9	40 0	..	..	..	..
Manganese Ore	2.8	2.3	2.9	3.9	4.6	..	..	..
Pig Iron	14.5	14.6	15.0	19.4	22.1	25.2	27.5	30.0
Steel Making	11.0	11.1	11.1	..	..	..	..	..
Foundry	2.3	3.1	3.3	..	..	..	..	..
Others	0.6	0.5	0.7	..	..	..	..	..
Crude Steel	17.7	18.0	18.3	27.3	31.4	34.5	38.5	41.0
Production of Finished Steel								
Hot Worked Products	12.9	13.2	13.1	20.8	23.9	26.8	29.5	32.2
Railway Materials	..	1.5	1.5	2.3	..	..	..	..
Heavy Sections	..	0.6	0.6	1.1	..	..	..	..
Light Sections	..	..	5.5	8.1	..	..	..	..
Wire Roads	..	..	0.7	1.1	..	..	..	..
Tubes round	..	..	0.4	0.9	1.0	1.1	1.3	1.4
Strips	..	..	2.0	0 3	..	..	..	..
Plates	..	..	2.8	4.9	..	..	..	..
Other Products	..	..	1.4	2.1	..	..	..	..
End Products	..	..	0.9	2.0	2.2	2.5	2 9	3.2

CZECHOSLOVAKIA:

(Thousands of metric tons)

Commodity	1937	1938	1950	1951	1952	1953	1954
Iron Ore	290	297	368	..	..	..	390p
Manganese Ore	25	22	..	..	..	..	..
Pig Iron	358	335	461	527	620	716	843
Crude Steel	665	646	1048	1290	1459	1543	1491
Finished Steel	304g	470	509g	629g	790g	842g	817g

POLAND:

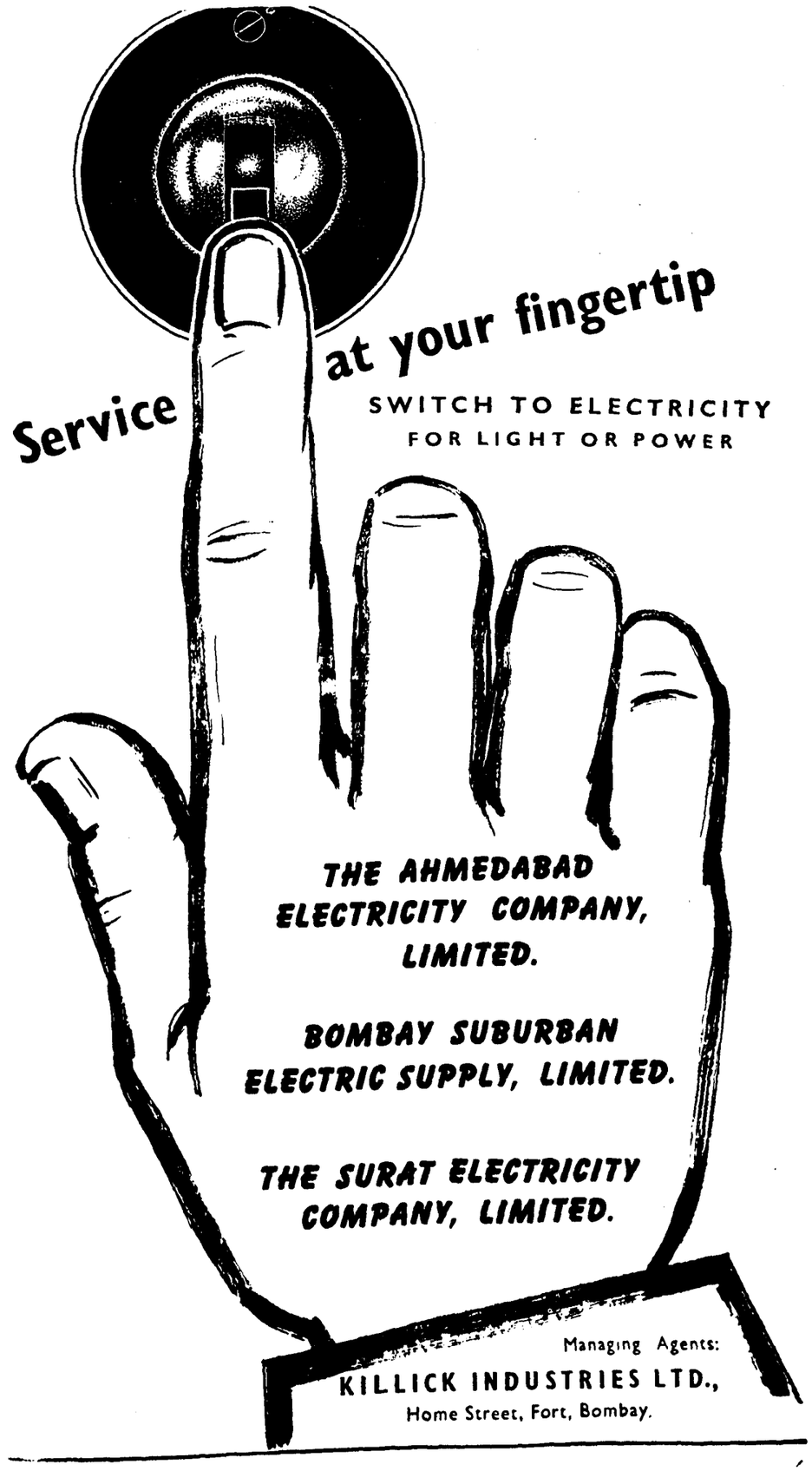
Commodity							
Iron Ore	780	872	790	901	1027	1345	1627
Pig Iron	724	879	1488*	1577*	1782*	2299*	2598*
Steel Making	581	746	..	..	..	..	..
Crude Steel	1452	1441	2515	2792	3183	3604	3164
Finished Steel	1057	1148	1765	1994	2193	2522	2673

RUMANIA:

Iron Ore	129	139	395x	478x	654x	690x	695x
Manganese Ore	50.7	60.2	74*	..	..	181	274
Pig Iron	127.2	132.7	335x	350*	390*	456*	432*
Crude Steel	237.4	276.5	558x	646x	698x	719x	629x
Finished Steel	259.8	233.6	387x	442x	512x	..	..

Source: Quarterly Bulletin of Steel Statistics for Europe.

* Secretariat estimate.
x Approximate figures.
p = provisional.
g = Estimated total.



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is the highest in the world. The Middle East and Latin America take the second and third places with an annual output of 137 million and 128 million tons respectively, and the whole of this combined output is available for the Free World. It is against these huge output figures that we have to set the estimated output of the Communist bloc (of about 70 million tons in 1954) which is barely 10 per cent of the total. Though Russian production has doubled between 1940 and 1954, just as the rest of the world also doubled its output during the same period, this progress has not been high enough in relation to the available Russian resources. Here in oil one may find some proof that the Soviet Union has nothing very distinctive by way of achievement to show to the world. The total production of the U.S.S.R. and Rumania is no more than what one major company in the world outside is now producing, while spreading its operations over many areas in the world and working under different geological, technical and political conditions.

RUSSIAN RESERVES AND OUTPUT: THE GAP

Even within Russia and Eastern Europe much of the earlier prospecting was done by British, Dutch and American oil interests. Russia's original store of oil is believed to have been comparable to that of the United States, and Russia was actually the world's leading oil producer at the beginning of this century, producing about half the world's production. Now the percentage of Russian production has declined to about 8 per cent. Private oil interests have always been pointing out that in Russia, in Mexico (which produced 23 per cent of the world's oil in 1921) and in Argentina, nationalisation of the well-established oil industries have been responsible for the decline of the industry to insignificant proportions; though in each of these countries the initial work was done by foreign prospectors and capital, they could not be kept up under State auspices. If the failure of the Soviet Union to achieve progress is set against her vast resources, there is a significant moral to be drawn.

Russian Reserves	Potentially Oil Bearing Areas	Oil Production
World Total of which:	10 millions quare miles	700,000,000 tons
Russia	3 „ „ „	60,000,000 „
U.S.A.	1 „ „ „	350,000,000 „
Remainder	6 „ „ „	290,000,000 „

OIL ELUDES GOVERNMENTS

Although Russia possesses 30 per cent of the potentially oil-bearing areas she now produces less than 10 per cent of the world's oil. In 1913, before the Revolution she produced 16.5 per cent of the world's oil and was a substantial exporter; she now has little or no oil which is surplus to her own requirements (and probably not enough even to satisfy these fully). By way of comparison, the U.S.A. with only 10 per cent of the potentially oil-bearing areas is producing 50 per cent of the world's oil. The Russian performance has, therefore, been very poor because of a Government monopoly. It is recalled that all other countries which have entrusted oil prospecting to Government organisations have had similar results. It is gathered from the Soviet Technical Press that the crude oil reserves have been now estimated to be higher at 4500 million tons (instead of '1000 million tons in 1938) and it is probable that the discovery of new resources would encourage higher targets being fixed.

Hitherto, priority in the Soviet Union had been accorded to military needs and to those of agriculture. The per capita consumption has worked out to about 1.43 barrels a day, which is a tenth of the American consumption and just below even the French per capita consumption. These are considerations which must establish Russia's backwardness both in absolute and in relative terms by the side of the free world and her own natural resources. The obvious inference to be drawn is that Russian technology could not be equal to that of the rest of the world. But even more important to notice is that the U.S.S.R. cannot even spare significant quantities of her oil for other countries. Oil export from the U.S.S.R. have been a mere trickle: it was one million tons in 1952, 2 million tons in 1953, 4.6 millions in 1954 and is now running at a rate of 5 million tons. These figures have to be compared with the crude oil exports of the rest of the world of 120 million metric tons from the Middle East and 80 million tons from the other areas to show the insignificance, present and prospective, of Russian oil in the world.

A MORAL DRAWN

If the Soviet Union could not with all her resources succeed in finding more oil, the reasons must be largely in the nature of oil exploration under Government auspices, without the advantage of the know-how from the sources where it is best available. In the free world, there have been many areas in which prospecting was given up initially as futile but where subsequently good wells have been found by more enterprising successors from among the competitive oil companies. Under Government auspices, the chances are that if one expert opinion declares an experiment a failure, it would become a closed affair permanently since public funds cannot appropriately be diverted to the pursuit of abandoned schemes without severe public criticism. Oil prospecting has often been a gamble and the State cannot indulge in gambles except to a limited extent without incurring unpopularity; in a country like the U.S.S.R. failures may be fraught with such great political risks that no engineer might have been willing to try on mere speculative possibilities. He might, when he failed, have been denounced as a saboteur. It is not surprising, therefore, that prospecting has not advanced greatly. If the risks of prospecting are borne in mind and free competition is permitted in prospecting, conditions will have to be created which a political system like that of the U.S.S.R. cannot produce. India has also been hesitating to create the conditions for competitive prospecting here and the dangers of failure are therefore great. Collaboration at the official level between the Government of India and the U.S.S.R. for oil prospecting in India would only repeat at both ends the disadvantages inseparable from government operations. Experience may thus prove that this decision to collaborate with the Soviet experts in drilling for oil was grievously in error; but by the time such proof is given, much money and time would have been lost.

PER CAPITA PETROLEUM DEMAND BY PRINCIPAL COUNTRIES

(LOCAL DEMAND IN MILLIONS OF BARRELS; POPULATION IN MILLIONS)

Country	1952			1947			Per cent 1952 vs. 1947		
	Local demand	Population	Barrels per capita	Local demand	Population	Barrels per capita	Local demand	Population	Barrels per capita
Canada	165.5	14.4	11.5	98.2	12.9	7.6	68.5	11.6	51.3
Mexico	70.0	26.9	2.6	48.3	23.4	2.1	44.9	15.0	23.8
Argentina	65.7	18.1	3.6	49.2	15.9	3.1	33.5	13.8	16.1
Brazil	46.3	54.5	0.8	20.6	48.4	0.4	124.8	12.6	100.0
Other foreign Western Hemisphere	191.5	69.1	2.8	123.2	63.8	1.9	55.4	8.3	47.4
Total foreign Western Hemisphere	539.0	183.0	2.9	339.5	164.4	2.1	58.8	11.3	38.1
Belgium	25.3	8.7	2.9	12.1	8.5	1.4	109.1	2.4	107.1
France	107.9	42.6	2.5	47.6	40.7	1.2	126.7	4.7	108.3
Western Germany (incl. West Berlin)	48.6	50.6	1.0	12.2	47.3	0.3	298.4	7.0	233.3
Italy	55.1	46.9	1.2	24.0	45.4	0.5	129.6	3.3	140.0
Scandinavia and Finland	70.8	18.9	3.7	43.0	18.0	2.4	64.7	5.0	54.2
United Kingdom	160.1	50.8	3.2	110.6	49.6	2.2	44.8	2.4	45.5
Other free Europe	130.8	80.8	1.6	83.4	77.3	1.1	56.8	4.5	45.5
Union of South Africa	23.0	12.9	1.8	13.9	11.7	1.2	65.5	10.3	50.0
Australia	43.0	8.6	5.0	24.8	7.6	3.3	73.4	13.2	51.5
New Zealand	9.8	2.0	4.9	5.3	1.8	2.9	84.9	11.1	69.0
India and Pakistan	39.8	443.0	0.09	23.5	412.1	0.06	69.4	7.5	50.0
Japan	37.0	85.5	0.4	8.3	78.0	0.1	345.8	9.6	300.0
Other Eastern Hemisphere	308.0	502.5	0.61	190.2	442.0	0.43	61.9	13.7	41.9
Total Eastern Hemisphere	1,059.2	1,353.8	0.78	598.9	1,240.0	0.48	73.8	9.2	62.5
Total free foreign	1,598.2	1,536.3	1.0	938.4	1,414.4	0.7	70.3	8.7	42.9
United States	2,665.0	157.0	17.0	1,989.8	144.1	13.8	33.9	9.0	23.2
Total Free World	4,263.2	1,693.8	2.5	2,928.2	1,558.5	1.9	45.6	8.7	31.6
USSR	347.0	201.1	1.7	211.0	193.0	1.1	64.5	4.2	54.5
Eastern Europe (incl. Austria)	67.8	97.6	0.7	32.1	94.5	0.3	111.2	3.3	133.3
China	0.8*	463.5	...	10.7	463.1	0.02	...	0.1	
Total Communist area	415.6	762.2	0.55	253.8	750.6	0.34	63.8	1.5	61.8

* Excludes unknown receipts from USSR, etc.

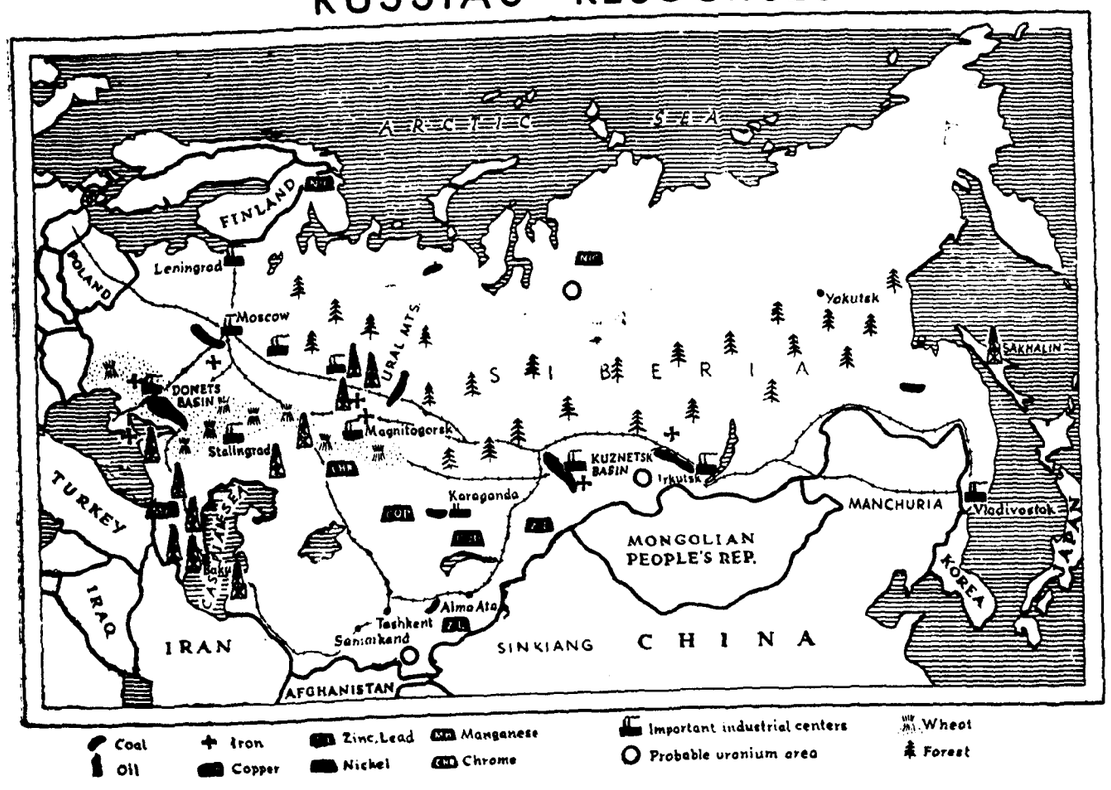
Sources: U.S. Bureau of Census and U.S. Bureau of Mines

PRODUCTION TRENDS: EASTERN EUROPE AND CHINA

Commodity	Unit	Poland	Rumania	Hungary	East Germany	Czechoslovakia	Bulgaria	China
Hard Coal	Million tons	95.5	4.9	22.0	175.0	57.6	8.6	80.0
Crude Oil	Thousand tons	250	10200	1194	..	196	..	..
Pig Iron	Million tons	2.7	0.5	0.7	1.1	2.8	10.6	..
Crude Steel	" "	4.0	0.7	1.5	2.2	4.4	..	2.1
Fertilizers	Thousand tons	1206	18.6	43.2	342	112	..	..
Soap	" "	81	..	..	..	60	18.1	..
Cement	Million tons	3.3	1.9	1.0	2.4	2.3	0.8	4.6
Railway wagons	Thousands	17.4	..	3.6	..	12.5	..	..
Motor Cars	"	1.6	..	..	29.0	..	..	..
Tractors	"	6.9	5.1	..	15.3	..	..	5.0
Bicycles	"	303.4	..	218	..	..	..	..
Wireless Sets	"	268.7	..	180	..	..	..	..
Cotton Fabrics	Millions of metres	499	192	227	391	28.6†	125	2700
Woollen Fabrics	"	70.5	28.9	16.4	..	..	9.8	..
Linen Fabrics	"	49.9						
Rayon Fabrics	"	68.0	15.2	..	..	..	..	..
Leather Footwear	Millions pairs	20.8	9.0	10.5	18.0	..	1.3	..
Paper	Thousand tons	354	114	71	..	317	28	400
Cigarettes	Billions	32.5	..	..	..	17.0	..	..
Raw Sugar	Thousand tons	1105	100	266	750	637	96	..

† '000 Tons.

RUSSIA'S RESOURCES



PRODUCTION OF CRUDE STEEL IN EUROPE: 1954 AND 1955

(In thousands of metric tons—annual rate)

	1954	1955 1st Qtr.	1955 2nd Qtr.	1955 3rd Qtr.
USSR (Total)	41,000	..	..	..
United Kingdom	18,817	20,620	20,324	18,484
Western Germany a	17,434	20,528	20,612	22,016
France a	10,627	12,596	12,852	11,664
Belgium a	5,089	5,784	5,800	5,796
Czechoslovakia	4,430	..	..	..
Italy a	4,207	5,072	5,488	5,296
Poland	3,964	..	..	..
Luxembourg a	2,828	3,140	3,092	3,236
Saar a	2,805	2,916	3,172	3,264
Eastern Germany	2,255	..	..	..
Sweden	1,861	2,264	2,124	..
Austria	1,653	1,752	1,804	..
Hungary	1,491	..	..	..
Spain	1,097	1,200	1,192	..
Netherlands a	923	948	932	992
Rumania	629	..	..	..
Yugoslavia	616	816	824	..
Small Producers b	860	936*	956*	..
Total Europe	122,511	..	..	..
Of which:				
18 Countries c	68,742	78,572	79,172	..
ECSC Countries	43,838	50,984	51,948	52,264
United States	80,116	99,124	108,420	103,556
Japan	7,750	8,708	9,520	..

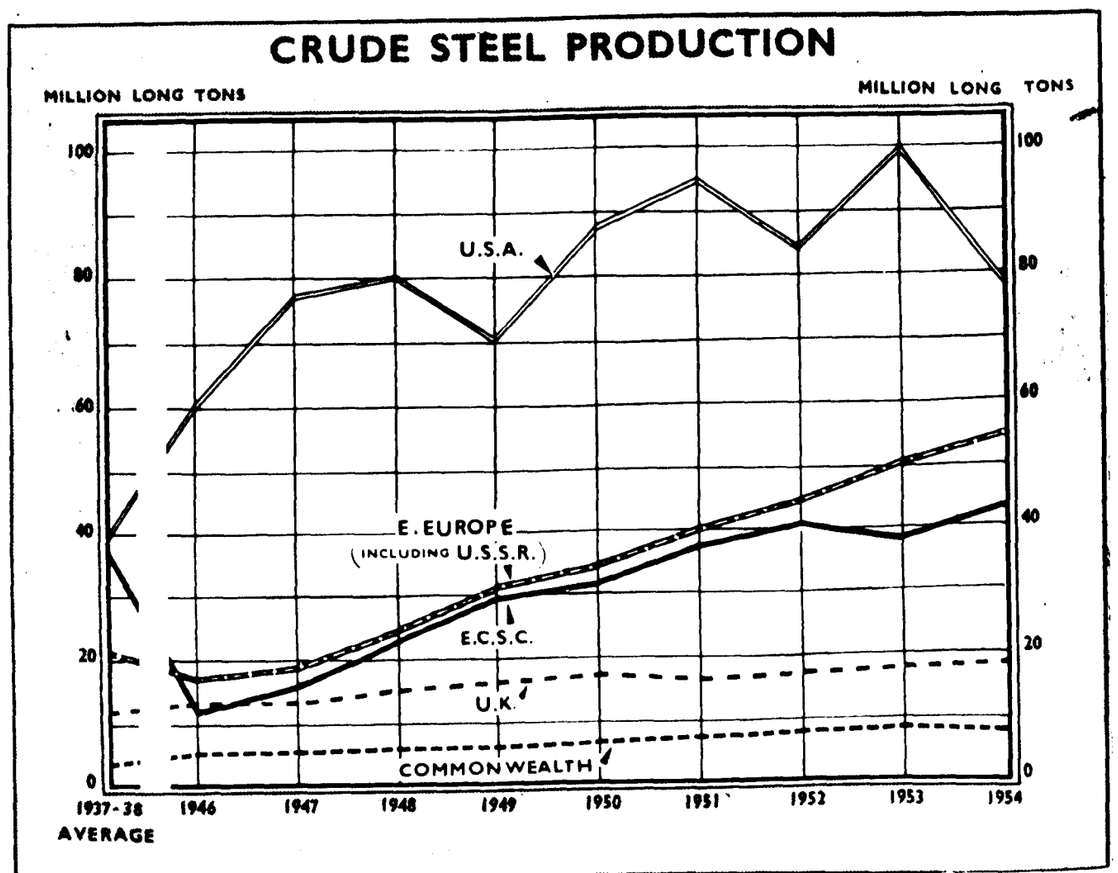
Note: One metric ton 0.984 long tons.

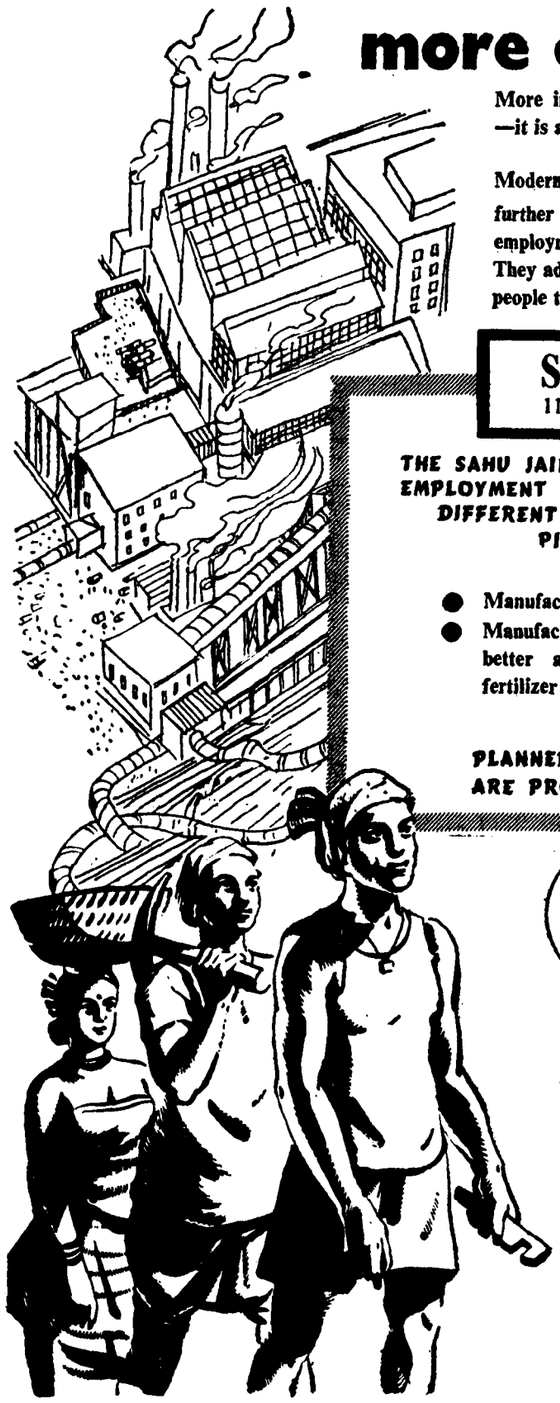
a European Coal and Steel Community (ECSC).

b Countries which each produce less than 500,000 tons annually, namely: Denmark, Finland, Greece, Norway, Switzerland and Turkey.

c Austria, Belgium, Denmark, Finland, France, Western Germany, Greece, Italy, Luxembourg, Netherlands, Norway, Saar, Spain, Sweden, Switzerland, Turkey, United Kingdom and Yugoslavia. Czechoslovakia, Eastern Germany, Hungary; Poland, Rumania and the USSR are excluded since annual figures only are available for these countries.

Source: E.C.E. Steel Bulletin.





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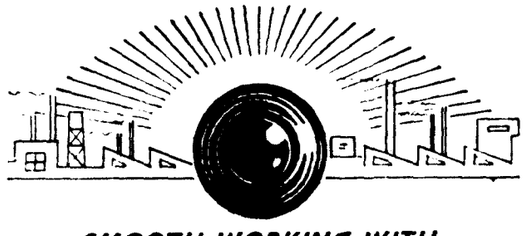
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Hitherto the main emphasis has been on the capacity in various special sectors of the Communist world to produce particular items in which a comparison with the potential of other countries might give an indication of economic power in the USSR and its related countries. Production, however, is not a good guide to the capacity for supply. In one sense, the lower production of the USSR is offset by a greater capacity to regiment internal consumption and, therefore, to permit of larger export. On the other hand, because the standards of consumption are lower in Communist countries, there are limits beyond which even totalitarian methods cannot cut internal consumption. The extent to which consumption standards in the USSR in important agricultural commodities compare with other countries is shown on the table on the opposite page. In this case, production and consumption in the USSR are nearly parallel. In Britain and the USA, they are not, for quite different reasons, Britain being a large importing country and the USA significantly an exporting one.

Table elsewhere shows indices of livestock in the same countries. Here, again, the capacity for supply does not appear to compare with that in many Free World countries. The position on which these figures reveal is that in agriculture and in livestock the Soviet Union has been holding consumption at a level which, in other countries, would be considered meagre. This implies that there is an opportunity here for trade with India at such time as our surpluses for grain become more noticeable. Unhappily in livestock, where our quantities are abundant, our quality is low. It is doubtful if any trade with the Soviet Union can be built on export of Indian livestock.

The supply position on other sectors such as steel and machinery has already been described. The issue at the present time is not our need of these items, which is fully admitted, but of the capacity of the Russians to supply. At the present time no firm figures are available of the capacity for export of Soviet machinery. It has, however, already been indicated that a cut in the defence budget could make the position easier than it has been for a long time. It is unwise to assume that the Soviet Union lacks the capacity to supply our minimum needs.

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APPORTIONMENT OF GROSS NATIONAL EXPENDITURE IN USSR, INDIA, JAPAN, GERMANY, BRITAIN & USA, 1938-52

(In percentages)

USSR

Year	Personal expenditure on consumption goods and services (1)*	Government current expenditure on goods and services† (2)	Gross public capital formation (3)	Gross private domestic capital formation (4)	Exports less imports (5)	Total (billion roubles) ‡
1938	74¶¶	10¶¶	16¶¶	..	..	184¶¶
1940	57	24	19	..	..	232
1948	70	15	15***	..	..	435
1952	48	22	30	..	..	485

Year	INDIA (1)	(2)	(3)	(4) §	(5) ¶	Total (million rupees) ‖‖	JAPAN (1)	(2) (3)	(4)	(5)	Total (billion yen)
1938	..	..	..	..	..	—	62**	17**	20**	1**	18·3**
1940	..	..	..	..	..	—	52††	26††	19††	3††	26·3††
1948	90	7	..	6	—3	70,448	67	21	16	—4	2,601
1951	87‖	10‖	..	6‖	—3	81,983‖‖	60	17	21	2	5,325

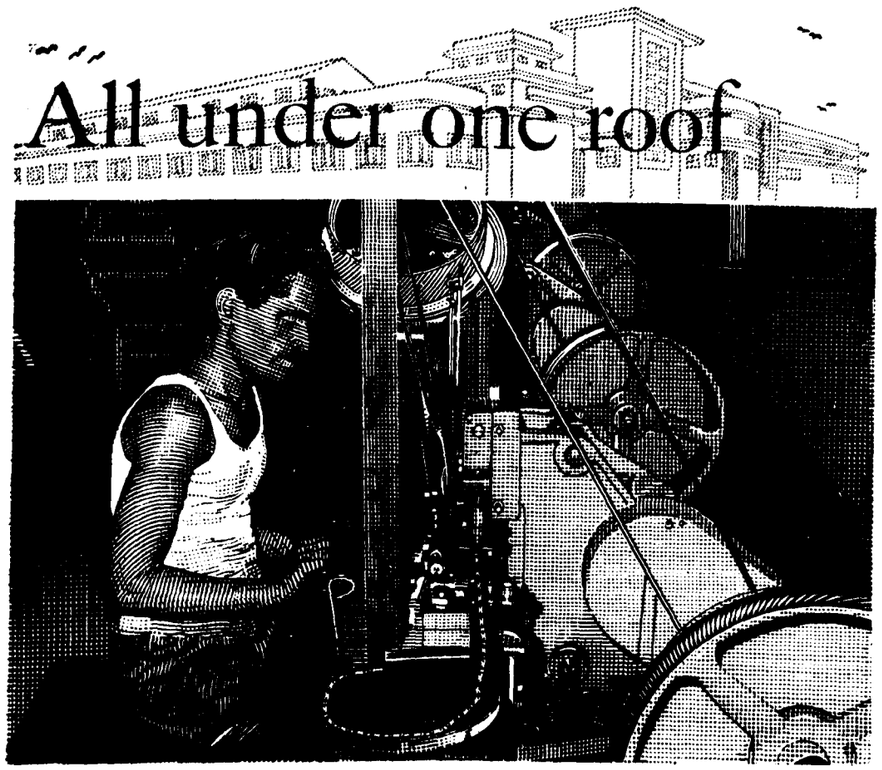
Year	BRITAIN (1)	(2)	(3) (4)	(5)	Total (million £)	GERMANY (WEST) (1)	(2)	(3) (4)	(5)	Total (million marks)
1938	77	13	11	—1	5,717	62§§	20§§	18§§	..	47,323§§
1939	72	19	13	—4	6,178	..	..	..	..	..
1948	71	15	14	..	11,769	65	16	22	—3	35,525‡‡
1952	68	19	12	1	15,518	57	16	25	2	125,564

Year	USA (1)	(2) (3)	(4)	(5)	Total (billion dollars)
1938	76	15	8	1	84·7
1940	71	14	14	1	101·4
1948	69	14	16	1	259·0
1952	62	22	16	..	346·3

Sources: USSR—*Economic Survey of Europe in 1951*; Budget reports of the USSR Minister of Finance for 1952, 1953 (*Pravda*, March 7, 1952, Aug. 6, 1953). INDIA—*Records and Statistics*, Quarterly bulletin of the *Eastern Economist*, Vol. 4, no. 3. JAPAN, GERMANY, BRITAIN & USA—*Statistics of National Income and Expenditure*, Statistical Papers, Series H, nos. 3 & 4.

Notes: USSR—* Our estimate. † Direct defence expenditure. ‡ Estimated by taking 15% of both agricultural and industrial incomes as depreciation. ¶¶ For 1937. *** Not strictly comparable with earlier or later figures owing to subsidization of investment goods industry. INDIA—§ Net domestic saving. ¶ Net balance of payments on current transactions. ‖ For 1951-52. ‖‖ Net national expenditure. JAPAN—** For 1934/36. †† For 1938. GERMANY—§§ For 1936 and in reichsmarks. ‡‡ For six months, July-December, 1948.

Source: Employers' Association, Calcutta.





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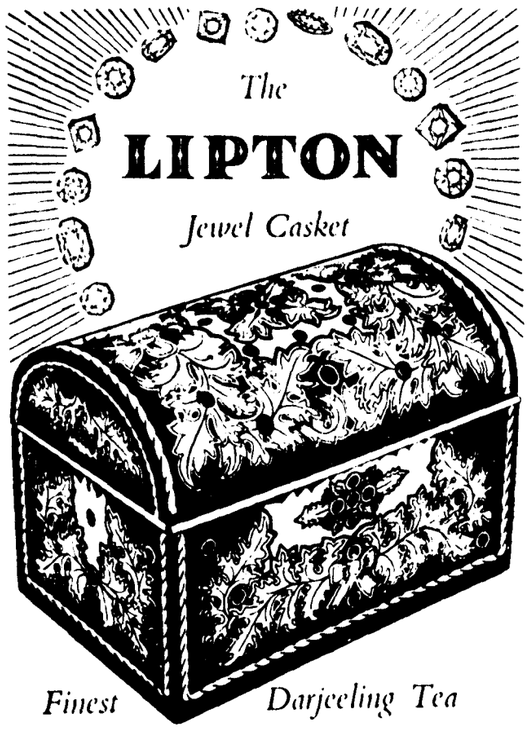
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PER CAPITA PRODUCTION OF FOOD & INDUSTRIAL/CASH CROPS IN USSR, INDIA, JAPAN, GERMANY, BRITAIN & USA, 1929-55

(In kilograms)

Year	GRAINS*					
	USSR	INDIA	JAPAN	GERMANY	BRITAIN	USA
1929	469	..	229 †††	345	112	869 ***
1933	565 (463)	..	215 §§	378	100	746
1937	725 (595)	191††	219	308	88	882
1939	597 †(478)	186	227	278	98	839
1950	617 (494)	167	188	207	156	927
1952	627 (502)	148	190	222 ¶¶	159	970
1955 (Plan)	825 (660)	..	..	..	..	..

Year	POTATOES					
	USSR	INDIA	JAPAN	GERMANY	BRITAIN	USA
1929	298	..	15 †††	626	131	76 ***
1933	310	..	17 §§	673	120	74
1937	395	5 ¶	23‡‡	813	106	79
1939	362† (315)	..	..	825	111	71
1950	429 (373)	5	29	617	191	77
1952	..	5	29	500	146	61
1955 (Plan)	673 (586)	..	..	..	..	..

Year	COTTON			SUGAR BEET				
	USSR‡	INDIA‖	USA	USSR	INDIA **	GER-MANY	BRITAIN	USA
1929	1·7	..	24·8 ***	41	..	..	45	58 ‡‡‡
1933	2·6	..	22·5	57		..	72	63 §§§
1937	4·8	3·6	31·8	132	190	142 ‡‡	55	62
1939	4·3 †	2·9	19·6	106†(100)	93	..	75	75
1950	5·9	3·0	14·3	116 (109)	142	172	105	81
1952	..	4·0	20·8	133§(125)	170	168	87	60
1955 (Plan)	8·7	..	..	179 (168)	..	..	..	..

Sources: USSR—Baykov; *Economic Survey of Europe Since the War*; *Statistical Year Book, 1948, 1951.* INDIA, JAPAN, GERMANY, BRITAIN & USA—*Statistical Year Book, 1948, 1951; Monthly Bulletin of Agricultural Economics and Statistics,* FAO, Rome, January-June 1953; *Indian Food Statistics,* August 1949; *Statistical Year Book,* League of Nations, 1937-38; *Abstract of Agricultural Statistics of India,* 1936-37 to 1945-46, 1949; *Monthly Abstract of Statistics,* October-November 1953, Government of India; *Annual Abstract of Statistics (U.K.) 1937-47, 1952; Statistical Abstract of the United States, 1951.*

Notes: * Generally include wheat, rye, maize (corn), barley, oats and rice (paddy). USSR—Soviet figures in brackets are for net production after deducting harvesting losses, (see pp. 72-75.) and are comparable with those of other countries. † For 1940. § For 1951. ‡ From 1940-52 production of unginned cotton has been reduced to ginned cotton at the rate of 1:3 (*Statistical Year Book, 1951,* p. 573.) INDIA—¶ For 1935-39. ‖ Cotton includes jute. †† 1936-39. ** Figures are for sugar cane. JAPAN—††† For 1925-29. §§ For 1930-34. ‡‡ For 1934-38. GERMANY—‡‡ For 1934-38. ¶¶ West Germany. USA—*** For 1930. ‡‡‡ For 1926-30. §§§ For 1931-35.

Source: Employers' Association, Calcutta.

ACHIEVEMENTS OF PLANNING

INDICES OF LIVESTOCK POPULATION IN USSR, INDIA, JAPAN, GERMANY, BRITAIN & USA, 1916-52

(1940=100)

Year	CATTLE							SHEEP						
	USSR*	INDIA	JAPAN¶	GER-MANY§§	BRITAIN	USA		USSR*	INDIA	JAPAN§	GER-MANY§§	BRITAIN	USA	
1916	111	..	..	..	..	..		132	..	..	..	..	..	
1925	114	106	74‡	109‡	..	..		126	84	16‡	105‡	..	..	
1929	123 (131) §§§	119†	76	114	87	89¶¶		160	95†	18	90	92	104¶¶	
1933	70	..	..	..	95	..		55	..	..	..	101	..	
1937	99	117††	..	..	95	..		79	97††	..	..	97	..	
1950	105 (96)	97†††	125	90	117	117		108	86	319	75	78	59	
1952**	108 (94)	109	136	93‡‡	113	129		107	96	507	71	82	62	

Year	PIGS							HORSES						
	USSR	INDIA	JAPAN§	GER-MANY§§	BRITAIN	USA		USSR	INDIA	JAPAN‖	GER-MANY§§	BRITAIN	USA	
1916	76	..	..	..	..	..		175	..	..	..	..	..	
1925	79	..	54‡	108‡	..	..		132	120	101‡	162‡	..	..	
1929	75	..	62	111	66	96¶¶		169	128†	104	151	119	133¶¶	
1933	44	..	..	..	85	..		81	..	..	..	110	..	
1937	107	..	..	..	108	..		92	117††	..	..	105	..	
1950	88	135	55	78	73	99		67	79	75	97	52	50	
1952**	89	154	70	107	120	104		72	85	78	91	39	42	

Sources: USSR—Same as for Table 14. Also *The Economist*, Sept. 19, 1953; Tass, New Delhi, Nov. 21, 1953. INDIA, JAPAN, GERMANY, BRITAIN & USA—Same as for Table 14. Also *Statistical Year Book, 1935-36*, League of Nations.

Notes: USSR—*Figures in brackets are for cows only, while those for sheep include goats. ** Index figures for 1953 (actual), 1954 (plan) and 1955 (plan) for cattle are 104, 121 and 125, for pigs 104, 125 and 129, and for sheep 120, 158 and 174. Figures for cows for 1953 and 1954 (plan) are 96 and 115, for horses (1955 plan) 74. The Soviet livestock figures for 1954 refer to numbers counted on Oct. 1, not on Jan. 1, as before. §§§ For 1928. INDIA—† For 1930. ¶ 1939=100. ‖ 1936=100. ‡ For 1926. GERMANY—§§ 1938=100. ‡ For 1926. ¶¶ For 1930. †† For 1935. ††† For 1949. JAPAN—§ 1938=100. ‡‡ For 1950-51. USA—¶¶ For 1930.

Source: Employers' Association, Calcutta.

IMPORTS OF SELECTED PRODUCTS FROM ASIA INTO WESTERN EUROPEAN COUNTRIES AND THE UNITED STATES

(Thousands of Tons)

Commodity	United Kingdom						France						Germany [a]					
	1928	1935-1938	1948	1949	1950	1951	1928	1935-1938	1948	1949	1950	1951	1928	1935-1938	1948	1949	1950	1951
Food and feeding-stuffs																		
Rice	72	93	39	54	44	—	250	602	30	23	19	33	374	139	—	1	7	12
Beet and cane sugar	8	56	—	—	—	—	58	19	—	—	—	29	13	1	—	—	—	—
Soybeans	194	93	3	2	—	3	3	19	4	2	—	42	848	553	—	—	19	210
Groundnuts	49	151	42	1	5	—	276	191	—	3	12	14	476	233	—	—	36	29
Groundnut oil [b]	—	3	7	7	—	7	—	1	5	1	—	21	—	10	—	—	2	6
Copra	32	52	4	32	27	78	92	52	70	29	7	44	191	164	21	64	62	134
Coconut oil	31	21	60	41	—	29	—	—	1	4	2	6	1	1	2	23	25	38
Palm oil	4	29	48	72	84	71	—	—	—	—	—	—	2	12	—	4	19	8
Oilcake and meal [b]	131	340	13	14	10	10	1	4	2	3	—	6	161	1	3	4	6	11
Aromatic crops																		
Tea	189	208	179	204	154	185	1	1	1	1	—	1	5	5	—	2	2	2
Coffee	3	2	—	1	1	—	29	19	—	—	—	—	7	4	—	2	7	2
Tobacco	5	9	10	17	22	18	—	1	—	—	—	—	38	23	—	—	2	2
Natural rubber and fibres																		
Natural rubber	—	121	176	147	212	283	38	60	147	94	100	126	39	74	51	78	91	88
Raw jute	202	188	94	97	114	116	110	93	62	54	73	115	141	109	21	50	51	68
Jute yarns and manufactures [b]	46	98	109	81	40	76	10	13	5	1	—	1	1	—	—	1	—	—
Hemp, including sisal, abaca and similar fibres [b]	63	66	30	29	41	31	10	16	6	10	5	10	21	22	5	6	5	7
Raw cotton	51	3	43	35	40	18	49	45	27	8	31	18	48	30	—	6	8	11
Raw wool	25	19	10	12	14	12	3	2	1	1	1	1	1	4	—	—	1	1
Raw silk	1	2	1	1	1	1	6	3	—	—	—	—	1	—	—	—	—	—
Other commodities																		
Tin (metal and concentrate) [bc]	..	3	—	—	4	10	..	4	2	2	3	8	..	7	1	2	3	4

Commodity	Other Western Europe						Total Western Europe						United States					
	1928	1935-1938	1948	1949	1950	1951	1928	1935-1938	1948	1949	1950	1951	1928	1935-1938	1948	1949	1950	1951
Food and feeding-stuffs																		
Rice	159	240	4	27	83	106	855	1 074	73	105	153	151	12	10	—	—	—	—
Beet and cane sugar	8	64	14	2	9	—	87	140	14	2	9	29	524	855	219	479	427	619
Soybeans	241	49	5	3	19	117	1 286	714	12	7	38	372	..	.	..	.	..	..
Groundnuts	184	232	15	19	58	30	985	807	57	23	111	73	..	..	..	..	..	..
Groundnut oil [b]	1	1	9	11	10	32	1	15	21	19	12	66	..	..	..	..	..	..
Copra	132	104	199	242	245	424	447	372	294	367	341	680	174	202	405	386	423	408
Coconut oil	5	19	14	15	34	40	37	41	77	83	61	113	132	156	48	52	63	51
Palm oil [b]	2	41	30	64	54	57	8	82	78	140	157	136	14	118	—	10	—	16
Oilcake and meal [b]	73	247	72	33	50	57	366	592	90	54	66	84	71	107	13	45	65	59
Aromatic crops																		
Tea	13	15	9	12	15	10	208	229	189	219	171	198	29	34	40	40	48	36
Coffee	26	23	2	1	2	8	65	48	2	4	10	10	23	12	—	—	1	1
Tobacco	2	22	5	4	7	7	45	55	15	21	31	27	..	..	..	..	..	..
Natural rubber and fibres																		
Natural rubber	22	51	72	87	86	117	99	306	446	406	489	614	388	495	723	646	784	705
Raw jute	107	133	73	83	108	165	560	523	250	284	346	464	91	77	75	62	75	106
Jute yarns and manufactures [b]	1	9	13	4	7	5	58	120	127	87	47	82	258	439	247	216	199	158
Hemp, including sisal, abaca and similar fibres [b]	38	36	11	5	7	9	132	140	52	50	58	57	66	69	49	30	46	75
Raw cotton	89	179	42	24	14	21	237	257	112	73	93	68	.	..	..	..	..	..
Raw wool	—	1	1	1	—	1	29	26	12	14	16	15	30	18	17	11	20	6
Raw silk	6	—	—	1	1	1	14	5	1	2	2	2	38	27	3	1	4	3
Other commodities																		
Tin (metal and concentrate) [bc]	..	27	20	18	26	27	..	41	23	22	36	49	..	62	57	57	68	22

Sources: National trade statistics of importing countries were used, with the following exceptions: For the years 1935-1938, and the commodities listed below, data were taken from *International Trade in Certain Raw Materials and Foodstuffs*, League of Nations, Geneva: rice, tea, groundnuts, copra, rubber, raw cotton, raw wool, raw silk, coffee, tobacco, sugar, coconut oil. For all years, imports of tin were taken from the *Statistical Yearbook*, International Tin Study Group.

Country coverage: The term "Asia" covers, in so far as it is specified in import statistics of western European countries, the following countries: Burma, Ceylon, China, Hong Kong, India, Associated States of Indochina, Indonesia, Japan, Malaya, Pakistan, the Philippines and Thailand.

"Western Europe" *includes the following ten countries*: Austria, Belgium-Luxembourg, France, Germany (western Germany for post-war years), Italy, the Netherlands, Portugal, Sweden, Switzerland and the United Kingdom. For lack of data, the imports listed below have not been included:

Importing country	*Commodity*
Austria	Coconut oil, copra, raw silk, soybeans, sugar, tin
Netherlands	Raw silk, soybeans
Portugal	Coconut oil, coffee, palm oil, oil cake, raw silk, soybeans.
Sweden	Raw silk, soybeans
Switzerland	Copra, groundnuts, soybeans

In addition to the ten selected European countries the following imports have been included:

Denmark	Oilcake, soybeans, tin
Finland and Norway	Tin

The figures relate to special imports *from Asian countries (as specified above)* for all the western European countries included except for the United Kingdom (general imports).

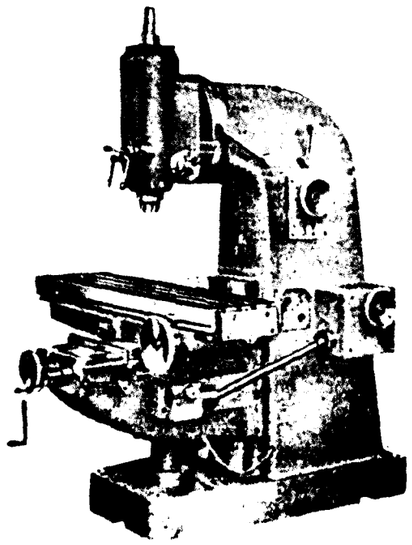
A special method was used for tea and rubber: total re-exports from the United Kingdom were deducted from its imports from Asia, whereas imports from the United Kingdom into the other *western European* countries were added to their special imports from Asia.

a Western Germany for post-war years.

b 1937-1938 average.

c In terms of metal content.

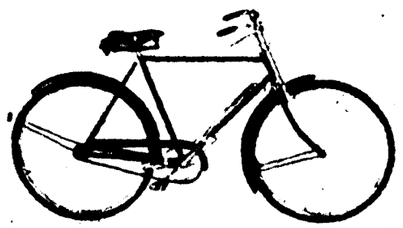
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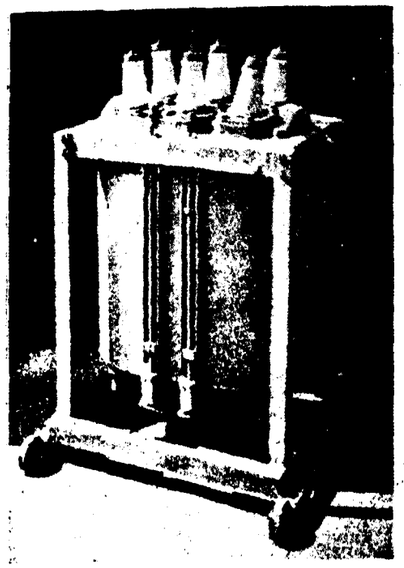
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Hungarian Trading Company for Agricultural Products, Bp. 62, P.O.B. 278.
Cables: AGRIMPEX, Budapest.
Cereals, Seeds, Oil Seeds, Pulses, Sugar, Sugar-beet, Rice, Malt.

2. TRADE REPRESENTATIVE, 148, SUNDER NAGAR, NEW DELHI.

Trade

A Parallel World Market for Communism

A SIGNIFICANT passage in Stalin's discussion of the "Economic Problems of Socialism in the USSR" has referred to the disintegration of the single, all-embracing world market as the important economic sequel of the Second World War and points to the formation and consolidation of a new parallel Communist world market because of the blockade imposed by the West. This parallel world market was not however the sequel to the blockade; it had been in the making even earlier from 1948, as Table I would indicate, almost as if the Soviet Union was preparing for a blockade. This was well brought out in following passage from Stalin's work, which has not dated even though many of his policies and ideas have not been accepted by his successors now in power.

"But the fundamental thing, of course, is not the economic blockade but the fact that since the War these (Communist) countries have joined together economically and established economic co-operation and mutual assistance. It may be confidently said that, with this pace of industrial development it will soon come to pass that these countries will not only be in no need of imports from capitalist countries, but will themselves feel the necessity of finding an outside market for their surplus products".

This integration of a parallel market began as early as 1947 with the conclusion of bilateral agreements which promised economic aid in the shape of technical assistance and supply of equipment and credit, in much the same way in which it has now been initially discussed in relation to India. The creation of the OEEC, the break with Yugoslavia and the creation of the Council for Mutual Economic Assistance (1949) were other factors which had promoted this trade within the Eastern bloc long before the Korean war and the economic blockade further strengthened it. The process has been at work all these years and there is no indication that it can be reversed in any important aspect. It is possible that what Stalin forecast in 1952, that outside markets will be needed for Communist manufactures is coming true to some extent in respect of the production which is surplus to current requirements or which has to be exchanged for more urgently needed imports. But the Soviet Union may not need much from outside the Communist world in which she would like to trade.

The tables shown here illustrate the growing volume of intra-Communist State and the declining importance of the Communist trade with the rest of the world. The total trade of all the Communist countries both among themselves and with the outside world is, in terms of value, about ten per cent of the total world trade; but about three-fourths of this total Communist trade is carried on among the Communist countries themselves. Of the balance, (estimated at about 1800 million dollars) nearly half is East-West European trade, representing only a feeble resumption of the flow along some of the old European trading channels. Of the total Soviet trade of 2800 million dollars, the trade with the Communist bloc accounts for 2300 million dollars and only 200 million dollars represent trade with the overseas countries outside Europe. On the other hand, of China's total trade of the value of about 1500 million dollars, nearly half is with the Soviet Union and another quarter with the other Communist countries.

TRENDS IN THE TRADE TURNOVER OF THE USSR WITH VARIOUS REGIONS

(Millions of dollars)

	All Countries	Western Europe	Overseas Countries	Communist Bloc
1937	.. 780	510	205	65
1948	.. 2500	545	705	1250
1952	.. 5200	640	460	4100
1953	.. 5750	645	465	4700

THE BALANCING TRICK

On the whole, the trade of the USSR with the other countries has been balanced closely. The total Soviet trade is about 7 per cent of world trade (or nearly 2½ times the foreign trade of India) which, considering her size and the closed markets in the Communist countries to which she has access, is not at all surprising. The fall in Czechoslovakian trade with the Western countries since 1948 has been striking but it has more than made up by the trade with the USSR, just as Eastern Germany has also made up for her loss of West European trade since the war by expanding her trade with the Communist countries six times between 1948 and 1952. The development of trade between Mainland China, North Korea and Mongolia with the USSR and Eastern Europe, especially since the blockade, has been rapid and China has thus become an important trading partner of the USSR. This has promoted interdependence to a very great degree and it is probable that future development of trade with outside areas would not be allowed to prejudice this interdependence but only supplement it.

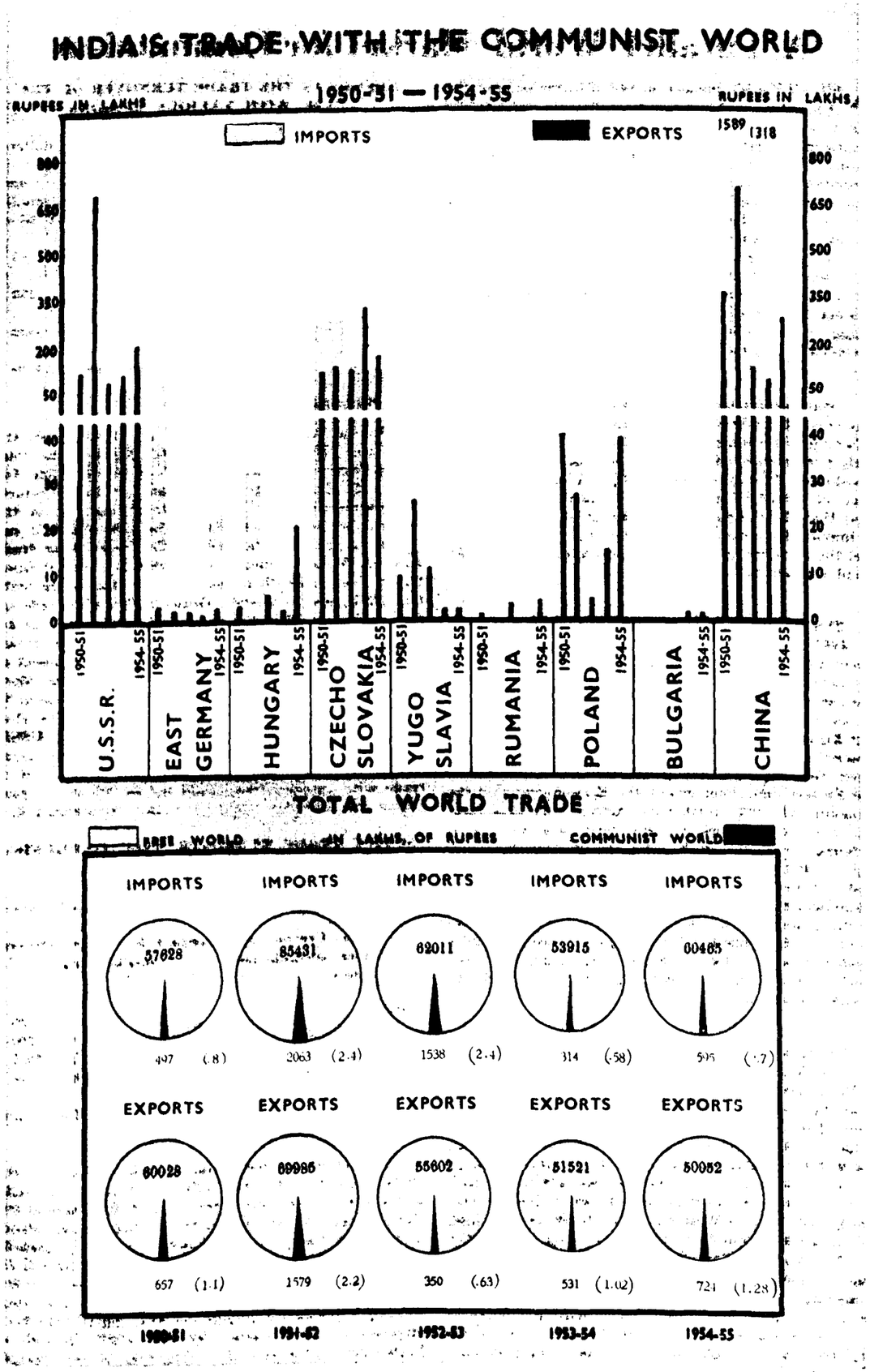
SOVIET TRADE TURNOVER WITH COMMUNIST COUNTRIES

(Millions of dollars)

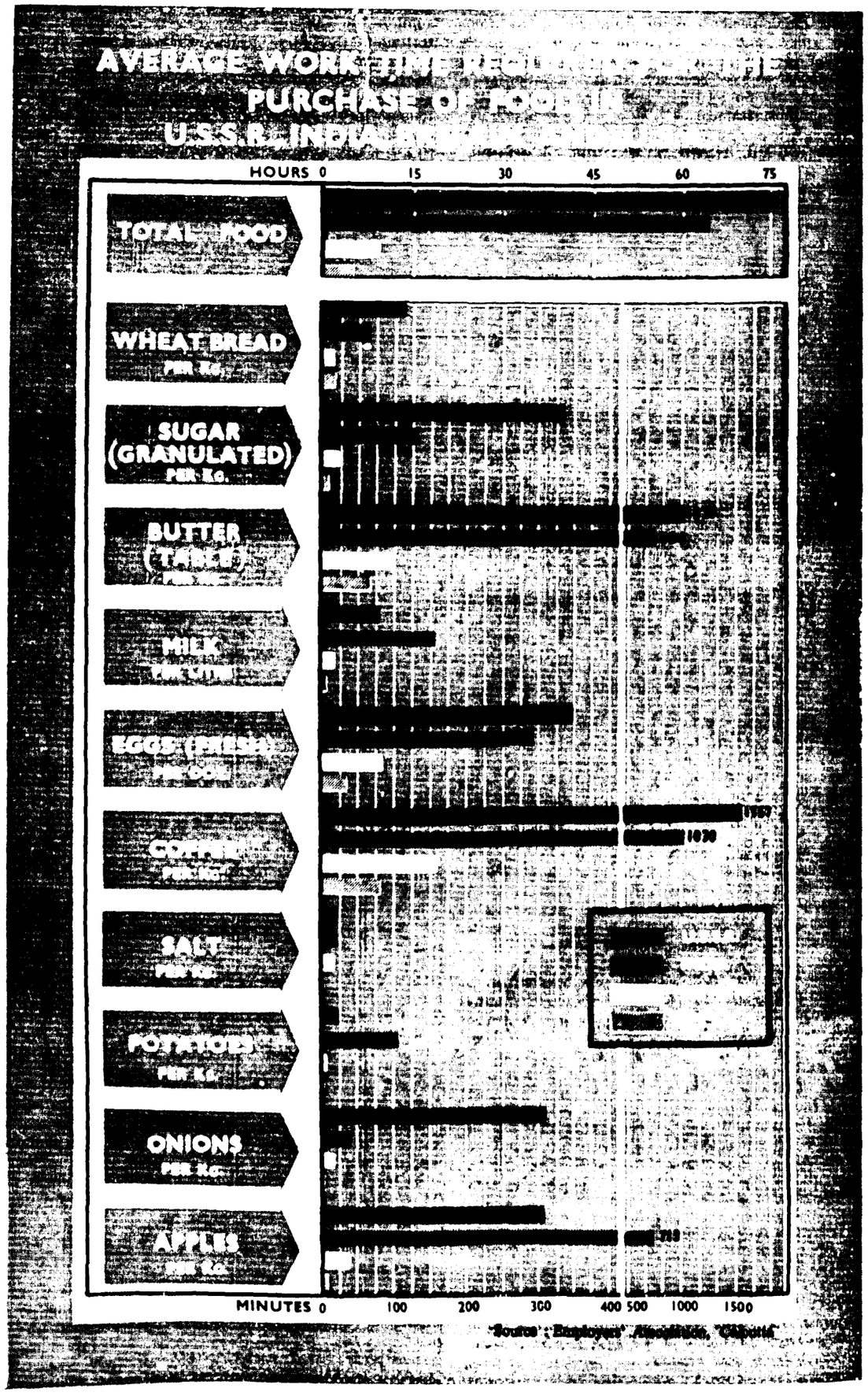
	East Germany	Czecho-slovakia	Poland	Hungary	Rumania	Bulgaria	Others*
1937	..	10	5	..	..	..	15
1948	105	240	230	55	100	120	400
1952	700	600	510	280	310	170	1550
1953	980	660	520	290	320	200	1730

* China, (Mainland), Mongolia, North Korea and Albania.

Subject to the special agreements reached by the USSR from time to time regarding supplies on credit to the other Communist countries, trading behind the Curtain seems to have aimed at reaching a close balance in bilateral trade, over half-yearly or yearly periods. The clause inserted in the recent agreement with India expressing the hope that Indian exports would match Indian purchases from the USSR was not, therefore special; it shows the importance that has always been attached to such balance by the USSR (though in India's case, a transfer of sterling may be very acceptable). There is thus no net inflow of outside capital even among the Communists. Except when special credits a



Note : Percentages in brackets



granted on the lines on which the USSR has granted credits to Poland and China, trade has balanced. Considering the importance of the solidarity of the Communist bloc, and the economic conditions in the receiving countries, even the credits granted by the USSR appear to have been very small in relation to the resources of the Soviet Union or the needs of the receiving Communist fraternity.

INTRA-GROUP TRADE TURNOVER OF OTHER COMMUNIST COUNTRIES

	East Germany	Czechoslovakia	Poland	Hungary	Rumania	Bulgaria	Others*
1937	..	130	60	65	95	30	55
1948	220	480	430	115	165	190	450
1952	1320	1250	1060	640	460	260	2000
1953	1770	1450	1120	740	530	330	2380

* China, (Mainland), Mongolia, North Korea and Albania.

(N.B. TRADE TURNOVER = EXPORTS + IMPORTS).

Source: E.C.E. Economic Survey of Europe, 1954.

CREDITS NOT CREDITABLE

The following broadly have been the categories of credits granted by the Soviet Union:

(a) **Credits for delivery of industrial equipment:** (1) Poland was granted $450 million in 1948 (raised to $550 million in 1950) for machinery and materials needed for her Plan, with provision for repayments over a 10-year period, the first instalment in each case starting with the delivery of equipment.

(2) The first credit to China in 1950 of $300 million bore an interest of 1 per cent per annum, with repayment over a period of 10 years from December 1954. The second credit granted in October 1954 for $130 million (520 million roubles) was intended to supplement the deliveries under the first agreement.

(b) Short-term credits to Eastern Germany to enable imports of food and raw materials of 485 million roubles ($121.5 million) repayable in a two-year period were given in 1953. Similar credits were given to other East European Countries to cover grain deliveries during period of shortages.

Considering the vast needs of development of the countries of Eastern Europe and of China the limited character of this economic co-operation has to be set against what has been possible outside the Communist world, in spite of the very large emphasis which the United States has placed on military and defence support aid. The terms of the aid given by the USSR show her as a hard bargainer; the bulk of the payment credit for East Germany was given for purchases from the USSR only. The rate of interest charged to China was the most significant concession, which was possible only because of the limited character of the aid and the circumstance that in 1950 the Soviet Union had to make a great gesture to new Big Power in the East whose quick rise she had not foreseen earlier.

There is no reason to believe that these patterns would now be significantly different and would show improvements on the practices adopted within the Communist bloc. One source of difference may however arise from the fact that the East European countries, which have now becomes net importers of food, may require more food for which they have machinery to sell. Even this type of exchange may be seriously limited by the fact that if China's requirements are stepped up in due course. As China has enough food sulpluses to exchange with, priority would be given to trade on those lines instead of allowing food imports from outside areas. These are circumstance which should restrain Burma or India from hoping for stable markets for their agricultural products in these countries, though they may provide valuable opportunities at certain times, as Burma at this juncture has found. The internal market among the Communist countries both for capital goods and for food is thus a growing one and any links that are sought with the outside world will be mainly to supplement them in order to sell surplus machinery in exchange for raw materials.

TRADE IN MACHINERY

The significant features of the trade in all kinds of machinery within the Communist bloc are the preponderance of Eastern Germany, Czechoslovakia and Hungary as exporters and the importance of the USSR as a chief net importer both from within and outside the Communist world.

TRADE IN MACHINERY AND EQUIPMENT OF COMMUNIST COUNTRIES, 1953

(In million dollars)

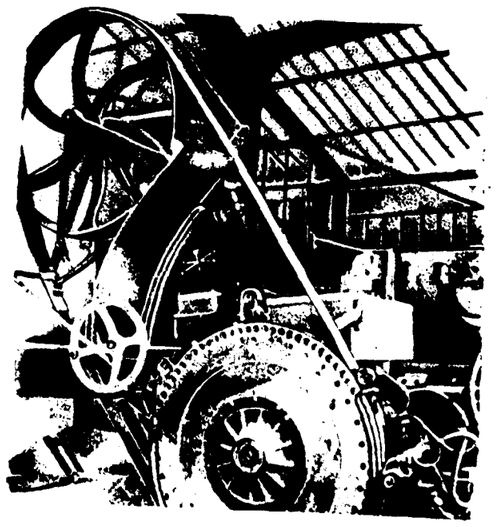
	Trade within		With W. Europe	
	Exports	Imports	Exports	Imports
USSR	200	700-750	4	107
East Germany ..	700-800	25-40	24	16
Czechoslovakia ..	320-360	80-100	20	17
Hungary	175-200	75-90	4	11
Poland	80-100	250-275	..	51
Rumania	25-40	120-140	..	16
Bulgaria	..	70-85	..	4
China, Mongolia, N. Korea, Albania	..	180-220	..	12
TOTAL ..	1500-1700	1500-1700	52	234

Source: E.C.E Economic Survey, 1954.

This table shows the USSR as a net importer from both Communist and non-Communist sources of machinery and equipment. This total trade in machinery within the bloc must be compared with the value of $7,300 million of machinery exports in the rest of the world, to all areas, to which the contribution of the Communist bloc was merely $52 million. As far as one can see, this cannot increase significantly so long as the intra-Curtain trade is as large as shown above. The area as whole is a net importer of machinery from the West, despite the controls placed in the last few years on the export of strategic goods.

SPECIALISATION

It is also interesting to observe the pattern of machinery exports and the kind of specialisation that has occurred. Czechoslovakia sells machine tools, power plants, motor vehicles, East Germany exports electrical machinery and precision instruments, Hungary sells Diesel locomotives, barges and electrical apparatus,



. . . the die was cast at dawn

Five, short years ago, we set about making aluminium conductors; even then, we were set . . . that we should make our own high conductivity rods . . . a basic raw material in aluminium cable making.

And now, with the installation of a modern mill—the only one of its kind in the East—for the continuous casting and rolling of re-draw rod, a fond dream has taken shape.

The story of our conductor manufacture is composed of many strands; vision, enterprise, knowledge, technique and skill have all gone into its making. But the core of our strength comes from without . . . from the reinforcing strength of the electricity supply industry. And through this industry, it is our privilege to serve the nation.

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Poland makes railway rolling stock and mining equipment Rumania sends oil drilling equipment, pipes and tubes. In contrast to this increasing specialisation in Eastern Europe, the USSR exports complete equipment for a whole series of industrial installations and is also a main source of supply for oil-drilling, coal-mining and heavy construction equipment, tractors, motor cars and engineering goods. Eastern Germany and Poland are also suppliers for the growing shipping needs of the USSR; and Soviet orders for ships have also been placed with Western Europe and Japan.

The moral is thus easily drawn. It is that the Communist trade which appears well-integrated cannot afford to widen its network substantially with the outside world, except in a residual way. The area and magnitude of this residual trade may vary from time to time but the limits within which it would do so cannot be very wide.

Future Trade of Eastern Europe

THE degree of specialisation that has been shown within the Communist bloc in the manufacture of machinery and in the development of trade in it among the countries themselves will not, however, be conclusive proof of their total inability to develop outside trade. The chances are that such trade will be developed more by the industrial countries of Eastern Europe like East Germany and Czechoslovakia than by the Soviet Union or China. The compulsion to trade outside may result from the circumstance that the reparations deliveries of these countries have ended, the last of them being East Germany. The major part of the export capacity thus released may not be absorbed internally, or by the USSR, through commercial imports. The USSR may, however, still remain for East Germany, the chief market as it has remained for Finland, Hungary and Rumania even when their reparation payments ceased. There are also payments falling due to the USSR from these countries as a result of the liquidation of the Russian shares in some of the joint companies established during the occupation; the repatriation of these holdings would involve additional exports for these areas. Some of these payments will not be reaching an end soon, but the scope for a gradual increase in outside trade should not be overlooked. There has already been an increase of East-West trade by about 20 per cent in 1954 which made for a more balanced trade between the two regions; the indications this year are that Eastern Europe may be running a surplus, in contrast to the gold shipments that were made in earlier years to the West to meet deficits.

The improvement of the political climate has largely contributed to this increase. The entry of Yugoslavia as a trader with the Eastern bloc has also been responsible for some increase. The Eastern European countries are also placing more orders in Western Europe. It is, however, observed that the present volume of East-West trade is only about one-third to one-half of the pre-war level; the State Treaty with Austria and the continuous increase in West European industrial production may offer scope for recovery to pre-war levels.

QUALITY, PRICE AND PAYMENTS

There are signs of increasing emphasis in Eastern Europe on making exports competitive in terms of quality and price. State-trading may not always prove flexible enough to achieve this result, and so there has been a desire to find stable markets at stable prices. Some of the Western Countries, like Canada and Western Germany, have entered into credit arrangements for purchase of goods by East European countries to enable them to surmount the payments problem. The problem of costs and returns in foreign trade has become the subject of keen discussion in Eastern Europe, which shows an anxiety to adapt trading policies to those of the Western World. In July this year the Russian representative to the UNESCO expressed a desire to sign the Havana Charter. He then declared that the Soviet Union had previously thought that the same objectives could be achieved by bilateral trading but now recognised that a change was needed under present conditions. In order to overcome the difficulties of strict bilateral balance of transactions, there is willingness now to accept payments in third currencies besides sterling and dollar. China's trade agreement with India, visualising payments in rupees, is an indication of this desire. Lastly, there are arrangements for re-exports within and outside the Communist bloc to get over imbalance in trade between any two countries. The importance of this search for new trading arrangements in East-West Trade in Europe is that correspondingly similar arrangements would be extended to other areas, if they operate successfully.

The East European countries may need in growing measure raw materials which the USSR or Western Europe may not be able to supply and it would be natural for them to seek these from the primary producing countries of the Middle East and Asia. The chief attraction to these primary producers will be the stability of prices for their commodities, which are now uncertain assets because of their dependence entirely on the Western markets. In exchange they may be in a position to get capital equipment of the type which the West takes long to supply or of assistance with "know-how". East Germany without the burden of reparations may play a very large part.

Thus there are possibilities both ways, within and outside the Communist bloc. In respect of India, the main difficulty arises from the lack of raw materials to give in return for the manufactures or capital goods of Eastern Europe and the USSR. India's trade with the Western world follows a historical pattern: It is unlikely that there would be any substantial shifts in the exports of tea and jute goods; in a competitive market our textiles have to be sent wherever there are purchasers and the Communist countries do not appear to be our potential customers in this respect. India needs raw cotton, rubber, vegetable oils and such other materials for her own industrial needs. We have, however, sterling to give for whatever we import from the Communist countries from our earnings or sterling balances and to the extent to which it is earned, the East European countries may be satisfied because of the facility it gives them for purchases of raw materials from the rest of the Sterling area. The point however is that there is no special reason for India to shift her orders, particularly of machinery, from known areas on competitive terms, to those unknown, except when there are special advantages to be secured. The development of our own engineering industry is another consideration which would limit the orders placed abroad for equipment. Trade with the USSR and Eastern Europe may therefore be of slower growth than trade with the West, which is buttressed by our sterling balances held abroad and the facilities offered by the international financial institutions like the IMF and the World Bank.

FAR-EAST TRADE WITH THE SOVIET BLOC

(Million of U.S. dollars)

	Bulgaria				Czechoslovakia				East Germany			
	Exports		Imports		Exports		Imports		Exports		Imports	
	1953	1954	1953	1954	1953	1954	1953	1954	1953	1954	1953	1954
Australia	..	..	..	..	10.7	5.3	3.6	5.2	0.2	..	0.7	1.1
Burma	0.1	..	0.1	..	..	..	0.3	2.1	..	..	..	..
Ceylon	..	..	..	..	0.6	0.3	0.8	0.5	..	..	..	0.1
India	..	..	..	..	5.7	4.2	2.7	2.8	0.4	0.1	0.2	0.4
Indonesia	..	..	..	..	0.1	3.8	2.8	7.8	..	..	..	..
Japan	..	..	..	..	..	1.3	0.1	..	..	2.4	5.9	5.3
Malaya	0.3	0.1	..	..	8.3	2.5	3.3	2.2	..	..	..	..
New Zealand	..	..	..	..	0.9	0.7	0.5	0.5	..	0.4	0.7	0.3
Pakistan	0.7	..	..	..	1.2	0.3	0.7	0.8	..	..	..	..
TOTAL	1.1	0.1	0.1	..	27.5	18.9	14.8	21.9	0.6	2.9	7.5	8.4

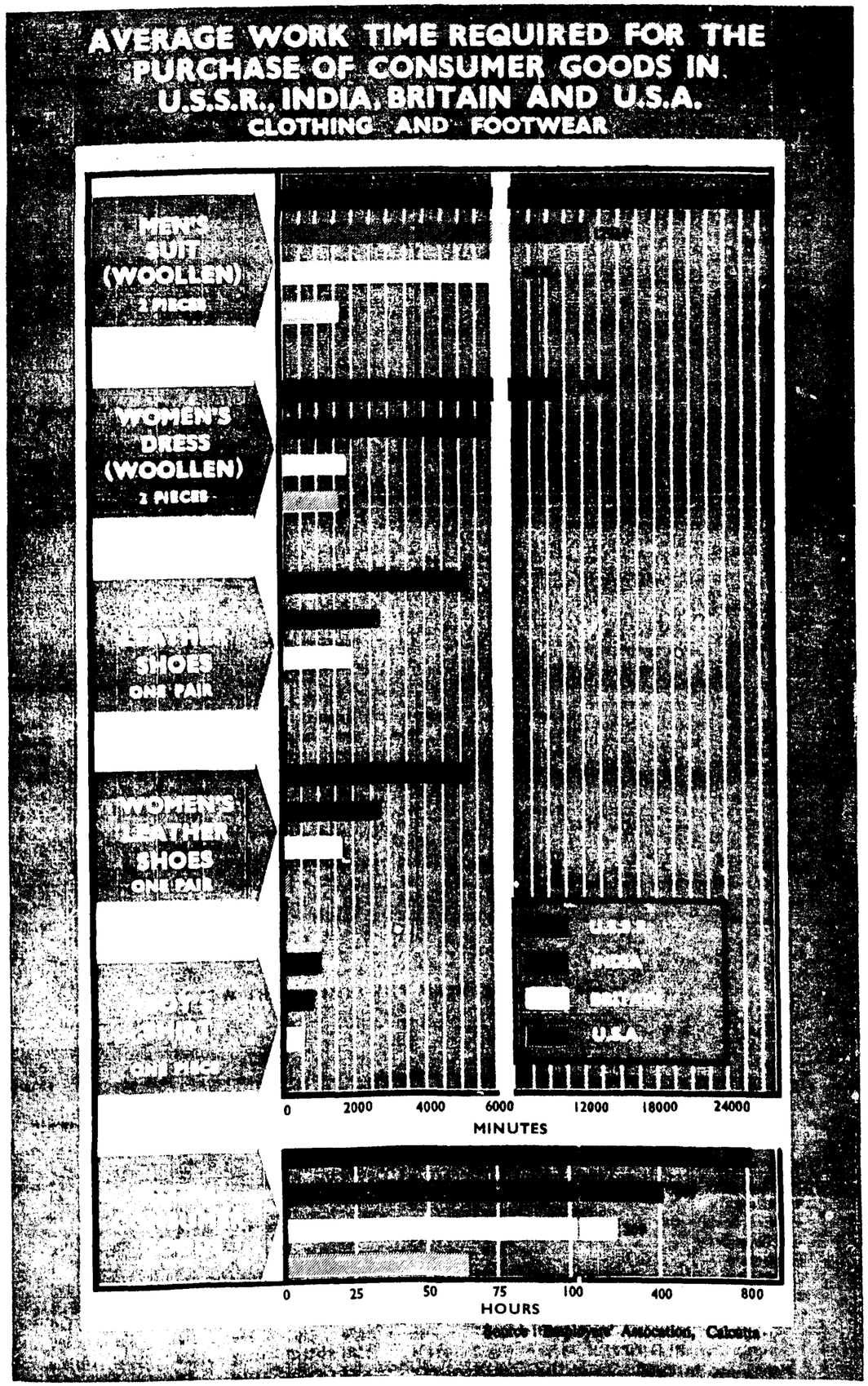
	Hungary				Poland				Romania			
	Exports		Imports		Exports		Imports		Exports		Imports	
	1953	1954	1953	1954	1953	1954	1953	1954	1953	1954	1953	1954
Australia	1.0	0.1	0.5	0.7	21.6	16.2	0.1	0.2	0.7	..	..	..
Burma	..	0.6	0.1	0.2	..	..	..	..	..	..	..	..
Ceylon	..	..	0.1	0.1	0.1	0.1	0.7	0.1	..	..	..	..
India	0.1	0.4	0.2	0.2	0.2	0.6	0.3	0.2	0.1	0.1	..	0.4
Indonesia	0.1	1.6	1.6	2.6	4.3	0.6	0.3	0.9	..	0.3	..	..
Japan	..	..	..	..	..	1.2	..	..	..	..	..	..
Malaya	0.3	0.1	1.6	0.6	4.7	7.6	1.1	0.8	..	..	..	..
New Zealand	..	..	..	..	10.2	6.2	..	..	0.1	..	..	..
Pakistan	0.4	0.2	0.1	..	2.8	2.9	0.3	0.2	..	..	..	0.1
TOTAL	1.9	3.0	4.2	4.4	43.9	35.4	2.8	2.4	0.9	0.4	..	0.5

	U.S.S.R.				China				Total Soviet Bloc			
	Exports		Imports		Exports		Imports		Exports		Imports	
	1953	1954	1953	1954	1953	1954	1953	1954	1953	1954	1953	1954
Australia	33.1	30.8	1.7	1.4	5.3	3.2	4.2	4.0	62.2	55.5	10.7	12.3
Burma	..	..	..	0.1	2.8	..	1.6	0.4	2.9	0.6	2.2	2.2
Ceylon	..	..	..	0.4	50.9	46.5	43.0	32.0	51.5	46.9	45.5	33.1
India	0.8	5.3	0.9	2.4	7.3	8.6	3.5	4.8	14.6	19.3	7.9	11.2
Indonesia	..	0.4	0.1	0.6	..	2.3	2.1	3.5	4.5	9.1	7.0	15.4
Japan	..	..	2.1	2.3	4.5	19.1	29.7	40.8	4.6	24.1	37.8	48.4
Malaya	..	..	..	..	1.9	6.4	34.4	28.5	15.5	16.7	40.3	32.7
New Zealand	..	8.2	0.1	0.4	..	..	0.6	0.6	11.1	15.6	1.9	2.3
Pakistan	7.4	3.6	..	0.2	..	26.0	3.0	1.6	19.8	33.6	4.2	3.0
TOTAL	41.3	48.3	4.9	7.8	72.7	112.1	123.0	116.2	218.3	289.8	307.5	282.2

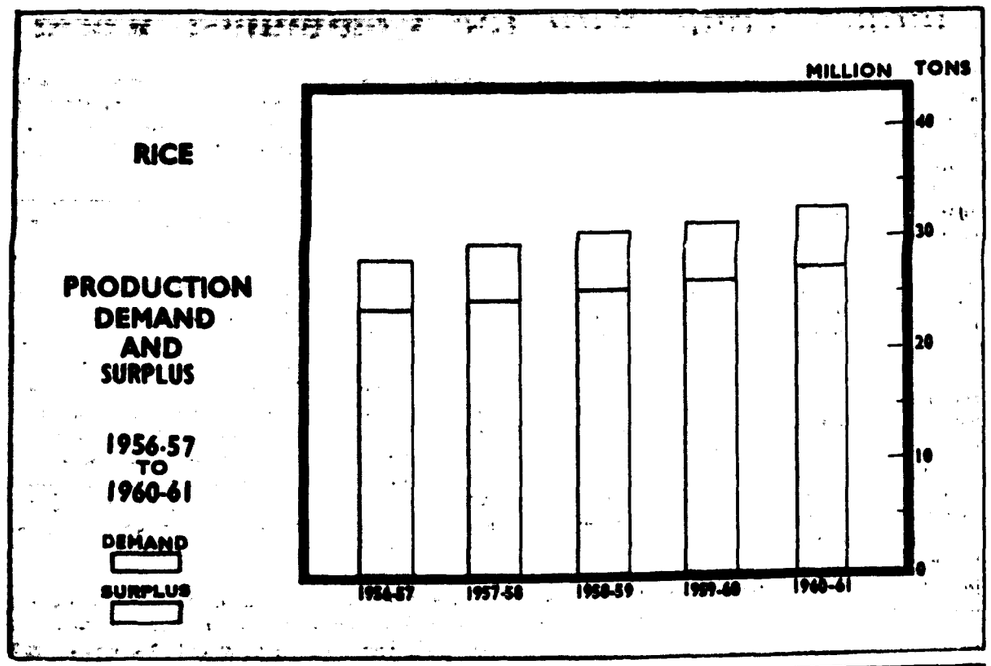
INDIA'S TRADE WITH THE COMMUNIST WORLD

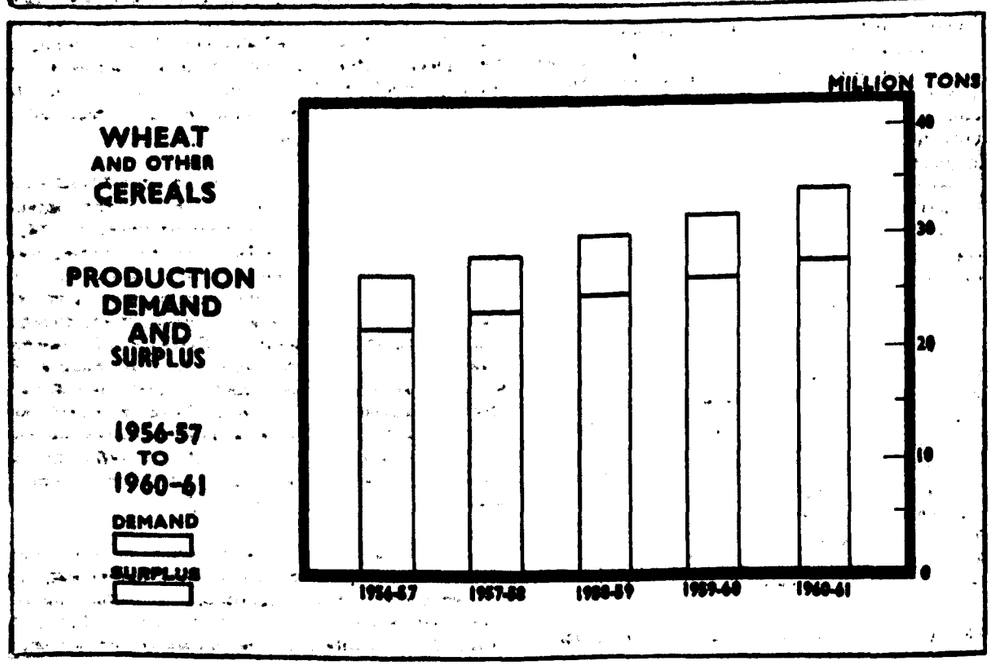
(Lakhs of rupees)

	1950-51		1951-52		1952-53		1953-54		1954-55	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
1. U.S.S.R.	23	138	139	692	24	85	60	115	161	212
2. Germany Eastern	75	3	7	2	10	2	8	1	23	3
3. Hungary	10	3	32	..	16	5	10	2	10	20
4. Czechoslovakia	279	108	282	129	135	118	114	314	125	163
5. Yugoslavia	12	9	14	26	9	11	7	2	16	2
6. Rumania	..	1	..	..	..	3	..	..	1	4
7. Poland	30	40	34	27	26	4	16	15	102	39
8. Bulgaria	..				..	..	..	1	1	1
9. China	68	355	1589	703	1316	122	99	81	156	260
TOTAL	497	657	2063	1579	1538	350	314	531	595	724
TOTAL WORLD TRADE	58125	60685	87494	71564	63549	55952	34229	52052	61060	56776
Percentage to Total	0.9	1.1	2.4	2.2	2.4	0.6	0.9	1.0	1.0	1.3



ANTICIPATED FOOD SURPLUS IN INDIA: 1956-57—1960-61





PRODUCTION, DEMAND AND SURPLUS OF RICE
1956-57 to 1960-61
(Million tons)

	Production	Demand	Surplus
1956-57	28.2	23.5	+ 4.7
1957-58	29.3	24.4	+ 4.9
1958-59	30.4	25.3	+ 5.1
1959-60	31.6	26.3	+ 5.3
1960-61	32.8	27.3	+ 5.5

PRODUCTION, DEMAND AND SURPLUS OF WHEAT AND OTHER CEREALS
1956-57 to 1960-61
(Million tons)

	Production	Demand	Surplus
1956-57	26.8	22.0	+ 4.8
1957-58	28.4	23.3	+ 5.1
1958-59	30.1	24.7	+ 5.4
1959-60	32.0	26.2	+ 5.8
1960-61	34.0	27.8	+ 6.2

Source: Quarterly Economic Report of the Indian Institute of Public Opinion Ltd.

India's Trade with the Communist World

INDIA'S trade with the Soviet bloc increased substantially during the past year. Exports rose from $14.6 million or 1.3 per cent of total exports in 1953 to $19.3 million or 1.6 per cent of the total in 1954. Imports increased from $7.9 million or 0.7 per cent of total imports in 1953 to $11.2 million or 0.9 per cent of the total in 1954. It is interesting to note, however, that Soviet bloc imports were still far below the 1952 level, when they amounted to $40.4 million or 2.4 per cent of total imports. Of the total that year, approximately $34 million worth came from Communist China, as compared to only $4.8 million worth of goods from this country in 1954.

On February 10, 1955, the 1954 Indian-Bulgarian trade agreement was extended for an additional year. This agreement, now valid until December 31, 1955, calls for some increase in trade between the two countries, though the exact amount was not stipulated. India agreed to export black pepper, tea, unprocessed wool, cotton, medicinal plants, electric cables, shellac, glue, hides, bamboo, etc., in return for Bulgarian harvesters, pneumatic pumps, lathes, eccentric presses, electric motors, chemicals, glass, wood, food products, etc.

The Indian-Czechoslovak trade agreement, which expired on December 31, 1954, was extended twice, once in January for an additional three months until March 31, 1955, and again on June 3 until December 31, 1955. This agreement provides for Indian exports of jute and jute products, iron ore, mica, shellac, hides, coffee, tea, tobacco, manganese ore, linseed oil, essential oils, unprocessed wool, etc., in return for Czechoslovak exports of light engineering products such as: marine-type diesel engines, machinery for the footwear, textile, woodworking, rubber, chemical, construction, tanning, and printing industries; also, agricultural machinery, machine tools, automotive vehicles, railway locomotives, photographic and cinematographic equipment, communications equipment, hydroelectric and thermal power equipment, glass, textiles, paper, ceramics, etc. A New Delhi report of March 1955 indicated that Czechoslovakia offered to construct and equip several industrial plants for the Indians, including a steel mill, sugar mills, and chemical factories. This offer followed Indian acceptance of a USSR bid to construct a huge steel mill on very attractive terms. On June 10 it was also announced in Prague that Indian representatives had concluded an agreement for the purchase of 2,050 railway freight cars from Czechoslovakia.

A trade agreement between India and East Germany was signed on October 16, 1954. This agreement is valid until December 31, 1955, and provides for Indian exports of tea, coffee, tobacco, iron and manganese ore, cotton, cotton textiles, jute manufactures, silk, wool, shellac, resin, glycerine, spices, hides, mica, rubber, chrome, etc. East Germany agreed to deliver a wide range of heavy machinery, such as: equipment for rolling mills; gas and electric furnaces; lathes; mining, petroleum, civil engineering equipment; and machinery for the chemical, pharmaceutical, textile, cement, sugar and printing industries. The East Germans will also deliver tractors, chemicals, optical and precision instruments, and newsprint.

On June 17, 1954, a trade agreement was signed by India and Hungary, valid until December 31, 1955, and providing for Indian shipments of spices, tea, tobacco, oil seeds, groundnut oil, skins, hides, essential oils, iron and manganese ore, woolen textiles, jute, etc. Hungary is to ship machinery, machine tools, electrical equipment, cinematographic equipment, agricultural machinery, motorcycles, dyes, pharmaceutical products, glassware, porcelain, etc. Complete industrial plants were included in the list of machinery, and the chief of the Hungarian Trade Mission to India said that Hungary is prepared to design these plants, that it will provide for technical assistance in the installation and initial operation, and would train the local technical staff.

A new trade agreement between India and Poland, valid for the year 1955, was signed on March 3, 1955. It calls for Indian exports of iron ore, mica, leather, tea, coffee, tobacco, nuts, hides and skins, etc.; in return, the Poles agreed to export machine tools, machinery and industrial equipment (including a sugar and a cement plant), railway rolling stock, tractors, agricultural machinery and implements, chemicals, coal tar, surgical and optical instruments, etc. **Trybuna Ludu** (Warsaw), June 23, 1955, announced that India had accepted a Polish bid for the construction of 2,500 railway freight cars, at a cost of $5 million.

The first trade and payments agreement concluded between India and Rumania was signed in New Delhi on March 23, 1954. It was valid until the end of 1954, but automatically renewable for an additional year. Indian export commitments included cotton, wool, skins, coffee, tea, spices, textiles, and ores, to be exchanged for petroleum products, timber, chemicals, paper, textile machinery, tractors, railway equipment, and other industrial equipment from Rumania.

On December 2, 1953 India and the USSR signed a five-year trade agreement; the lists in this agreement were renewed for a second year on December 24, 1954. Under it, India is to export jute, tea, coffee, tobacco, shellac, hides, skins, black pepper, spices, mica, vegetable oils, etc. The Soviet Union will send wheat, barley, crude oil, petroleum products, fiber, paper, iron and steel products, chemicals, dyestuffs, pharmaceutical products, optical instruments, motion picture films, agricultural machinery, tractors, and industrial and electrical equipment. A recent Moscow report indicated that the Chelyabinsk Pipe Rolling Works has received a large order for pipe for the oil refineries under construction in India. The first consignment was scheduled to be despatched in July.

One of the most significant factors in recent Indian-Soviet commercial relations was the agreement, signed on February 2, 1955, regarding the setting up of an integrated Soviet iron and steel plant in India. This plant, to be located in the Bhilai region of Madhya Pradesh, is scheduled to have an initial capacity of one million tons of ingots with about 750,000 tons of rolled products. Construction of this plant is to be completed by December 31, 1959. The USSR will guarantee the plant's operation for a period of six months and will provide technicians for three years after the mill reaches full operation. Russian equipment is expected to cost about $91 million (f.o.b. Black Sea and Baltic ports). The Soviets will receive about $5.3 million for their services in preparing the project report and design drawings.

Payment is to be made in Indian **rupees** in 12 equal instalments, with interest at 2½ per cent per annum on the amount outstanding each year. The money is to be deposited in a special account with the Reserve Bank of India, and amounts credited to this account can be used to purchase goods in India or may be freely converted into sterling. Provision has been made for the training of a sufficient number of Indian technicians, both in India and in the USSR, so as to enable Indian

TRADE OF EASTERN EUROPE AND MAINLAND CHINA WITH THE REST OF THE WORLD, 1953 AND 1954.

(Millions of U.S. dollars)

Reporting Area And Period a		Imports From USSR	Exports To	Imports From Other Eastern European Countries	Exports To	Imports From Mainland China b	Exports To	Imports From Eastern Europe And Mainland China	Exports To
1953	First half	140	150	340	300	220	160	700	620
1953	Second half	250	260	330	320	210	110	850	690
1954	First half	190	330	360	360	180	130	720	830
U.S.A. and Canada									
1953	First half	6	..	16	1	5		27	1
1953	Second half	6	..	13	1	5		24	1
1954	First half	6	3	15	1	2		23	4
1954	Second half	6	2	16	6	..	..	24	8
Western Europe									
1953	First half	66	59	237	221	64	59	367	339
1953	Second half	176	131	247	235	64	36	487	402
1954	First half	125d	140	231	265	45	36	401	441
1954	Second half	205	117	247	278	52	46	504	441
Finland									
1953	First half	43	63	37	13	..	1	85	77
1953	Second half	42	82	54	15	2	4	98	101
1954	First half	37	74	44	13	2	1	83	93
1954	Second half	51	73	55	19		6	106	98
Oversea Sterling Area									
1953	First half	1	20	13	27	132	97	146	144
1953	Second half	2	31	16	33	111	66	129	130
1954	First half	2	60	17	24	91	76	110	160
1954	Second half	2	1	11	19	101	76	114	96
Other Areas c									
1953	First half	16	12	36	38	23	7	75	57
1953	Second half	21	13	46	37	28	8	95	58
1954	First half	16	56	54	56	35	16	105	128

Source: Based on data in "Direction of International Trade", a joint publication of the Statistical Office of the U.N., the I.M.F., and the I.B.R.D.

a Imports are c.i.f. and exports are f.o.b. in the reporting area.

b Trade with Taiwan is included in trade with Mainland China for reporting countries where available statistics do not permit its exclusion; the countries that report their trade with Taiwan separately, however, account for the bulk of Taiwan's trade.

c Owing to incomplete reporting figures are approximate only, estimates are rounded to nearest $10 million.

d Adjusted to exclude French exports of gold valued at $36 million.

e Owing to incomplete reporting, figures are approximate only.

COMPOSITION OF TRADE OF EASTERN EUROPE AND MAINLAND CHINA WITH THE UNITED STATES AND O.E.E.C. COUNTRIES,a 1953 AND 1954

(Millions of U.S. dollars)

Item	1953 U.S.S.R.	1953 Other Eastern European Countries	1953 Mainland China	1954* U.S.S.R.	1954* Other Eastern European Countries b	1954* Mainland China
Exports of USA and OEEC Countries:						
Foodstuffs	62	80		55	114	—
Raw Materials	22	90	11	23	94	7
Manufactured Goods	82	258	84	93	173	35
Base Metals and Metal Manufactures	21	91	21	10	33	4
Machinery and Transport Equipment	39	92	11	50	50	5
Total	166	423	95	171	381	42
Imports of USA and OEEC Countries:						
Foodstuffs	72	174	27	44	109	16
Cereals	56	35	3	33	28	—
Raw Materials	141	174	100	146	146	40
Fuel	23	112	—	33	82	7
Manufactured Goods	41	141	9	35	129	7
Total	254	489	136	225	384	63

Source: *Based on Commodity Trade Statistics*, published by the Statistical Office of the U.N.

a Excluding re-exports of the reporting areas. This exclusion, which is particularly significant for re-exports from the U.K., and the incomplete classification of commodity trade statistics by destination of exports and provenance of imports, account for the difference between the value of total trade in this table.

b Including the trade of Switzerland with the Soviet Union. In 1953 Swiss exports to that country were $3 million and imports from the Soviet Union were $4 million.

* First nine months.

INDEX OF LABOUR PRODUCTIVITY IN SOVIET UNION LARGE-SCALE INDUSTRY—1928-52

Year	Index of output per man-year (1928=100)	Annual Productivity increase (per cent)	Index of output per man-hour (1928=100)
1929	112.9	12.9	112.1
1930	123.9	9.7	128.7
1931	133.3	7.6	140.4
1932	136.8	2.6	150.7
1933	148.7	8.7	166.7
1934	164.6	10.7	189.1
1935	186.0	13.0	214.3
1936	225.8	21.4	254.4
1937	245.9	8.9	269.4
1938	272.9	11.0	..
1939	318.5	16.7	..
1940	324.6	1.9	..
1946	270.4	..	..
1947	305.6	13.0	..
1948	351.4	15.0	..
1949	397.1	13.0	..
1950	444.7	12.0	..
1951	489.2	10.0	..

TRADE BETWEEN EASTERN AND WESTERN EUROPEAN COUNTRIES IN CEREALS

July 1954—June 1955

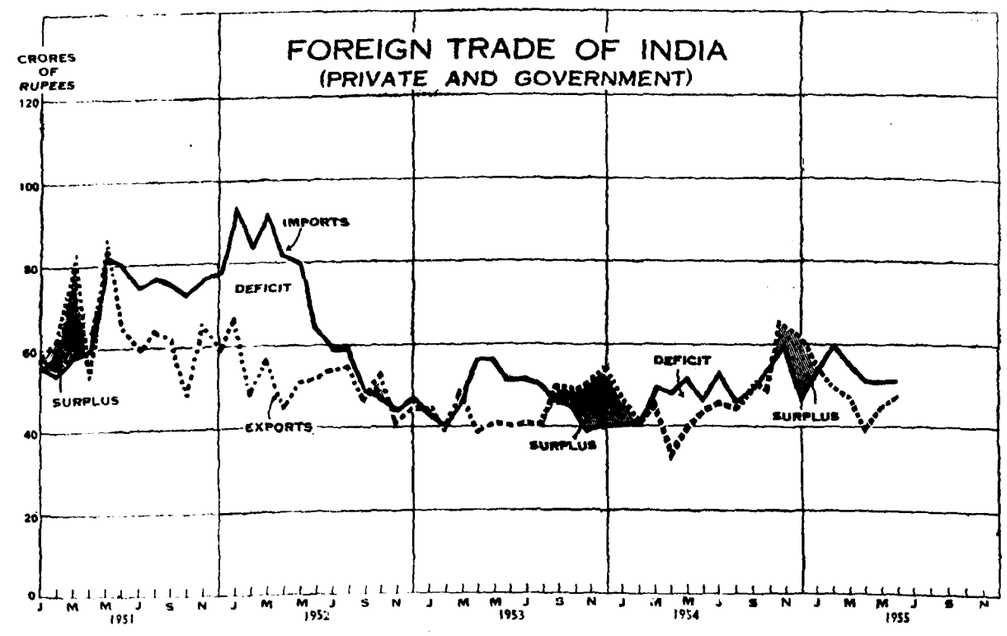
Exporting area	Western Europe	Eastern Europe	World
Bread grains (million tons)			
Western Europe	2.6	0.8a	3.5
of which: France	1.7	0.6	2.3
Eastern Europe	0.9b	2.3	..
of which: U.S.S.R.	0.7	2.3	..
World	14.7	..	..
Coarse grains (million tons)			
Western Europe	0.6	..	0.6
Eastern Europe	0.4c	..	..
of which: Rumania	0.2	..	..
World	10.1	..	..

a Of which about 60 per cent to Hungary and 30 per cent to Poland.

b Of which about 25 per cent to Finland and 20 per cent to Western Germany.

c Of which about 25 per cent to Austria and 20 per cent to the United Kingdom.

Source: E.C.E.



MOTOR VEHICLES—PRODUCTION, TRADE AND AVAILABLE SUPPLIES IN WESTERN EUROPE

(In thousands)

Country	1950	1951	1952	1953
Passenger Cars				
France:				
Production ..	257	314	370	368
Exports ..	89	93	83	81
Imports ..	4	11	8	6
Available supplies ..	172	232	295	293
Western Germany:				
Production ..	216	267	301	369
Imports ..	4	5	5	5
Export ..	67	92	100	141
Available supplies ..	153	181	205	233
Italy:				
Production ..	100	118	114	143
Imports ..	—	1	1	2
Exports ..	18	23	19	27
Available supplies ..	82	97	96	118
United Kingdom:				
Production ..	522	476	448	595
Imports ..	—	2	2	1
Exports ..	398	369	310	302
Available supplies ..	124	110	140	294
Commercial Vehicles				
France:				
Production ..	100	133	130	129
Imports ..	1	2	1	1
Exports ..	29	32	24	23
Available supplies ..	72	103	107	107
Western Germany:				
Production ..	89	106	127	121
Imports ..	—	5	—	1
Exports ..	—	34	36	38
Available supplies ..	—	77	91	84
Italy:				
Production ..	29	30	25	32
Imports ..	1	3	5	11
Export ..	3	5	4	5
Available supplies ..	27	28	25	38
United Kingdom:				
Production ..	261	258	242	239
Imports ..	4	4	2	3
Exports ..	144	137	128	110
Available supplies ..	121	125	116	132
Motor Cycles and Motor Scooters				
France:				
Production ..	120	185	232	265
Imports ..	8	15	9	8
Exports ..	6	8	14	13
Available supplies ..	122	192	227	259
Western Germany:				
Production ..	258	325	427	429
Imports ..	5	5	6	5
Exports ..	16	27	43	59
Available supplies ..	247	303	390	376
Italy:				
Production ..	—	285	318	369
Imports ..	—	1	1	1
Exports ..	15	31	43	53
Available supplies ..	—	255	276	317
United Kingdom:				
Production ..	171	172	158	154
Imports ..	—	—	—	—
Exports ..	74	92	70	63
Available supplies ..	97	80	88	91

Source: Economic Survey of Europe in 1954.

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personnel to man the plant as fully as possible from the very beginning of the project. A May 13, 1955, New Delhi report revealed that the Soviet steel expert who is to be the supervisor of the project was to arrive in India before the end of May, and a Soviet survey team has already completed preliminary work, such as surveying and mapping of the site. The Soviet team is expected to submit a full report on the project to New Delhi by the end of this year. Meanwhile the Indian Government is going ahead with the recruitment of local technical personnel for the project.

India and Communist China signed a two-year trade agreement in New Delhi on October 14, 1954. This agreement is subject to renewal by negotiation, and includes a proviso for transit, via the port of Calcutta, of Chinese commodities to Tibet. However, it was agreed that only goods unobtainable in India will be accorded these facilities. More specifically, the pact stipulates that the existing "customary" trade between India and Tibet shall be maintained and developed, and that Peking is required to obtain New Delhi's advance clearance for goods it proposes to send to Tibet. In a separate schedule attached to the agreement, India has indicated fifty items normally available for export to Tibet; these include in large part consumer goods, transmission and wireless equipment, and automotive vehicles.

Following are the principal Indian goods available for export to China: rice, certain seeds, tobacco,** metallic ores—including chrome—manganese, tin and zinc concentrates, chemical and pharmaceutical products, electrical appliances, machinery and machine tools, ferrous and non-ferrous manufactures, cotton textiles, jute manufactures, bicycles, automotive vehicles, cement, tires and tubes, pumps, lanterns, sewing machines, agricultural implements, mica, etc. China, in return, has agreed to export rice, soya beans, machine tools, machinery, antimony, graphite, fluorspar, arsenolite, silk and silk textiles, wool, hides and skins, paper (including newsprint chemicals), tung oil, cassia, methol crystals, resins, porcelain, glass and glassware, hosiery and stitching needles, vegetables and vegetable products, canned goods, etc.

*A Chinese State agency designed to promote trade between India and Tibet began operations in Calcutta on July 4.

**An Indian Government report revealed that, in 1954, India concluded a contract for the export of 2,000 tons of tobacco to Communist China. However, actual exports exceeded that amount.

Possibilities of Import Trade with Communist Countries

MAIN items which might conceivably by imported from Eastern Europe are petroleum products (kerosene, fuel oil, lubricating oils, motor spirit); heavy machinery and transport equipment (industrial machinery, agricultural machinery, automotive vehicles, railway locomotives, communication equipment, etc.); iron and steel and manufactures thereof, electrical goods and pharmaceutical products.

The rest of the goods although listed in the trade agreements between USSR and other Communist countries with India are not likely to be imported in any significant quantities.

PETROLEUM PRODUCTS

During 1954-55 India imported petroleum products worth Rs. 81¼ crores. It may be estimated that by 1960-61, the yield of petroleum products in India will be in the neighbourhood of 861 million gallons. This, it is anticipated, will be able to meet nearly 4/5th of the total demand of petroleum products in India. It is possible that total imports of petroleum products will be in the neighbourhood of 232 million gallons.

The U.S.S.R. and other Communist countries are exporting petroleum products to non-Communist countries worth 79.4 million U.S. dollars every year and are, therefore, in a position to meet some portion of the Indian demand for these products. However, in India at present the distribution of petroleum products is in the hands of concerns which are controlled by American and British business. It is, therefore, unlikely that Communist countries will be able to capture more than a fraction of the petrol market.

HEAVY MACHINERY AND TRANSPORT EQUIPMENT AND IRON AND STEEL AND MANUFACTURES THEREOF

It is anticipated that during the period 1955-56 to 1960-61 capital goods, including those required for replacements, worth Rs. 1400 to Rs. 1600 crores will be imported. India is already importing annually goods worth nearly Rs. 100 crores. The U.S.S.R. and other Communist countries are supplying annually heavy machinery and iron and steel worth nearly 87 million U.S. dollars to other countries. This will be very greatly increased in the next few years. It is likely that a sizable portion of this surplus may be directed to India and China; it is assumed here, that ten per cent of our total needs of capital goods may come from Communist bloc.

It may be noted here that under recent Indo-Soviet agreement signed on February 2, 1955, Russia has agreed to aid India in setting up an Iron and Steel plant and Russian equipment is expected to cost about 91 million dollars.

ELECTRICAL GOODS

During 1954-55 India imported electrical goods worth Rs. 11 crores. Although it is anticipated that by 1960-61 production of these goods within the country will increase by approximately 66 per cent, yet in view of large hydro-electric schemes which are likely to increase electricity capacity from 2.6 to 6.0 million kWh, it is certain that the increased production shall not be able to meet in full the increased demand for electrical goods and India may have to increase her imports of electrical goods by nearly 40 per cent. It is possible that the share of Communist countries in the imports of electrical goods may reach as much as 10 per cent of total imports.

DRUGS AND MEDICINES

During 1954-55 India imported drugs and medicines worth Rs. 13 crores. In view of increased emphasis on public health and hospitals, it is anticipated that import may increase by nearly 15 per cent by 1960-61.

The consumption of drugs and medicines depends upon the knowledge and belief of their effectiveness to medical men which in turn is dependent upon the

effective publicity of pharmaceutical firms. At present the Communist bloc does not have any such pharmaceutical agencies in India. It is possible that in near future attempts may be made in this direction and nearly five per cent of our total imports of drugs and medicines may come from Communist bloc.

TOTAL IMPORTS

It is anticipated that total imports during the period 1955-56 to 1960-61 will increase from about Rs. 600 crores to about Rs. 900 crores. The total Communist contribution may rise from Rs. 595 crores to Rs. 3,385 crores or from 0.97 per cent to 3.8 per cent.

POSSIBILITIES OF IMPORT TRADE WITH COMMUNIST COUNTRIES

(Rupees in lakhs)

Items Likely to be Imported	Total Imports in 1954-55		Estimated Total Imports in 1960-61		Estimated Maximum Share of Communist Countries in Total Imports		Percentage Share of Communist Countries
	Quantity	Value	Quantity	Value	Quantity	Value	
1. Petroleum Products (including Kerosene, Fuel Oils, Lubricating Oils & Motor-Spirit) ..	927 Million Gallons	8150	232 Million Gallons	2038	11 Million Gallons	102	5
2. Heavy Machinery & Transport Equipment	..	8160	..	35000	..	3500	10
3. Iron & Steel and Manufactures thereof	..	2791	..	..	..	..	..
4. Electrical Goods (excluding Electrical Machinery		1132	..	1582	..	158	10
5. Drugs & Medicines		1311	..	1508	..	75	5
6. Total Imports		61060	..	90000	..	3835	3.8

Exports

ON the export side there is more reason to believe that the co-operation of the Communist countries might be of help to the Indian Union. This is almost entirely connected with the possibility of the emergence of agricultural export surpluses. It is true that the present time agricultural prices have firmed up and it has been necessary for the Government in the third week of December to offer grain from its stocks for sale in order to depress prices in the Bombay and Calcutta areas. This is, however, only a temporary phenomenon and the longrun factor is on the side of substantial surpluses, particularly after 1956-57. Indeed, surpluses have already appeared though they are not substantial in Government hands.

No official estimate has been made of the character of these likely surpluses but an interesting non-official estimate has been prepared by the Indian Institute of Public Opinion on the assumption that the demand will follow a trend similar to that predicted in terms of its projected input-output tables. The estimates here made for rice and wheat and other cereals are as represented in the graph and tables elsewhere.

If these figures are approximately correct, it will be seen that there are substantial possibilities of the sale of cereals to other countries. If the countries of the Free World which now import wheat and other cereals were prepared to shift from their traditional markets and buy from the Indian Union, there might conceivably be no difficulty in extending our trade with the Free World on the basis that they take some of our agricultural products in place of machinery. A study, however, of the conditions of international supply and demand in this respect shows that there is limited scope for disposing of Indian surpluses in this manner. It is certainly true that with the Communist world—where agriculture has not been a conspicuous success and where, in some cases, there has been failure—the chances are more promising.

Assuming that an export of one-third of the existing surplus of cereals are made to the Soviet Union, it might conceivably be possible for us to obtain machinery of the value of Rs. 75 to Rs. 100 crores per year after 1957-58. This would very likely close any monetary gap in our foreign payments. Such a possibility, which may not be feasible with the Free World is one which strongly commends trade with the Communist powers and the Indian Union.

CONCLUSION ON TRADE

The conclusion to be drawn on the trade side is that, while trade with Communist powers may not amount either in terms of imports or exports to much more than 10 per cent of our total trade—rather in our exports than in imports—some advantage is likely in certain items of trade with the Communist countries. Thus in steel the Communist countries have shown themselves readier to supply, and with agricultural surpluses, it is likely they will be readier to buy than are Free World countries. In other words, while the margin of our trade might be as small as between five to ten per cent of our total trade, it is significant enough to make all the difference in regard to the balancing of India's payments particularly if foreign aid and investment from the Free World is not ready to play to the extent required.

This implies that the opportunities of trade with the Communist powers whether in terms of imports or exports are by no means to be described. They may be of vital importance in filling the gap though it is to be remembered that the gap itself represents only a small fraction of our total trade. It is not the mere size of this trade that is to be reckoned; it is the enhancement of the Plan which it makes possible and which must also be added in order to obtain a full measure of our co-operatien with the Communist world.

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NETWORK OF WORLD TRADE BY MAJOR AREAS

Billions of current dollars, f.o.b.

Exporting countries \ Importing countries	Year	Group I: Eastern world market				Group II: Western world market			TOTAL WORLD
		U.S.S.R.	Eastern Europe	Other[a] countries	Total for Group I	Western Europe	Overseas countries	Total for Group II	
Group I									
U.S.S.R.	1937	—	—	—	—	0.3	0.1	0.4	0.4
	1948	—	0.4	0.2	0.6	0.3	0.2	0.5	1.1
	1952	—	1.3	0.7	2.0	0.3	0.2	0.5	2.5
	1953	—	1.5	0.8	2.3	0.3	0.2	0.5	2.8
Eastern Europe	1937	—	0.3	—	0.3	1.0	0.3	1.3	1.6
	1948	0.4	0.4	—	0.8	0.8	0.2	1.0	1.8
	1952	1.3	1.0	0.2	2.5	0.6	0.3	0.9	3.4
	1953	1.5	1.2	0.3	3.0	0.6	0.3	0.9	3.9
Other countries[a]	1937	—	—	—	—	0.1	0.2	0.3	0.3
	1948	0.2	—	—	0.2	0.1	0.4	0.5	0.7
	1952	0.7	0.2	—	0.9	0.1	0.2	0.3	1.2
	1953	0.8	0.3	—	1.1	0.1	0.3	0.4	1.5
Total, Group I	1937	—	0.3	—	0.3	1.4	0.6	2.0	2.3
	1948	0.6	0.8	0.2	1.6	1.2	0.8	2.0	3.6
	1952	2.0	2.5	0.9	5.4	1.0	0.7	1.7	7.1
	1953	2.3	3.0	1.1	6.4	1.0	0.8	1.8	8.2
Group II									
Western Europe	1937	0.2	0.8	0.1	1.1	5.3	3.7	9.0	10.1
	1948	0.2	0.7	0.1	1.0	9.0	8.1	17.1	18.1
	1952	0.3	0.5	0.1	0.9	15.0	12.6	27.6	28.5
	1953	0.3	0.5	0.1	0.9	15.1	12.6	27.7	28.6
Overseas countries	1937	0.1	0.4	0.2	0.7	5.9	8.1	14.0	14.7
	1948	0.4	0.4	0.4	1.2	14.0	21.3	35.3	36.5
	1952	0.2	0.4	0.2	0.8	14.4	27.4	41.8	42.6
	1953	0.2	0.4	0.2	0.8	14.1	26.6	40.7	41.5
Total, Group II	1937	0.3	1.2	0.3	1.8	11.2	11.8	23.0	24.8
	1948	0.6	1.1	0.5	2.2	23.0	29.4	52.4	54.6
	1952	0.5	0.9	0.3	1.7	29.4	40.0	69.4[b]	71.1
	1953	0.5	0.9	0.3	1.7	29.2	39.2	68.4[b]	70.1
TOTAL WORLD	1937	0.3	1.5	0.3	2.1	12.6	12.4	25.0	27.1
	1948	1.2	1.9	0.7	3.8	24.2	30.2	54.4	58.2
	1952	2.5	3.4	1.2	7.1	30.4	40.7	71.1	78.2
	1953	2.8	3.9	1.4	8.1	30.2	40.0	70.2	78.3

Sources. Data on trade within Group I and between the two Groups are derived from Table 64; other data are from the *Monthly Bulletin of Statistics*, United Nations, August 1953 and August 1954.

NOTE. — For qualifications regarding the approximate character of figures on trade within Group I, see the special note on page 108. Owing to rounding and f.o.b. adjustment, the figures in this table do not conform exactly to those shown in Table 64.

a Mainland China, Mongolia, North Korea and Albania.

b Excluding United States exports of $2.6 billion and $4.1 billion respectively not reported according to countries of destination.

DISTRIBUTION OF THE TRADE TURNOVER (EXPORTS PLUS IMPORTS) OF COUNTRIES IN THE EASTERN WORLD MARKET

Millions of current dollars : exports, f.o.b. ; imports, c.i.f.

Year	U.S.S.R.	Eastern Germany [a]	Czecho-slovakia	Poland	Hungary	Rumania	Bulgaria	Other countries [b]	Trade with all countries in the eastern group
1937	35								
1948	105								
1952	700								
1953	980								
1937	10	30							
1948	240	25							
1952	600	100							
1953	660	120							
1937	5	20	20						
1948	230	70	95						
1952	510	250	125						
1953	520	290	200						
1937	—	25	15	5					
1948	55	—	40	10					
1952	260	80	140	..					
1953	290	90	140	..					
1937	—	30	40	5	20				
1948	100	—	50	10	5				
1952	310	50	80	..	..				
1953	320	60	120	..	..				
1937	—	15	5	5	—	—			
1948	120	10	30	15	5	..			
1952	170	40	40	..	..	..			
1953	200	60	60	..	..	..			
1937	15	25	10	—	—	—	5		
1948	400	10	5	..	..	..	..		
1952	1 550	100	160	..	..	..	..		
1953	1 730	170	150	..	..	..	..		
1937	65	180	130	60	65	95	30	55	
1948	1 250	220	480	430	115	165	190	450	
1952	4 100	1 320	1 250	1 060	640	460	260	2 000	
1953	4 700	1 770	1 450	1 120	740	530	330	2 380	
1937	510	580	450	280	215	230	80	200	
1948	545	150	625	530	160	55	35	140	
1952	640	250	270	430	130	70	25	120	
1953	645	300	220	390	110	105	50	220	
1937	205	410	220	130	35	45	10	365	
1948	705	30	405	80	55	20	15	880	
1952	460	130	240	110	130	10	5	530	
1953	405	230	200	100	120	10	5	500	
1937	780	1 170	800	470	315	370	120	620	
1948	2 500	400	1 510	1 040	330	240	240	1 470	
1952	5 200	1 700	1 760	1 600	900	540	290	2 650	
1953	5 750	2 300	1 870	1 610	970	645	385	3 100	

Trade with all countries

Trade with western Europe [c]

Trade with overseas countries

Trade with all countries

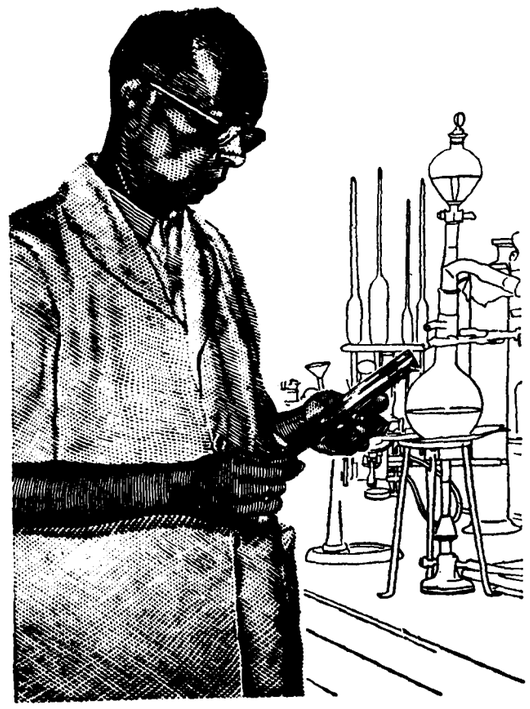
NOTE. — The trade turnover between any two countries is found in the box where the column beneath the country higher on the staircase intersects the row opposite the country lower on the staircase (thus, the trade turnover between eastern Germany and Poland in 1953 is given as $290 million). The total trade turnover within the eastern world market may be obtained by adding crosswise the figures in the row opposite "Trade with all countries in the eastern group" (for 1953 4,700 + 1,770 + 1,450, etc. 13,020). Since this counts the same flow of goods twice, once as exports and once as imports, the total, free of duplication, is one-half of the sum so obtained (and appears after f.o.b. adjustment as $6.4 billion for 1953 in Table 63).

NOTE. — For qualifications regarding the approximate character of figures on trade within Group I, see the special note on page 108

[a] Including trade with western Germany in post-war years

[b] Mainland China, Mongolia, north Korea and Albania.

[c] According to *trade statistics of western European countries*, Yugoslavia is included with western Europe for the whole period.



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Social Welfare

Public Health

EVEN if the comprehensive concept of health as complete adjustment of the individual with his physical, mental and social environment is not applied as a test of the prevailing state of public health, for the obvious reason that it represents an ideal condition to be achieved at a subsequent stage of the development of the national economies, on the criterion of the popular definition of health as a condition of physical fitness and immunity from disease, the underdeveloped regions of the world have an excessively modest record of progress. The case of India falls within this category and it is common knowledge that the two stubborn factors which have retarded the growth of standards of health are poverty and ignorance. The vicious circle, disease—underproduction—poverty—poor health services, had its demoralising toll, but the decisive attack which has been launched to break this circle has received fresh impetus since independence.

MAGNITUDE OF MASS DISEASES

This impetus has come directly from a larger realisation of the obligation of the State to safeguard the health of the community primarily by undertaking large-scale preventive operations. The responsibility to meet intermittent attacks on health rests, by and large, on the individual, but the magnitude of that responsibility has been enhanced by the wide-spread growth of mass diseases. The limits to individual effort are clearly set by this legacy of mass diseases and in view of it a task of high priority has devolved upon the Government to take a bold offensive against them. Malaria and tuberculosis are the two major mass diseases in India, but cholera, small-pox and plague need to be added to the list when they spread in the form of epidemics. These latter diseases are almost invariably brought under effective control and their incidence in mortality has shown a positive decline. The number of total deaths from small-pox in Part A and some Part C States of India fell from 82,300 in 1950 to 33,100 in 1953, while in the case of plague the drop was from 17,400 in 1950 to 1,300 in 1953. These comparisons of the volume of mortality in individual years ought to be modified by the qualification that the toll of the epidemics is related to their magnitude. Thus deaths from cholera which declined from 96,700 in 1950 to 55,300 in 1952 rose higher at 98,670 in 1953. But the overall trend of speedy control and saving of human lives remains well established.

The standing menace to public health in this country, however, comes from the two endemic diseases—malaria and tuberculosis. The appalling incidence of malaria has been appreciably reduced and in this process of liquidation international co-operation through the agency of the WHO has been the most valuable factor. Residual spraying with DDT, undertaken on an extensive scale, has relieved large areas—urban as well as rural. Elimination of malaria in India has not been effected on a full scale as in Ceylon or Italy, but differences in the size of the countries and resources needed for operations on widely varying scales in them cannot be overlooked. The national malaria control scheme, vigorously expanded under the Indo-U.S. agreement of technical aid, has assumed large proportions and at the end of the last financial year there were in operation 136 malaria control units covering about 40 per cent of the country's population. In the current year, action is being taken to set up 20 more units in municipal areas with the specific object of precluding the existence of any uncontrolled islands holding a potential threat of spreading infection to the surrounding controlled regions. The technique, adopted under the scheme, of indoor residual spraying with DDT has already brought this scourge within manageable size.

Tuberculosis, which claims not less than 500,000 deaths per year in India, represents the hard core of the problem of subduing mass diseases and is a reminder that there can be no short-cuts incompatible with prevailing levels in social and economic development of the country. BCG vaccination campaigns have provided preventive measures on wide scales, but the anti-tuberculosis drive launched with WHO's collaboration in the campaigns has brought to light the real dimensions which are beyond present resources to fight. The number of cases of active tuberculosis is placed at 2.5 million and assuming that at least half of them need prompt treatment, the number of hospital beds for TB patients will have to be raised 125 times the present provision of 10,000 beds. This scourge typifies the intensity of the problem of disease control in its serious form, nevertheless overall control of public health need not be assumed as easily manageable. What the industrially advanced countries of the free world have achieved over the last century will not surely take the same period in this country. But domestic resources will obviously be required on a stupendous scale to carry to fruition the task of fight against disease now in progress either independently or in cooperation with international agencies. Large outlays which are implicit in these tasks can be found over a longer period of years, but the national resources out of which they are to be spared depend for their augmentation in part on the attainment of higher standards of public health. In view of this relationship, increasing expenditure on health services is imperative.

RESPONSIBILITY OF THE STATE

The progressive extension of medical services and aids in India has hitherto followed the pattern of growth which has been evolved in the countries of the democratic world. Medical aid has been made available chiefly through private agencies and generous donations and trusts which has resulted not only in the opening of an increasing number of hospitals and dispensaries but also in setting up well-equipped and up-to-date research institutes for regional diseases. But all the effort and investment that has been put so far has sufficed to serve only a fraction of the population. Medical facilities for women and children and for the general population in the countryside in particular are too inadequate and unsatisfactory. Besides these aids, primary public health services like water supply and sanitation are in a rudimentary stage. It is obvious that a shift in the responsibility for providing the major part of these services from private agencies to the State is inevitable. In the free world, the United States stands out as a solitary instance where private endowments and trusts have been instrumental in establishing the most advanced health institutions and services and the part played by the Government has rapidly shrunk. But in the United Kingdom a century's growth of medical services in the private and public sectors has been consolidated in the National Health Service.

If the hurdle of relative high costs beyond the reach of the masses is to be removed, the Government has to accept larger responsibilities in this sphere. This obligation has received recognition in India's Five-Year Plan which has made a provision of Rs. 103 crores for public health. The rate of progress, however, has not been as rapid as envisaged, with only 44 per cent of the financial allocations having been absorbed in the first

three years. It is problematical whether enough schemes can be put through on an orderly basis to absorb the balance of 56 per cent of the outlay in the remaining two years. Comparisons in the development of public health facilities between India and the Communist world lack the vital element of assessment in financial terms. The allocation of expenditure for medical and health services in China's Five-Year Plan has been lumped together with expenditure on culture and education without a breakdown into the three subjects. It would appear, however, that public health services have been expanded in all parts of the country, rural and urban, on a comprehensive basis in the USSR and Czechoslovakia where medical benefits under social insurance reach workers on collective and co-operative farms respectively. But in the remaining countries behind the Iron Curtain—Hungary, Poland, Bulgaria, Rumania and Albania—factory workers have been the major recipients of medical services. In the countryside, the spread of these services has been quite limited.

INDIGENOUS SYSTEMS OF MEDICINE

To redress this imbalance in the provision of health services as between the urban and rural sectors, development of public health services will need a pronounced emphasis on staffing the institutions—clinics, hospitals, dispensaries and mobile medical units—with personnel suited to administer medium type of aid. Russia's nation-wide medical services have been rendered possible by the creation of this category of junior or subordinate medical personnel. The distinctive class of feldshers which answers this description has emerged as a potential agency in recent years. Their training courses of four years' duration indicate equipment with medium level of knowledge adequate to enable them to do their jobs as assistants in the dispensaries, polyclinics and hospitals. The total number of 900,000 junior medical personnel, which is three times the strength of doctors in the country, consists of a substantial proportion of feldshers in addition to nurses and midwives.

India is bound to face the acute problem of dearth of medical personnel over a long period since it is clear that the number of doctors must be trebled if the ratio of 1 doctor to 2,000 inhabitants is to be achieved. Even this target is 50 per cent below the present average in Western Europe. Apart from this shortage, the distribution of medical practitioners has been lopsided with only 38 per cent practitioners of western and indigenous systems of medicine (but mostly the latter) having settled in non-urban areas, in spite of the fact that the strength of pratitioners of indigenous system has now reached 96,000. The magnitude of the problem has brought home the pressing need of giving direct attention to the regeneration of the Indian systems of medicine as well as systematisation of homoeopathy. The process of rationalisation aims at removing the element of quackery by compulsory registration and licensing, working out curricula for training courses and more especially by conducting research. The Central Institute of Research at Jamnagar is now examining specific subjects for the last three years, while an official committee is evolving co-ordinated courses of education in these systems. Even at the medical school level, the emphasis will unmistakably be placed on allopathy and modern surgery, but the indigenous systems will no longer be condemned to official neglect and indifference. In fact in some of the States an admixture of studies in indigenous systems with allopathy has been prescribed in the diploma courses. Practitioners so qualified are being pressed into service in the community projects and national extension service blocks. A national scheme of medical aid and facilities will have real content only if it is within easy access of the village population. The sheer impracticability of raising medical cadres to staff the institutions within a measurable time has dictated a similar direction of development in China's health services. Practitioners of traditional Chinese system of medicine are being drafted in service and the number of these men associated with 22,000 joint clinics and dispensaries in the country has risen to 62,000. An academy to conduct research in the indigenous system of medicine is being set up to put the training courses on a scientific basis. Medical facilities of reasonably good standard and involving less expense can be extended to rural regions of the underdeveloped countries on this pattern without withholding from them the benefits of the Western system of medicine. The successful experiments carried out in particular regions of Denmark, Scotland and Canada, on somewhat different lines, indicate the soundness of the technique that is being adopted in India.

THE COMPARATIVE PICTURE

The conventional indicator of the adequacy or inadequacy of medical facilities is the assessment of the ratio of personnel of various categories in health services to the total population as well as the provision for indoor treatment in advanced cases of illness. The table included in this section shows the development recorded by India, the U.S.A., the U.K., and a majority of the countries of the Communist world. The levels of growth achieved in this sphere are related to the levels of social and economic development and an attempt to draw close comparisons will not be strictly appropriate. But the trends revealed there are instructive. The great strides which India has to make are a matter of elementary knowledge, but the foregoing account has given enough indication of the impetus which the growth of medical and health services has received in the last eight years. The existing ratio of 1 physician to 6,000 inhabitants will have to be raised three times if the ratio of 1 to 2,000 which has been acknowledged as the tolerable minimum is to be achieved. This is recognised to be a long-term target. Another vulnerable spot in India's medical aids is the provision of maternity treatment and here large gaps are evident in the availability of midwives when the suggested target of 1 midwife for 4,000 is recalled.

The proportion of 1 physician to 750 inhabitants in the U.S.A. is the highest in the group of countries included in the table according to official data. The provision for in-patients also marks a peak in absolute numbers, but in relation to population it would show a higher ratio. The rapid decline of tuberculosis in the U.S.A.—90 per cent in the course of the last century—accounts for the low requirements of hospital beds for TB patients. In the U.K. the ratio of physicians to the population—1 : 1,154—disclose a progressive level representing the average in Western Europe, but the availability of hospital beds reaches a high standard and surpasses the provision in the Communist countries of Eastern Europe by very wide margins. Hungary, among the Communist countries has registered progress above the average in Europe and if appreciable improvement in seven years is visible in the number of doctors and hospital beds, it is undoubtedly due to the pre-revolution background. Czechoslovakia is another example with a good record of medical personnel as well as facilities for in-patients. Here again, the progress dates back to the era before her conversion to Communism. Two factors need to be noted about the position of "doctors" in the U.S.S.R.. The figure included in the table is an estimate and it relates to a very recent year. This estimate is difficult to reconcile with another estimate made in relation to individual republics in the U.S.S.R.—1 doctor per 490 persons in Azerbaijan and 1 per 895 persons in Uzbekistan, both of which have an adverse legacy of the past. Yugoslavia has to clear a backlog of low expansion of health services and facilities. Poland has lagged considerably behind Bulgaria and Rumania which are approaching the prevailing standards in Western Europe. These data have no bearing on the quality of service.

MEDICAL PERSONNEL AND HOSPITAL BEDS IN SELECTED COUNTRIES

Country	Year	Physicians	Dentists	Midwives	Pharmecists	Hospital Beds: Inhabitants per Physician	Hospital Beds: For Tuberculosis	Hospital Beds: Others or Unspecified	Hospital Beds: Total
						Habitants			
United States ..	1939	164,649	..	91,107	..	800	72,972	1,119,054	1,195,026
	1951	201,277	82,000	..	*101,000*	750	105,007	1,416,952	1,521,959
	1953	212,500	93,726	..	..	745	..	..	1,573,014
China ..	1946	13,447	371	6,000	952	..	..	13,357	176,000 (1954)
India ..	1950	59,317	3,407	12,000 (1951)	..	6,000	9,874*†	134,145†	144,019
Hungary ..	1946	9,809	..	4,000	..	950	..	..	38,079
	1953	11,520	..	..	..	833	..	..	60,480
Poland ..	1938	12,917	..	9,356	..	..	2,680	66,961	69,371
	1953	14,310	..	..	..	1,852	..	..	116,690
U.K. ..	1951	43,500	13,600	..	13,800	1,154	38,231	539,124	577,355
Yugoslavia ..	1950	5,138	719	618	1,443	3,100	11,300	42,265	53,565
Czechoslovakia ..	1953	16,640	..	..	..	769	..	..	84,480
Bulgaria ..	1952	7,500	..	..	..	1,000	..	..	24,750
Rumania ..	1954	15,480	..	..	..	1,111	..	..	75,680
USSR ..	1954 (Estimate)	300,000	..	..	..	720	..	..	..

* Of which 833 in general hospitals.

† Government hospitals only—data are incomplete

STANDARDS OF HEALTH AND EDUCATION IN EASTERN EUROPE

	Bulgaria		Czechoslovakia			Hungary			Poland			Rumania		
	1939	1952	1937	1948	1953	1938	1948	1953	1938	1948	1953	1938	1948	1953
Number of doctors per 10,000 inhabitants	5	10	8	9	13	12	10	12	3.7	3.5	3.4	..	..	9a
Number of hospital beds per 10,000 inhabitants	17	33	35	58	66	54	52	63	22	28	44	13	28	44
Infant mortality per 100 live births	14.4	10.1	11.7	8.3	4.5	13.1	9.0	6.0b	14.0	11.6e	8.3	18.2	14.3	9.6
Illiteracy in percentage of population above 7 years	44.4	d	4.0ef	g	g	9.6	6.0h	g	23.1f	..	g	43e	..	17i
Wireless subscribers per 1,000 inhabitants	7	17j	72	171	209	42	51	114j	29	40	70	14	17k	47aj
Number of university students per 10,000 inhabitants	17	42	19	47	37	13	25	52a	14	39	47	14	33k	36a
Nursery schools ('000)	0.3	5.2	2.7	4.7	6.5	..	..	..	1.7	5.2	7.7	..	..	..
Thousands of pupils	..	..	100	206	277	..	..	143	83	241	398	90	200k	..
Number of books and pamphlets published (millions of copies)	..	181	..	71m	52	8	23	19	29	123k	87	15	60k	47
Percentage of population covered by sickness insurance	..	..	24n	34no	38np	31	41h	62	20	47	58	..	..	..
Number of people enjoying organized holidays ('000)	114	..	131	297	..	210h	..	..	317	411	..	195h	445	

a 1954. b 1952. c Western and Central Poland only. d Insignificant below 50 years.
e 1930. f Over 10 years. g Negligible. h 1949. i 1951.
j Including subscribers to the relay net work; without Hungary in 1953 and only 30 for Rumania in mid-1954. k 1950. l 1953. m Average for the years 1949-52. n Without family members.
o On 30 June, 1948—i.e. before the national scheme had come into force
p On 1 July 1949; up to 1952 insurance moved parallel onwards members of co-operative farms of type III and IV were also insured. Their number is, however, not known.

HEALTH RESOURCES IN THE UNITED STATES

(HEALTH PERSONNEL)

Occupation	1940	1950	*Per Cent Increase 1940–50*
Physicians	175,163	204,400	*17*
Dentists	70,121	82,575	*18*
Professional nurses	270,630	318,880	*18*
Auxiliary nursing personnel	186,656	368,735	*98*
Dental hygienists	5,000	7,000	*40*
Medical laboratory technicians	20,000	30,000	*50*
X-ray technicians	15,000	25,600	*71*
Physical therapists	3,100	5,700	*84*
Occupational therapists	2,200	3,400	*55*
Medical social workers	2,480	3,000	*21*
Psychiatric social workers	500	2,250	*350*
Psychologists	2,739	7,273	*166*
Dietitians and nutritionists	11,250	16,000	*42*
Pharmacists	79,347	100,102	*26*
Optometrists	10,237	17,470	*71*
Chiropodists	6,106	6,962	*14*
Osteopathic physicians	6,007	10,595	*76*
Chiropractors	10,629	15,000	*41*
Veterinarians	10,717	15,305	*43*
Sanitary engineers	1,960	4,496	*129*
Sanitarians	[b]	4,940	—
Medical record librarians	[b]	5,300	—
Public health educators	[b]	500	—

[b] Not available.

Source: Health Resources in the United States: A Survey of the Brookings Institution, Washington.

POPULATION MOVEMENTS IN THE SOVIET UNION

	Population end of year (millions)	Births per 1,000	Deaths per 1,000	Infant mortality per 1,000 birth	Urban population (millions)	Rural population (millions)	Urban population (percentage of total)
1926	.. 147	44.0	22.8	190	26	121	18
1938	.. 170	38.3	17.8	..	56	115	33
1940	.. 199	..	17.5	145	62	137	31
1953	.. 213	24	8.9	48	81	132	38

Source: Economic Survey of Europe in 1954.

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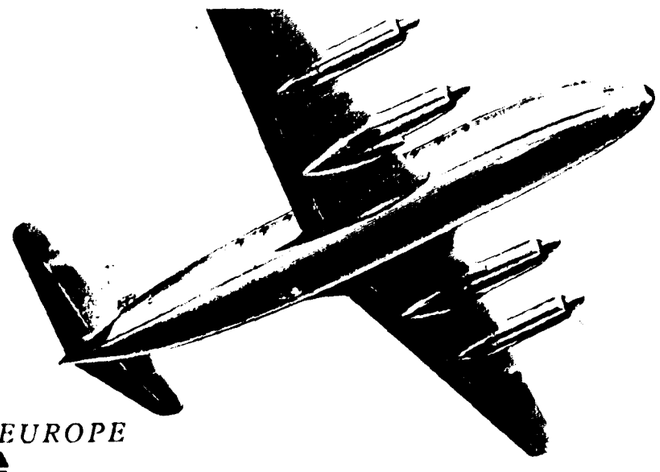
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Housing

ACUTE shortages of housing have been a common feature in all the countries in the post-war world. Although these shortages have assumed grave proportions in urban areas, the situation is by no means tolerable in rural areas too. Problems of inadequacy of housing provision have arisen out of different sets of causes in India and in the Communist countries of Europe, but chiefly because devastation caused by actual warfare has created a compelling urgency to undertake new construction in Eastern Europe, rapid and large-scale house-building became an integral part of post-war rehabilitation. In India similar urgency was imparted to the question of providing houses for evacuees who migrated into this country after partition, but since their number was modest in relation to the total population, emergency construction has formed only a small part of the overall building activity.

THE PICTURE IN STATISTICS

This major factor is not the only cause that explains the divergence in the available statistics of the volume of building activity in India on the one hand and the Communist countries on the other. The agencies responsible for undertaking housing construction have largely determined the availability of data on the subject. In India, State activity forms a minor part of building activity which is substantially a responsibility of the private sector. No census of construction of new houses under private ownership after the close of the war has been attempted in this country nor is its volume amenable to approximate estimate. In the Communist countries, however, the position is just the reverse. The allocation of responsibility for new construction in urban areas in Russia's first post-war Five-Year Plan fixed the ratios in the following proportions: 77 per cent by industrial, commercial and government organisations for their employees; 9 per cent by local Soviets; and the remaining 14 per cent by private individuals. More or less the same pattern with local variations has been accepted by the other countries of the Communist world. This allocation of responsibility, accompanied by progress reports, has produced factual information. About China, there is a significant dearth of data and the report on the fulfilment of the first Five-Year Plan targets in respect of the year 1954 makes a bare mention that housing construction at government expense covered a floor area of 13 million square metres.

THE VOLUME OF DEMAND IN INDIA

The approximate volume of demand for new houses in India has not been assessed and estimates which enter into calculations of the demand for industrial workers and displaced persons, on the basis of the results of the 1951 census, attempt to tackle only a part of the aggregate demand. One such official estimate puts the present requirements for these two groups at 43 lakh houses valued at Rs. 1,500 crores. It assumes an austerity standard of one-room tenements for a family of five members and arrives at the total value, at the rate of the standard cost prescribed in the Government's subsidised industrial housing scheme. Outside the orbit of these two priority groups, there exists a large volume of demand in the urban areas of the country. Since the inter-war period and after, urbanisation of population has gone on at a progressive rate following the growth of industries. The last war gave a powerful stimulus to industrialisation which has been accelerated after its termination. The increase in urban population in the decade covered by the census of 1951 has been of the order of 58 per cent. To this migration was added the large influx of displaced persons from Pakistan, seeking to settle in cities and towns which promised reasonable prospect of resettlement. Throughout this period, beginning with the outbreak of the war, building activity had stagnated. Strict rationing of building materials put private enterprise low in the order of priorities, but apart from this physical bottleneck, the high investment implicit in inflated costs operated to check its flow. There were at work other deterrents—the drastic application of powers of requisition by the State and legislative control on rent.

The pressure of evacuee rehabilitation left hardly any time for leisurely consideration of the question of expansion of housing facilities and it was probably inevitable that decisions should be taken on an ad hoc basis. Prior to this emergency, industrial housing had received some measure of systematic handling. With the setting up of a separate portfolio for housing in 1952, unified direction could be given to administrative policy. It was in consonance with the order of urgency that a greater share of attention should be paid to the issue of acute congestion in urban dwellings. Rural housing involves primarily a question of a higher standard of comfort including better sanitation. But since house-building is essentially a concern of private initiative and investment, new ideas of better housing are being introduced, on a demonstration basis, in the community projects. The Rural Cell, recently set up by the Ministry of Works, Housing and Supply, has undertaken the first task of providing model designs within the available resources of funds and local building materials. The National Buildings Oragnisation established late in 1954, marks the beginning of a scientific approach to issues of construction costs, improved designs and techniques.

PRIORITY HOUSING—STATE ASSISTANCE

The sibsidised industrial housing scheme has now started giving some impetus to construction activity after its inauguration in 1952. The coverage of the scheme has since been extended to those classes of mine workers who were hitherto not provided with housing aided by the State and employers. Expectations of giving a sustained impetus to large-scale industrial housing with emphasis on low cost one-room tenements have not been realised in full measure and the impropriety of imposing restrictions on two-room tenements has been appreciated. These restrictions have been relaxed and the share of two-room tenements is not to be confined to a maximum of 10 per cent. Financial assistance in the form of loans and subsidies for double-roomed tenements has been fixed at Rs. 3,340 for single-storeyed constructions and Rs. 3,490 for double-storeyed buildings, with higher rates for Bombay and Calcutta ranging above Rs. 5,560. The stalemate in the activity of co-operative societies is being broken by offer of more effective incentives. The policy of disbursement of loan amounts has been liberalised and demand for assistance is sought to be accelerated by the extension of the hire-purchase system. The progress of the scheme till January 1955 has been set out elsewhere in this section. The overall position shows sanctions for 49,134 tenements involving loans to the tune of Rs. 6.56 crores and subsidy Rs. 6.36 crores. The share of subsidy in the amount of assistance indicates that the Exchequer has borne 50 per cent liability for the outlay. Actual disbursements have been of the order of Rs. 3.89 crores by way of loans and Rs. 1.28 crores on account of subsidy. Payment of subsidy assumes a low level since it is related to the physical progress of construction. Official estimate puts the

number of completed tenements at 20,000, or slightly in excess of 50 per cent of the sanctioned volume. This is a reminder to State Governments to display greater zeal.

HOUSING THE UPROOTED

Immediately in the wake of the partition of the country, a task of high magnitude was thrust on the Government—provision of housing for displaced persons from West Pakistan as a top priority programme in their rehabilitation. Their number is estimated at 47 lakhs distributed very nearly half and half in urban and rural areas. Financial assistance mainly in the form of loans has been the technique of raising accommodation for this category and over 50 per cent have been provided in this manner. Resettlement of evacuees, in so far as evacuees from West Pakistan are concerned, has now been completed with the creation of suburban colonies around cities or of townships whose number exceeds 130. The subsequent problem of rehabilitation of displaced persons from East Pakistan has proved more difficult of solution within reasonable time for which strong preference to settle in urban areas has been responsible in not a small degree. Their total number is lower at 32 lakhs. The method of resettlement consists primarily in providing building sites and loans, leaving actual construction to them either individually or on a co-operative basis. One of the urgent problems was to resolve the issue of squatters' colonies which was tackled either by acquisition of the occupied land and its transfer to actual occupants where the value was reasonable, or provision of alternative land where it was prohibitive. The aggregate expenditure incurred by the Ministry of Rehabilitation till the end of March 1954 for displaced persons' housing was of the order of Rs. 65 crores.

State participation in expansion of housing programmes can touch only a part of the aggregate demand. Its limits are demonstrated by the progress of housing for industrial labour and the fact that half of the displaced persons from West Pakistan had to rely on self-help, eased in some measure by the scheme of compensation for property lost in Pakistan. The latest scheme of housing for low income groups—loans on liberal terms for persons with annual income up to Rs. 6,000—is just in the initial stage, but it would be bold optimism to expect spectacular results from it. This national task can be attacked satisfactorily at the private level alone, aided by conventional incentives from the Government.

BUILDING TEMPO IN EASTERN EUROPE

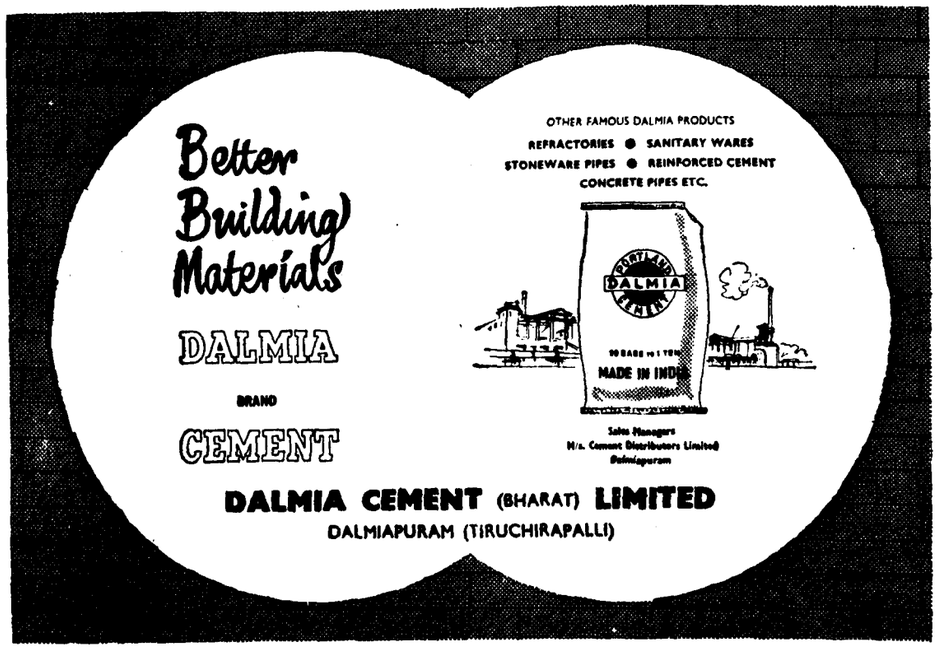
A quantitative measure of house-building activity in the countries of the Communist world is possible in absolute terms of dwelling units. A reasonable assessment of the progress achieved in the countries of Eastern Europe ought to be made by comparison with the progress registered in Western Europe. It needs to be remembered that Communist countries possess a positive advantage over the democratic countries in launching mass programmes of housing construction. The area of construction at the cost of private individuals is usually restricted to owner-occupants and all dwellings for renting are reserved, as a general rule, exclusively to the State, which is free from any inhibitions of the rate of return on investment. Rent is related to the income of the worker-occupant and is pitched at modest rates ranging from 3 to 6 per cent of the income. It must be underlined in parenthesis that this size of rent which just covers expenses of maintenance and supervision was intended partly to compensate for the prices and inadequate supply of consumption goods. In most other categories responsibility for provision of housing devolves upon the employing undertaking or authority. In spite of this ease and freedom in the matter of planning the outlay, the tempo of building activity in Eastern Europe has not succeeded in keeping pace with the rate in Western Europe. A survey conducted on behalf of the Economic Commission for Europe into the position on housing in 1937 and in 1953 in the countries of the region bears out this inference. The net increase or decrease in dwelling houses in 1953 relative to 1937 is obtained after making allowance for replacement of houses destroyed during the war and is interpreted with reference to trends in population increase or decrease.

The table appended to this Section suggests certain striking conclusions. The highest percentage increases in house-building are recorded in Western Europe. Finland has a maximum increase in new construction of 39.1 per cent as compared to a population increase of 29.9 per cent. This is remarkable in a period when the economy of the country bore the strain of exacting war reparations to the U.S.S.R. The three Scandinavian countries take the rank immediately afterwards. In Czechoslovakia the increase in housing is 11.7 per cent as against a population decline of 12.7 per cent. Construction has followed the schedule fixed in the Plan and the rate has been raised from 30,000 in 1952 to 40,000 in 1953. Hungary has expanded house building on an ambitious scale and fulfilled the targets scheduled in her Six-Year Plan. In recent years the tempo of construction has fallen from 20,000 in 1952 to 16,000 in 1953. Poland represents a critical case where the war inflicted heavy destruction. Moreover, territorial adjustments involving migration aggravated the problem. Here provision of housing was speeded up on the principle of standardisation and hurdles of building materials and labour were resolved by use of prefabricated components. The decrease of 14.1 per cent in dwellings relative to the pre-war position as against a decrease of 16.7 per cent in population indicates a net addition of houses. The tempo of construction has increased from 45,000 dwelling units in 1952 to 54,000 units in 1953.

RUSSIAN STATISTICS

Housing Statistics in the U.S.S.R. faithfully follow the conventional device of keeping one guessing. Any attempt to make an appraisal of the housing situation in 1953 in the context of the position in 1937 is unlikely to yield results even in approximate terms for lack of published data about the volume of dwellings in 1937. Official data disclose house-building as expressed in housing space in square metres. On the assumption of 40 square metres being equivalent to a dwelling unit, in 1945 as many as 2 million units were constructed to wipe out half of the war-time destruction. These were essentially stop-gap arrangements to tide over the emergency. Between 1946 and 1953 the additions were of the order of 8.5 million dwelling units which give a final surplus of 6.5 million units above 1939.

Certain qualifications must be entered with regard to this measurement in absolute terms of dwelling units whether in Western or Eastern Europe. Owing to inadequacy of building materials and inflated costs, post-war dwellings can hardly bear qualitative comparison with those built before the war. In several cases, they were improvisations and in Poland standardised apartment dwellings have taken the place of more spacious houses. The available number of houses in 1937 was inadequate to meet the demand of the time due to universal slackening in new construction following the depression of the 'thirtees. Normal replacement too had practically come to a halt during all this period. The net position, therefore, shows overall deterioration as corroborated by the persistence of shortages.



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COMPARISON OF HOUSING CONDITIONS IN SELECTED COUNTRIES, 1949-50

(Number in thousands)

Country	Total Dwelling Units	Overcrowdeda		Unhealthful And Unsafeb	
		Number	Per Cent	Number	Per Cent
Austria	1,933.1	218.5	11	123.4	6
Australia	1,873.6	c	..	100.0	5
Belgium	2,438.2	115.0	5	66.0	3
Denmark	1,220.0	45.0	4	140.0	11
Greece	1,482.0	173.0	12	337.0	23
Italy	10,215.6	952.0	9	1,218.2	12
Netherlands	2,068.4	175.0	8	70.0	3
Norway	738.0	50.0	7	35.0	5
U.K.	13,104.3	1,010.1	8	1,387.4	11
United States	45,983.0	2,608.0	6	4,495.0 -9,590.0.	10-21

Source: Australia—Commonwealth Statistics and Commonwealth Ministry of National Development; United States—The European Housing Problem, a Preliminary Review, United Nations Economic Commission for Europe, Geneva, October 1949.

(a) For the United States the criterion is 1.5 persons per room; for all other countries it is the definition given in the English overcrowding law of 1936, which works out to almost 2 persons per room.

(b) Australia—substandard, United States—the first figure is dilapidated units; the second figure includes also those so surrounded by substandard housing (defined as dilapidated or laking hot water, private toilet or bath) as to be incapable of rehabilitation. All other countries—unhealthful dwellings incapable of being rendered satisfactory by the carrying out of repairs, plus unsfe dwellings.

(c) Not available.

INDEX NUMBERS OF EMPLOYMENT IN THE BUILDING INDUSTRY

(1949 = 100)

Country	1938	1951	1952	1953
Austria	..	102	90	91
Belgium	73	120	118	123
Czechoslovakia	..	124	131	134
Finland	88	132	124	105
France	87	105	110	113
Western Germany	..	117	127	144
Hungary	..	210	280	—
Netherlands	73	117	108	..
Norway	60	98	105	116
Poland	..	264	341	..
Sweden ..	101a	109	111	115
Switzerland	87	116	110	115
United Kingdom	92	99	98	99
Yugoslavia b	..	63	71	97

Source: European Housing Progress and Policies in 1953.

(a) 1940.
(b) Based on hours worked.

Housing Construction in Eastern Europe

Years	Czechoslovakia		Eastern Germany	Hungary			Poland	Romania	Union of Soviet Socialist Republics	
	Total		Total	Total			Urban(a)	Total(b)	Urban	Rural
	In thousands of dwellings		In millions of m^2	In thousands of dwellings			In thousands of rooms	In thousands of m^2	In millions of m^2	In thousands of dwellings
Actual	State	Private		State	Subsidized	Private				
1947	) 29	..	..	..	..	..	) (c)	..	..	..
1948	)	..	..	..	..	..	)	..	..	..
1949	20	)	..	..	..	..	)	327	21	700
1950	29	) 41	..	5.5	1.5	16.4	123.2	370	28	400
1951	22	)	) 4.1	6.4	2.8	7.6	112.6	330	27	400
1952	30	)	)	7.0	2.5	6.3	129.9	368	27	370
1953	30	5	1.6	8.7	1.6	5.6	144.9	335	28	400
1954	28	..	1.8	11.0	3.5	10.8	141.2	390	32	470
Plan										
1954	40	10	2.1	18.4	1.6	20.0	..	527	..	..
1955	48	..	1.6	5.6	4.9	..	..	..	..	..

(a) The figures refer to towns and workers settlements, thus excluding public construction and private construction in rural areas; practically all rooms are located in newly built premises.

(b) State and private dwellings built with State credits, thus excluding those constructions (mostly for peasants) for which no credits have been demanded.

(c) From 1945 to 1949, 810,000 rooms have been made available in towns and urban areas by new construction, reconstruction and repairs.

SHIPPING AND AIR SERVICES IN INTERNATIONAL TRADE

	Dry Cargo Ships Gross Tons (Thousands)	Tankers Gross Tons (Thousands)	Total Gross Tons (Thousands)
World ..	66,447	24,477	90,924
Less U.S. Reserve Fleet			14,250
			76,674
The corresponding total in 1939			61,429

This total is divided under the following flags

Flags	World Tonnage by Nationality, 1939 and 1954 Steam and Motor Vessels of 500 Gross tons and over		Division of Tonnage Owned at 31-12-54 Between Dry Cargo Ships and Tankers	
	3-9-39 Gross Tons (Thousands)	31-12-54 Gross Tons (Thousands)	Dry Cargo Gross Tons (Thousands)	Tankers Gross Tons (Thousands)
Belgium ..	386	473	386	87
Argentine ..	246	968	630	338
Brazil ..	446	813	646	167
Canada ..	353	1,108	946	162
China ..	*	569	514	55
Denmark ..	1,093	1,469	1,035	434
Finland ..	553	667	549	118
France ..	2,748	3,559	2,542	1,017
Germany ..	4,185	2,045	1,806	239
Greece ..	1,763	1,257	1,090	167
Holland ..	2,792	3,103	2,466	637
Honduras ..	*	431	262	169
Italy ..	3,322	3,705	2,556	1,149
Japan ..	5,427	3,350	2,686	664
Liberia ..	*	3,206	1,286	1,920
Norway ..	4,686	6,308	2,648	3,660
Panama ..	722	3,980	1,749	2,231
Portugal ..	213	463	403	60
Russia ..	1,154	1,704	1,479	225
Spain ..	932	1,073	892	181
Sweden ..	1,442	2,500	1,740	760
U.K.	16,892	17,286	12,240	5,046
Other British Countries ..	1,358	1,885	1,775	110
United States ..	8,772	†25,977	†21,607	†4,370
Other Countries ..	1,986	3,025	2,514	511
TOTAL	61,426	90,924	66,447	24,477

* Included in other countries.

† Vessels of 1,000 gross tons and over. It is to be noted that, whereas the tonnage of dry cargo ships is commonly described by their owners as gross tons, that of tanker is almost always dead-weight tons. In these statistics both are gross tons. The deadweight tonnage of a tanker is probably 40-50 per cent greater than her gross tonnage.

EDUCATION IN SELECTED COUNTRIES

Country	Year	Population ('000)	Enrolment	Enrolment Per '000
Primary Education				
U.S.A. ..	1951	154,360	22,173,000	144
India ..	1950	357,000	18,384,207	51
U.K. ..	1952	50,722	4,618,549	91
Czechoslovakia	1952	12,600	1,229,957	98
Bulgaria ..	1949	7,160	928,934	130
Poland ..	1950	24,997	3,280,669	131
Rumania ..	1950	17,200	1,800,000	105
Hungary ..	1952	9,498	1,196,043	126
Secondary Education				
U.S.A. ..	1951	154,360	6,661,000	42.8
India ..	1950	357,000	5,229,204	14.7
U.K. ..	1952	50,722	1,919,225	37.8
Czechoslovakia ..	1952	12,600	95,930	8.0
Bulgaria ..	1949	7,160	129,396	18.1
Poland ..	1950	24,997	194,431	7.8
Rumania ..	1952	17,200	208,000	12.1
Hungary ..	1953	9,585	154,200	16.1
Higher Education				
U.S.A. ..	1951	154,360	2,301,894	14.9
India ..	1950	357,000	564,207	1.5
U.K. ..	1952	50,722	146,438	2.9
Bulgaria ..	1949	7,160	61,467	8.3
Czechoslovakia ..	1952	12,600	75,000	6.0
Poland ..	1950	24,997	472,906	18.9
Rumania ..	1953	17,150	162,000	9.9
Hungary ..	1952	9,498	45,800	4.8

Note: Higher Education includes technical enrolment.
Source: U.N. Statistical Year Book, 1954.

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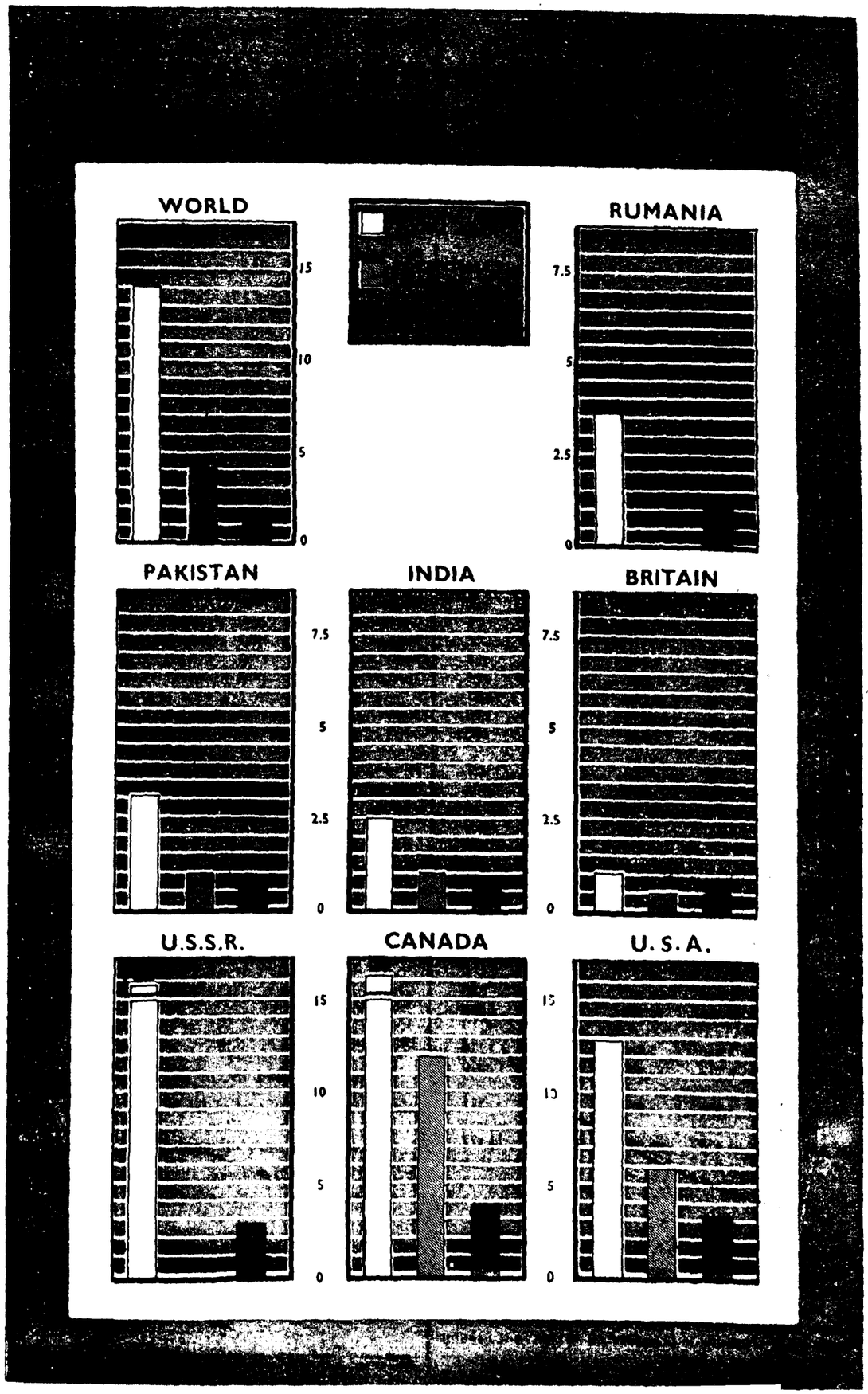
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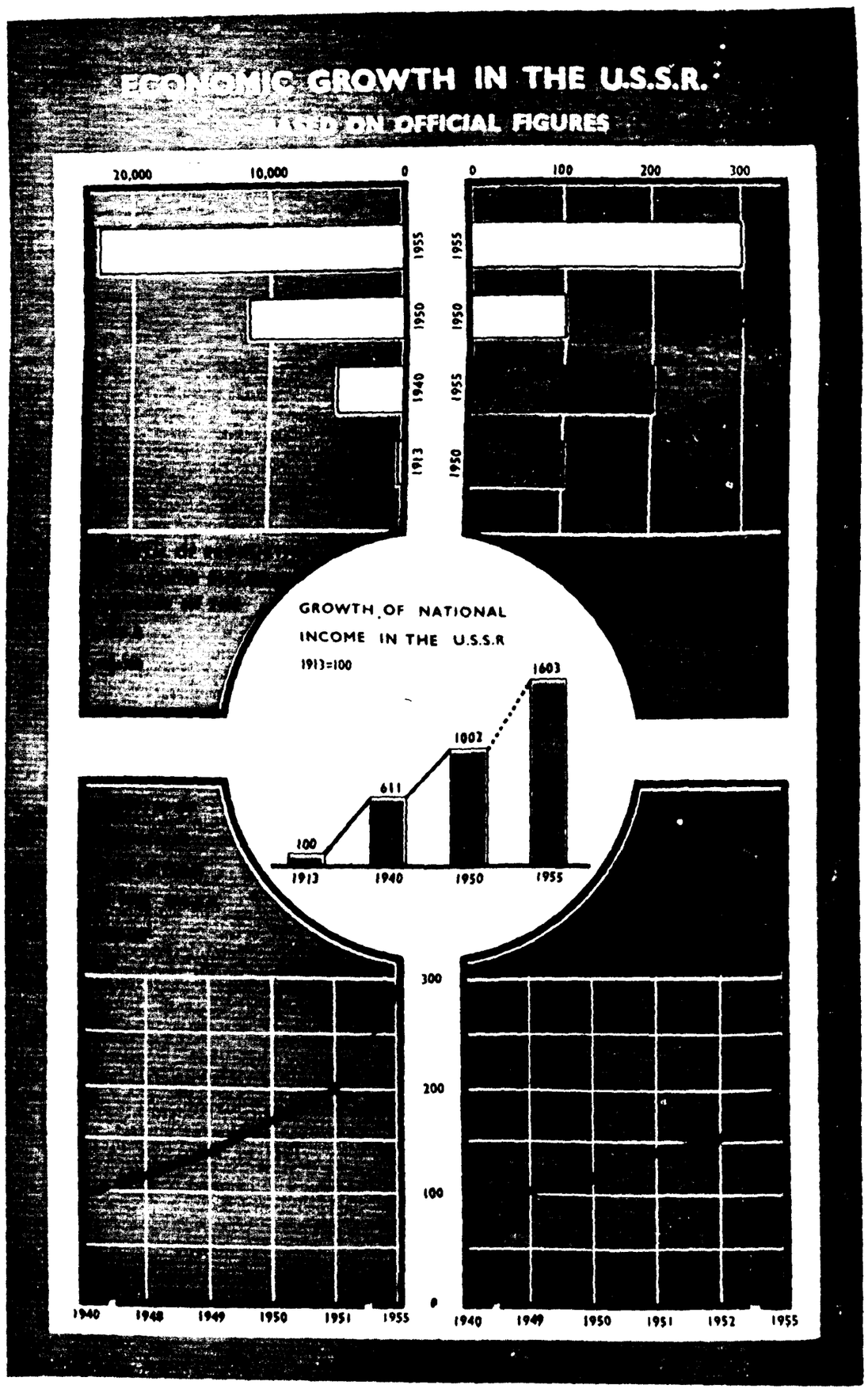
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Education

THE right of the individual to education and the principle of throwing open the doors of higher education of any description to all on the test of merit have been recognized by every country and incorporated in their constitutions. There also exists a consensus that elementary education must be free and compulsory and this basic principle too finds place in most of the constitutions. Traditional barriers against the accessibility of education have disappeared almost everywhere, but there have been varying degress of performance in different countries in the matter of provision of free and compulsory education at the elementary stage, depending on the levels of social and economic development. From this broad angle, there is hardly any difference in the educational policies of the countries of the free and Communist worlds.

DIVERGENT PHILOSOPHIES

But a comparative survey of the progress of education in the two spheres cannot ignore the fundamental difference in their accepted philosophies of education. The Marxist search for a new socialist intelligentsia has per force brought regimentation of the system of education. Any attempt on the part of the Government to infringe the basic autonomy of the universities and higher educational institutions cannot fail to provoke resistance in the democratic countries and no ground would be yielded except for overall coordination. In the Communist countries, however, thorough State control of education particularly at the higher level is an established principle. This principle stems from the political ideology. All higher institutions are maintained by the State and by no other authority. It inevitably follows that the choice of the curricula and prescription of text books emanate from the State authority. The degree of control extends much further to the point of fixing the number of graduates to be turned out annually in different courses of study. This type of direction has succeeded in matching the outturn of candidates broadly with the requirements of technicians and skilled personnel. But rigid regulation of outlets to careers has often imposed involuntary choice on students in spite of expansion of facilities for education. Expansion in fact has to follow with precision the pattern of economic planning. The basic objective of the development of the personality of the individual, which governs the philosophy of education in the democratic countries, is relegated to a low priority.

The system of education in India has caused widespread dissatisfaction and it is an indisputable fact that it calls for a radical overhaul. Apart from the fact that the facilities for education are quite inadequate, the major criticism against it is that it lacks in quality, involves great waste and is out of tune with the requirements of the society. On the test of quality, it has failed to train the intellect, develop a sense of values and promote efficiency in later careers. A system whose deliberate objective at the inception was to produce trained youth to fill clerical jobs developed in the course of time as an instrument to fit them for white-collar professions and occupations. The choice of the courses of studies took little note of the moral and material requirements of society and excessive preoccupation with meeting the test of examinations has been responsible for a failure to encourage the spirit of inquiry so vitally necessary for a progressive society. Science and technology have received too inadequate attention in the scheme of education. The immediate aim now is to give education real content and to eliminate the gulf between the educated youth and his environment. This is not to undermine its essential cultural base but to give it a practical bias, bringing it in harmony with the requirements of the professions, occupations and skilled trades where trained youth have to fill positions at various levels. More specifically, the neglect and disregard shown to training in technical skills is to be rectified with a sense of urgency. The minimum goal is to train the student to show practical proficiency in whatever calling he selects for his career.

LITERACY RATIOS

The primary indicator of the progress of education on a nationwide basis is the state of literacy. On this score, it is reassuring to find in India a faster rate of the spread of education at the base than in the pre-independence era. The census of 1951 discloses the rate of literacy to have risen to 16.6 per cent and the estimate for 1953 puts it at 20 per cent. A breakdown of the 1951 rate into different components shows almost the same pattern as in other less developed countries. Male literacy was 24.9 per cent as against a percentage of 7.9 per cent for females. This latter figure, while it underlines a low level, indicates that female education is receiving a positive acceleration. Literacy percentage among agricultural classes stood at 12.1 per cent and among the non-agricultural classes it rose to 29 per cent. The criteria of literacy applied in different countries show wide variations, but the test accepted in the case of India, namely, ability to read and write a simple letter in any language, was certainly satisfactory. Reference to literacy in China, if the position after transformation to communism was available, would have been instructive. Among the Iron Curtain countries of Eastern Europe, Czechoslovakia, Hungary, Bulgaria and Poland claim a near-hundred per cent rate of literacy and the position is negatively described as illiteracy being negligible or insignificant, while Rumania shows 87 per cent literacy. The relative value of literacy figures depends upon the tests applied and in all cases it is vital to remember that "functional literacy" is a useful yardstick as indicating sustained ability to retain habits of reading and writing.

PRIMARY EDUCATION

The directive in the Constitution of India enjoining upon the State the obligation to provide free and compulsory elementary education up to the age of 14 years was inspired by a spirit of idealism, which, as may be seen in retrospect, did not make an adequate appraisal of resources in money and the teaching staff. An important consideration which obviously influences Government's policy in planning for education is to hold itself in readiness to assist in raising additional resources for secondary education at the appropriate periods, while it starts widening the base at the elementary stage. This is important to prevent waste likely to result from non-prosecution of further training for lack of adequate facilities. In 1953, three years after the inauguration of the Constitution, the percentage of school-going-children in the age-group 6-11 was 40 and in the age-group of 12-14 it was 20. The large gaps left in achieving the goal of hundred per cent compulsory and free education up to the age of 14 years are difficult to fill in the remaining seven years. But the schedule of expanding primary education promises to fulfil the target of the Five-Year Plan. This target provides for opening 29,362 additional ordinary (as distinguished from basic) primary schools, bringing their number in March 1956 to 202,141. In the first three years of the Plan, 16,276 new schools were added. The reform of primary education envisages a shift to basic schools with their inclusion of useful crafts in the curriculum. The pace of this shift —2,179 junior basic schools in three years out of a total of 7,831 prescribed for five years—has been slow

and the difficulties in equipping those schools with staff trained in the crafts and the requisite materials are not capable of being removed expeditiously.

SECONDARY STAGE—SLOWER PROGRESS

Policy for education in India has to register quick results at the secondary stage, if the objective of changing its character is to be attained in the final stage of higher education. Secondary education in this country, as in most others, has a preponderance of classical subjects since tradition linked it with a cultural type of training. This preference was the outcome of the obligation to acquire proficiency in secondary school examinations as the minimum qualification for medium white-collar jobs. And as these jobs carried with them a conventional social status, the study of classical subjects practically monopolised secondary education. Since the emergence of industrial and business employment on a rising scale, involving technical skills, a chage in the content of secondary education has become imperative to relieve large numbers of medium-educated youth from frustration. The practical ineffectiveness of secondary education is sought to be improved by the incorporation of vocational subjects relating to useful crafts. Simultaneously with this change, the new policy aims at setting up specialised types of schools largely devoted to agriculture and vocations involving an element of manual labour. The pace of expansion of secondary schools can be appraised from the fact that as against a five-year increase of 2,875 schools set in the Plan, 967 new schools were opened in the first three years of the Plan. While primary education is being developed at a moderate rate, the inadequacy of expansion at the secondary level, so far revealed, threatens to create a problem of congestion and consequent disappointment to large number of students in successive years. The volume of enrolment in secondary schools in 1953 was of the order of 5.9 million against which must be set the volume in the same year in elementary institutions of 19.3 million.

TECHNICAL EDUCATION—MALADJUSTMENT

The problem of widening the base of technical education and equipping the fast developing industrial undertakings and development projects with trained personnel has been fully appreciated, but no adequate action has been planned to meet the challenge. Education was hitherto limited largely to the middle class intelligentsia which easily explains the comparative sufficiency, before the launching of a vigorous programme of industrial development, of technical persons fitted to man the top positions and to conduct research. The hard core of the problem is to turn out cadres of adequate size to fill the posts at the medium level supervisors, foremen and other technicians. Another hurdle which needs to be crossed in the sphere is the attitude to the association of these avenues of employment with a degree of manual labour, which makes them less attractive than the prestige-carrying positions. Erstwhile prejudices against technical jobs, however, are crumbling fast under the impact of the changing social philosophy and it would be a safe generalisation to make that scientific and technical courses of education are registering a strong appeal to youth.

Maladjustment in the requirements of technical personnel and their availability still continues at all levels. If it is due to the sudden emergence of the demand in the past few years, the truth must be squarely faced that, in spite of the probe into scientific manpower requirements by an official committee, the magnitude of the probable demand has not been assessed. One of our major drawbacks in planning has been the failure to draw up manpower budgets for successive phases of the development plan in both the sectors. On this vital issue, the Communist countries have demonstrated a decisive sense of practical approach, although it has been carried to the intolerable extreme of rationing the number of graduates or candidates at the final year courses. Apart from the lack of a systematic attempt to remove this lacuna in planning, the gradual progress of technical education may prolong the period of this maladjustment. Our first Five-Year Plan aims at raising the number of technical schools by a mere 57 per cent and of industrial schools by a still lower target 25 per cent. These percentages are to be read in relation to the modest number of the recognized institutions at the start of the Plan period. The number of students in 1953 in a total of 39,165 technical and vocational schools covering all trades and skill stood at 1.2 million. To this needs to be added the number of students in technical colleges some of which have emerged by a process of upgradation in the last eight years. The Indian Institute of Technology, Kharagpur, which is the first in the series the four regional institutes for imparting higher technical education, has been formally opened.

DIRECTION OF UNIVERSITY EDUCATION

University education represents a relatively organised sector of education in this country. This is not to imply that its organisation has been conceived on a pattern that does not leave much to be reformed. In relative appraisal, university education has attained good standards, but its bias for training for the liberal professions has led to a plethora of higher-educated youth large sections of whom leave the university portals to find themselves misfits in the work-a-day world. There is certainly much weight in the sound warning against the recent tendency to decry classical learning and a well-reasoned plea has been repeated in the convocation addresses for deliberate cultivation of the study of the humanities. This is to prevent a violent swing the other way. Nevertheless, in the changing context of the development of the economy of the country, the indifference shown to scientific and technical training positively requires to be rectified. Statistical data show a ratio 2:1 between students enrolled in university colleges for general education and those enrolled for technical and professional education in a total of 465,800. The proportion of those pursuing technical and scientic education is apparently much lower than 33 per cent since the professions take a large slice. The gap between the intellectual equipment of the university graduate and the equipment required for his career to follow has not diminished and this difficult task of imparting genuine and practical content to high education remains to be resolved.

INDIA AND CHINA

Comparisons between educational institutions and the strength of students on their rolls in different countries would disclose a useful picture. The relative picture as it obtains in India and China is set out below:

EDUCATION AND ENROLMENT IN INDIA & CHINA

		India	China
1.	Primary Schools—No. ..	221,082	500,000
	Primary Schools—Enrolment	19,296,840	51,504,000
2.	Secondary Schools—No. ..	23,865	4,426
	Secondary Schools—Enrolment	5,906,666	3,628,264
3.	Technical Secondary Schools Including Teachers' Schools—No. ..	39,165(a)	1,442
	—Do— Enrolment ..	1,156,024	669,000
4.	University Colleges or Higher Institutions—No. ..	920	181
	University Colleges or Higher Institutions—Enrolment ..	465,794	255,000

Note: (a) Number of teachers' training schools not included.

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PREMIUM INCOME (1954)	.. ..	Rs. 9,98,44,121
NEW LIFE BUSINESS (1954)	..	Rs. 43,42,43,041

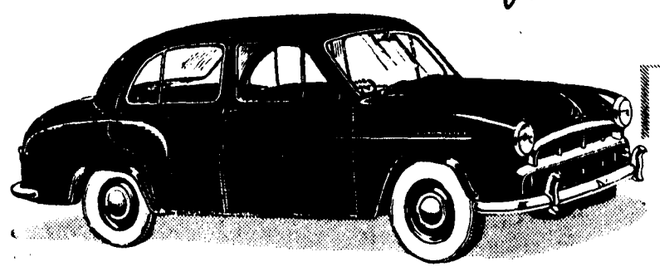
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The figures relate to the year 1953 or 1954. Broad inferences are indicated by them. An important factor governing the weight to be attached to the figures relating to China is her population of 576 million as against India's 356 million. Their magnitude needs to be deflated by 30 per cent. In the spheres of secondary, higher and technical education there is a wide gap in the position obtaining in the two countries, the progress of education in China lagging considerably behind India. An important feature about education in China is the large number of students enrolled in relation to the number of institutions. Considering the emphatic claims of excessive backwardness of education in the country before the emergence of the Communist regime, it reveals a high disparity in the teacher-student ratio which can hardly fail to be reflected in the quality of instruction imparted. At the primary school level, China shows excess of students as well as schools over India, which indicates the policy of laying a wide base for the initial stage. In the higher institutions of China, out of a total 255,000 students well over 80,000 are enrolled for engineering courses. This trend speaks for the essentially materialistic emphasis in education.

Forging Ahead . . . .

To Prosperity

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CHANGES IN POPULATION, AND HOUSE-BUILDING LESS WAR LOSSES, 1937 TO 1952
Total population

Country	Mid-1937 Thousands	Mid-1937 Thousands	Change mid-1937 to mid-1952 Percentage	Number of dwellings: Estimated stock mid-1937 Thousands	Change mid-1937 to mid-1952(a) Thousands	Change mid-1937 to mid-1952(a) Percentage
Albania	1,030	1,246	21.0	..	..	..
Austria	6,755	6,949	2.9	2,000	87	4.4
Belgium	8,346	8,725	4.5	2,458	556	22.6
Bulgaria	6,500*	7,390	13.7	..	..	..
Czechoslovakia	14,432	12,600*	—12.7	3,500	409	11.7
Denmark	3,749	4,334	15.6	1,068	249	22.9
Finland	3,150	4,091	29.9	708	277	39.1
France	41,200	42,600	3.4	13,140	—305	— 2.3
Western Germany ..	38,500*	48,478	25.9	10,331	124	1.2
Eastern Germany	15,500*	17,599	17.3	..	..	..
Hungary	9,100	9,460	4.0	2,342	140	6.0
Ireland	2,948	2,948	0.0	622	73	12.5
Italy	42,372	46,865	10.6	10,522	0	0.0
Netherlands	8,598	10,377	20.7	2,036	284	13.9
Norway	2,919	3,327	14.0	681	214	31.4
Poland	31,200	26,000*	—16.7	6,860	—967	—14.1
Romania	15,512	16,300	5.1	..	..	..
Sweden	6,276	7,126	13.5	1,785	635	35.6
Switzerland	4,180	4,815	15.2	1,083	235	21.7
United Kingdom	47,289	50,429	6.6	12,500	1,600	12.8
Yugoslavia	15,600*	16,729	7.2	..	..	..
TOTAL	335,253	418,346	8.4	..	..	..
U.S.S.R.	190,000*	206,000*	8.4	..	..	..

Source: European Housing Progress and Policies in 1953.

Note: Data for 1937 relate to present territories. The change in the number of dwellings is estimated on the basis of new construction less war losses, no account being taken of other losses.

(a) Construction less war losses, except for Western Germany where the housing stock at the end of 1952 has been taken as a basis for calculations.

INDICES OF RAILWAY PASSENGER AND FREIGHT TRAFFIC

Country	Year	Passengers Carried	Passenger Kilometres operated	Freight carried Tonnage	Freight carried Kilometres operated	Country	Year	Passengers Carried	Passenger Kilometres operated	Freight carried Tonnaged	Freight carried Kilometres operated
Bulgaria ..	1949	..	—	100	110	Rumania ..	1949	—	100	100	—
	1950	—	—	111	113		1950	—	121	119	—
	1951	—		128	126		1951	—	160	146	—
							1952	—	—	163	—
Czechoslovakia	1949	100	—	100	100		1953	—	—	189	—
	1950	..	—	114	—						
	1951	—	—	131	—	USSR ..	1949	—	—	—	100
	1952	127	—	139	—		1950	—	—	—	102
	1953	127	—	150	—		1951	—	—	—	115
							1952	—	—	—	126
Eastern Germany	1949	..	100	—	—		1953	—	—	—	135
	1950	—	109	—	—						
	1951	—	114	—	—	Yugoslavia ..	1949	100	100	100	100
	1952	..	117	—	—		1950	118	115	95	103
							1951	112	105	87	90
Hungry ..	1949	100	100	100	—		1952	89	67	78	87
	1950	126	122	123	—		1953	116	83	81	92
	1951	164	163	147	—						
	1952	166	164	185	—	China ..	1950	—	—	100	—
	1953	170	—	209	—		1953		—	159	—
						India ..	*1938	36	39	87	78
Poland ..	1949	100	100	100	—		1948	100	100	100	100
	1950	130	126	114	—		1949	107	104	113	112
	1951	132	148	125	—		1950	115	110	120	120
	1952	..	—	130	—		1951	106	104	120	126
	1953	—	—	149	—		1952	104	93	123	128
							1953	104	96	124	132

* After deducting 20 per cent share of area now comprising Pakistan.

EXPORTS OF MACHINERY FROM MAIN INDUSTRIAL AREAS, 1952-1954

(in million dollars, f.o.b.)

Exports from \ Imports into	Year	North America	European Sterling Area	Continental Western Europe	Total	Latin America	Overseas Sterling Area	Overseas Territories of Continental West. Europe	Rest of the World	Total	All Areas
North America . .	1952	860	143	384	1,387	886	276	94	249	1,505	2,892
	1953	941	147	382	1,450	782	261	104	285	1,432	2,882
	1954	823	81	360	1,264	768	229	104	286	1,387	2,651
European Sterling Area	1952	99	46	384	529	123	785	34	150	1,092	1,621
	1953	125	44	376	545	82	801	31	136	1,050	1,595
	1954	137	50	398	585	74	841	28	156	1,099	1,684
Continental Western Europe	1952	112	178	1,190	1,480	350	136	286	402	1,264	2,744
	1953	120	161	1,262	1,543	361	180	246	470	1,257	2,800
	1954	123	149	1,397	1,669	373	194	259	470	1,296	2,965
of which Western Germany	1952	42	71	606	719	151	66	18	161	396	1,115
	1953	45	65	665	775	155	108	20	186	469	1,244
	1954	44	63	728	835	170	103	23	199	495	1,330
Total	1952	1,071	367	1,958	3,396	1,359	1,197	414	801	3,861	7,257
	1953	1,186	332	2,020	3,538	1,225	1,242	381	891	3,739	7,277
	1954	1,083	280	2,155	3,518	1,215	1,264	391	912	3,782	7,300
Japan	1952	1	—	1	2					78	80
	1953	9	—	1	10	11	2	17	32	62	72
	1954	7	—	1	8	20	1	35	45	101	109

.. Not available

SOURCES *OEEC Foreign Trade Statistical Bulletins* and figures communicated by the Government of Japan

Note Figures for 1954 are for the first half at an annual rate
The figures comprise SITC Divisions 71 and 72. The United States data do not include special category exports

Communications

Railway Transport

THE influence of topographical factors on the development of the various forms of transport has not materially affected the basic importance of railways in the countries of the Communist world and in India. The reliance on other forms of transport in these countries shows greater variations in emphasis. About Eastern Europe as a whole, it would be a safe generalisation to make that inland waterways in these countries have a greater contribution to make to transport facilities than in the U.S.S.R. where their utility is restricted to the summer season over large areas of the country. In India, inland waterways have a small part to play in the whole transport system and the projected revival of the traditional river and canal routes is not likely to change the relative position. India's extensive sea-board, with its year-round navigability, has relieved the railways of a fair volume of traffic. Road transport has followed the universal trend of fast expansion, but neither in India nor in the Communist countries has it assumed significant dimensions as in the U.S.A. In effect, therefore, the development of rail transport gives a positive indication of the expansion of the national system of transport in these countries.

POST-WAR RECONSTRUCTION

The U.S.S.R., Czechoslovakia, Eastern Germany and Hungary have developed a more highly organized and well-built net-work of railways than the rest of the Communist countries of Europe, but the ravages of war had nowhere been so destructive in their impact in the Communist world as in the U.S.S.R. The railway systems in the rest of these countries, however, had their varying shares of damage and dislocation, Poland probably ranking as the worst sufferer among them. In the overall post-war reconstruction of their economies, railways inevitably claimed a big proportion due to war-time neglect as well as damage inflicted by military operations. Except for Czechoslovakia, these countries had to lean principally on the U.S.S.R. for their industrial rehabilitation which explains the gap of about five years after the termination of the war for their railways to be restored to vitality. Reconstruction of railways in the U.S.S.R. naturally received high priority as a vital component of the economy. A measure of the volume of resources spent on the expansion of Soviet railways can be obtained from the fact that the increase in 1953 in steam locomotives was of the order of 600 per cent and in electrical locomotives of the order of 250 per cent above 1945. This base year selected for comparison is patently unsatisfactory, but it is easy to realise that post-war industrial development in the U.S.S.R. is inconceivable without commensurate development of railways. The proportion of internal freight carried by railways in that country is as high as 85.

The heavy task of rehabilitation imposed on Indian railways was the outcome of the disruption of the system caused during the war, particularly when the country was converted into a base of operations. Excessive use of rolling stock and the permanent way, without even the normal expenditure on maintenance, was the primary cause of this disruption. Its aftermath is to be seen in the backlog of replacements of a magnitude that has not been cleared even towards the end of the first Five-Year Development Plan. The preference which necessarily had to be given to the revitalisation of the freight sector of the system has been responsible for the tardy rate of the reconstruction of the passenger services. More significant than this is the critical situation created in the replacement of locomotives which has begun to be eased only during the last two years with the progress of domestic manufacture and a larger volume of imports.

THE RELATIVE PICTURE

A comparison of the progress in the expansion of railway transport in the Communist countries, on the one hand, and India on the other, is feasible on a crude basis and for this reason only broad conclusions of limited implications can be drawn. The table of passenger and freight traffic on the railways which is appended to this Section sets out the comparative trends in terms of indices. In the case of the Communist countries, the year 1949 has been accepted as the base for the estimates incorporated in the survey of transport developments in 1953 by the Economic Commission for Europe. Between 1950 and 1953, the development plans of the Eastern European countries gave top priority to the expansion of heavy industry and allocated a high proportion of their national income to their claims for investments when the prospect of assistance from the U.S.S.R. showed tangible improvement. The acceleration given to the expansion of industry involved high pressure of traffic activity during this period and it would appear that the choice of the year 1949 as the base for the indices exaggerates their uptrend in the subsequent years. In the case of India, 1948 is selected as the base since it is the first complete post-partition year. The index numbers for 1938 have been estimated after deducting 20 per cent volume from the actual traffic as the share of the areas which now constitute Pakistan.

PASSENGER TRAFFIC

In the absence of data, no assessment is possible in relative terms of the growth in passenger traffic on the railways in the U.S.S.R. The marked progress which has been recorded in stepping up industrial and agricultural production gives an indication that mobility of manpower has been adequately provided for in that country, but evidence of overcrowding in trains in various parts has been recorded by visitors from foreign countries including some from India. Czechoslovakia's index of passenger traffic in terms of absolute numbers is of very limited value and although the index of 127 in 1953 shows improvement in the course of four years, a corresponding increase cannot be assumed in the density of traffic as measured by the real criterion of passenger-kilometres. The available statistics do not disclose the situation up to 1953 in each of the Iron Curtain countries, but available indices show the highest level of improvement in Hungary and Rumania and to a lesser degree in Poland. Passenger movements in Eastern Germany reveal a much lower rate of increase. In all these countries, it is not possible to compare post-war traffic trends with those before the war. Precisely in this respect, the index of passenger kilometres for India throws much light on traffic fluctuations. After the peak reached in 1950 at 110, India's index shows a decline which need not be interpreted as sharp in view of the fact that the period following the country's partition in August 1947 represented high pressure of passenger traffic including refugee movements on a large scale. The pre-war index which stood at 39 gives a measure of the upsurge in traffic which has now become a normal feature for the passenger services. To meet this higher demand, the stock position has not been stepped up owing to the



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The Northern Railway is issuing at a concessional fare of 3/4ths of the tariff fare, first, second and third class tickets for a number of standard tours. These tours cover a number of specific itineraries, details of which are available from station masters on this Railway. In addition, if any itineraries are proposed by the public to the Chief Commercial Superintendent (Rates) of this Railway, they will be examined and concessional fares granted provided certain conditions are fulfilled.

Special Trains

Requests for special pilgrim or excursion trains on the broad gauge will be considered and the following concessions will be permissible :—

(i) Kitchen arrangement— One bogie vehicle will be attached free with each train.
(ii) One conductor and four cooks/servants will be allowed to be carried free.
(iii) For tours exceeding 1,500 miles and over, a concessional fare equivalent to 3/4th of tariff fare will be permissible under certain conditions.

For detailed information, please apply to the Chief Commercial Superintendent (Rates), Northern Railway, Kashmere Gate, Delhi.

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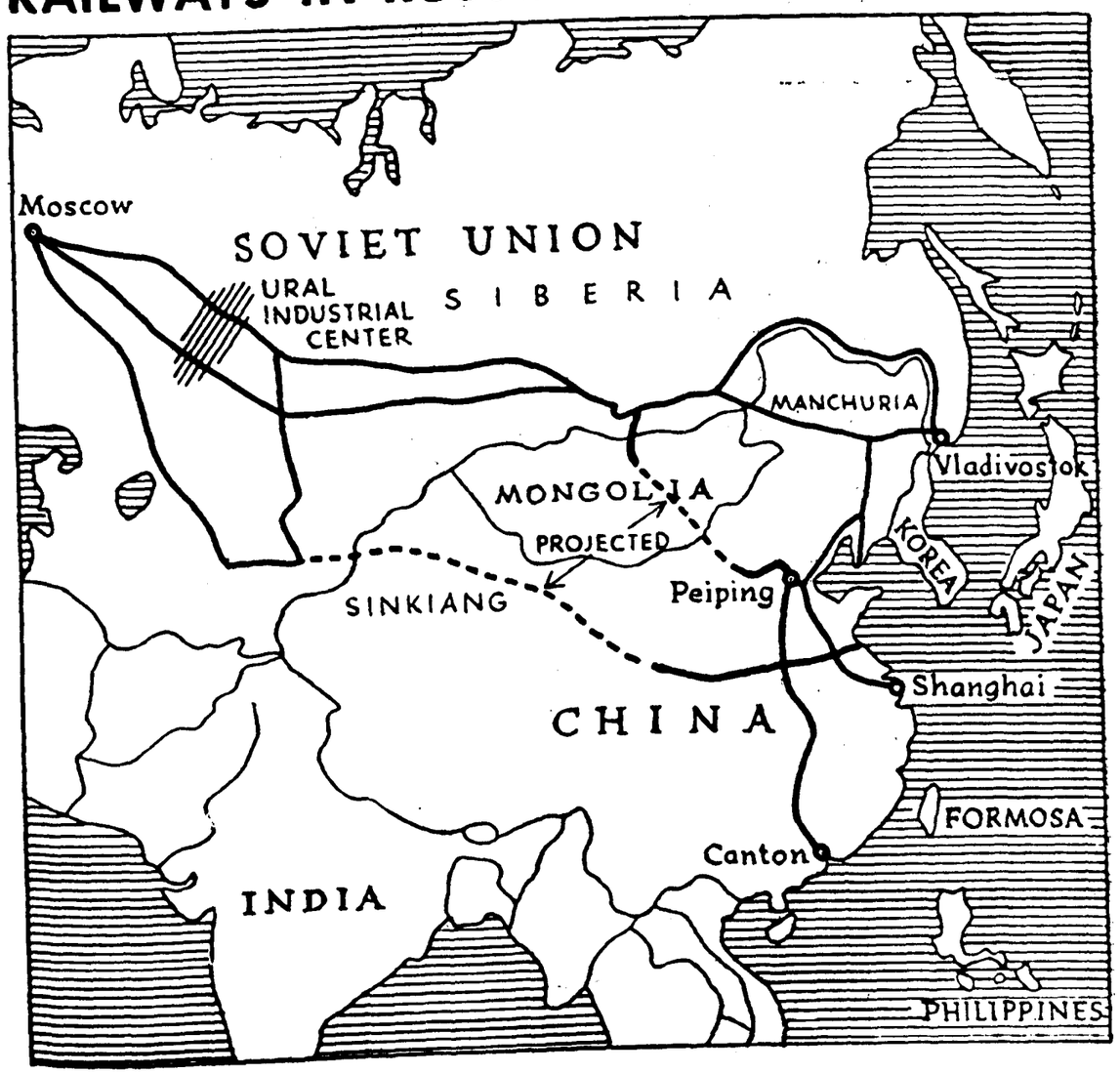
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RAILWAYS IN RUSSIA'S FAR EAST POLICY



VEHICLES IN USE IN VARIOUS COUNTRIES

	Passenger Cars (1,000's)	Commercial Vehicles (1,000's)	Commercial Vehicles as % of Passenger Cars	Population per Vehicle: Passenger	Population per Vehicle: Commercial
U.S.A.	42,570	8,855	21	4	17
U.K.	2,371	1,073	45	21	45
Australia	1,002	526	53	8	16
Pakistan	20	14	70	3,800	5,400
India	150	120	80	2,400	3,000
British E. Africa	34	29	85	581	682
Brazil	262	226	86	201	233
Venezuela	70	61	87	71	81
Iran	14	12½	89	1,100	1,200
China	20	30	150	23,500	15,000
Burma	9	20	221	1,900	900
French West & Equatorial Africa	13	32	247	1,462	594
U.S.S.R.	300	2,200	733	700	100

This table shows that the less advanced the transport system of a country, the greater the need for commercial vehicles rather than passenger cars. In the case of U.S.S.R. the proportions might be evidenced as the extension of this principle *ad absurdum*. The total of 300,000 passenger cars, or one-third the total in use in Australia whose population is one-twentieth of Russia's, shows the studied neglect of the individual as a consumer by the Soviet planners.

IMPORTS OF SELECTED PRODUCTS FROM ASIA INTO WESTERN EUROPE AND THE UNITED STATES

Thousands of tons and percentages

		Quantities imported from Asia (Thousands of tons)			Imports from Asia as percentage of total imports		
		1928	1935-1938	1948-1951	1928	1935-1938	1948-1951
FOOD AND FEEDING-STUFFS							
Rice	Western Europe	855	1 074	121	76	83	38
	United States	12	10	—	67	29	1
Beet and cane sugar	Western Europe	87	140	13	3	6	1
	United States	524	855	436	15	31	13
Soybeans	Western Europe	1 286	714	107	97	72	33
Groundnuts	Western Europe	985	807	66	62	49	9
Groundnut oil	Western Europe	1	15 [a]	29	..	..	..
Copra	Western Europe	447	372	421	71	63	72
	United States	174	202	405	76	95	100
Coconut oil	Western Europe	37	41	84	..	..	..
	United States	132	156	53	100	99	99
Palm oil	Western Europe	8	82 [a]	128	..	..	..
	United States	14	118 [a]	7	18	76	19
Oil-cake and meal	Western Europe	366	592 [a]	74	..	..	..
	United States	71	107 [a]	46	63	91	31
AROMATIC CROPS							
Tea	Western Europe	208	229	194	98	97	95
	United States	29	33	41	71	86	93
Coffee	Western Europe	65	48	7	12	8	2
	United States	23	12	1	4	2	—
Tobacco	Western Europe	45	55	23	15	17	8
NATURAL RUBBER AND FIBRES							
Natural rubber	Western Europe	99	306	489	67	92	91
	United States	388	495	714	83	98	93
Raw jute	Western Europe	560	523	336	94	99	97
	United States	91	77	79	99	98	98
Jute yarn and manufactures	Western Europe	58	120 [a]	86	..	..	..
	United States	258	439 [a]	205	83	82	86
Hemp [b] and fibres	Western Europe	132	140 [a]	54	39	35	22
	United States	66	69 [a]	50	35	43	24
Raw cotton	Western Europe	237	257	86	12	15	7
Raw wool	Western Europe	29	26	14	4	3	2
	United States	30	18	14	28	19	8
Raw silk	Western Europe	14	5	2	54	81	50
	United States	38	27	3	95	98	79
OTHER COMMODITIES							
Tin (metal and concentrate) [c]	Western Europe	..	41 [a]	32	..	66	72
	United States	.	62 [a]	51	..	88	58

Sources National trade statistics of importing countries were used, with the following exceptions : — For the years 1935-1938, and the commodities listed below, data were taken from *International Trade in Certain Raw Materials and Foodstuffs*, League of Nations, Geneva: rice, tea, groundnuts, copra, rubber, raw cotton, raw wool, raw silk, coffee, tobacco, sugar, coconut oil. — For all years, imports of tin were taken from the *Statistical Yearbook*, International Tin Study Group.

Country coverage : The term "Asia" covers, in so far as they are specified in import statistics of western European countries, the following countries : Burma, Ceylon, China, Hong Kong, India, Associated States of Indochina, Indonesia, Japan, Malaya (including Singapore), Pakistan, Philippines and Thailand.

"Western Europe" includes the following ten countries : Austria, Belgium-Luxembourg, France, Germany (western Germany for post-war years), Italy, the Netherlands, Portugal, Sweden, Switzerland and the United Kingdom. For lack of data, the imports listed below *have not* been included:

Importing country	*Commodity*
Austria	Coconut oil, copra, raw silk, soyb...ns, sugar, tin
Netherlands	Raw silk, soybeans
Portugal	Coconut oil, coffee, palm oil, oil-cake, raw silk, soybeans
Sweden	Raw silk, soybeans
Switzerland	Copra, groundnuts, soybeans

In addition to the ten selected European countries, the following imports have been included:

Denmark	Oil-cake, soybeans, tin
Finland and Norway	Tin

Total imports : For all commodities, total imports (on which the percentages are based) are special imports, i.e., where figures are originally given as general imports (United Kingdom) re-exports have been deducted. Moreover, for certain commodities, exports have been deducted from special imports in order to obtain net imports : oil-cake, palm oil, sugar and tin.

Imports from Asia : These imports relate to special imports from Asian countries (as specified above) for all the western European countries included except for the United Kingdom (general imports).

A special method was used for tea and rubber : total re-exports from the United Kingdom have been deducted from its imports from Asia, whereas imports from the United Kingdom into the other western European countries were added to their special imports from Asia.

[a] 1937-1938 average.

[b] Including sisal, abaca and similar fibres.

[c] In terms of metal content.

TELEPHONES IN COUNTRIES OF THE WORLD

January 1, 1951

COUNTRY	TOTAL TELEPHONES		OWNERSHIP		AUTOMATIC (DIAL)		CONNECTING WITH BELL SYSTEM	
	NUMBER	PER 100 POPULATION	GOVERNMENT	PRIVATE	NUMBER	PER CENT OF TOTAL TELEPHONES	NUMBER	PER CENT OF TOTAL TELEPHONES
NORTH AMERICA:								
Alaska	17,919	13.9	78	17,841	6,206	34.6	17,919	100
Canada	2,911,900	20.8	379,200	2,532,700	1,747,100	60.0	2,904,000	99.7
Greenland	0	-	-	-	-	-	-	-
St. Pierre and Miquelon	137	2.9	137	-	0	-	0	-
United States	43,003,832	28.1	-	43,003,832	30,170,000	70.2	42,994,863	100 (2)
MIDDLE AMERICA:								
Bahamas	4,234	5.3	4,234	-	4,198	99.1	4,215	99.6
Barbados	4,272	2.0	-	4,272	4,166	97.5	4,272	100
Bermuda (3)	6,300	17.0	-	6,300	6,300	100	6,300	100
British Honduras	678	1.1	678	-	0	-	0	-
Canal Zone (4)(6)	6,112	7.6	6,112	-	6,112	100	6,112	100
Costa Rica	9,500	1.2	200	9,300	0	-	9,500	100
Cuba	120,668	2.2	518	120,150	100,938	83.6	120,668	100
Dominican Republic	6,446	0.3	146	6,300	4,537	70.4	6,446	100
El Salvador (1)	6,800	0.3	2,400	4,400	0	-	6,800	100
Guadeloupe (1)	850	0.3	850	-	0	-	0	-
Guatemala (1)	4,200	0.2	4,200	-	3,800	90.5	3,800	90.5
Haiti	3,809	0.1	3,809	-	3,355	88.1	2,419	63.5
Honduras (1)	2,860	0.2	2,850	-	1,450	50.9	2,850	100
Jamaica	13,700	1.0	-	13,700	13,087	95.5	13,700	100
Leeward Islands	871	0.8	871	-	0	-	871	100
Martinique	2,539	1.0	2,539	-	0	-	2,539	100
Mexico (2)	285,600	1.1	1,000	284,600	191,738	67.1	285,600	100
Netherlands' Antilles	4,613	2.8	4,613	-	4,463	96.7	4,463	96.7
Nicaragua	3,439	0.3	3,439	-	0	-	3,439	100
Panama	11,403	1.4	-	11,403	9,289	81.5	11,403	100
Puerto Rico	38,490	1.7	2,215	36,275	20,154	52.4	38,490	100
Trinidad and Tobago	14,794	2.3	-	14,794	12,397	83.8	14,794	100
Virgin Islands	1,039	2.3	1,039	-	0	-	1	0.1
Windward Islands	2,150	0.8	2,150	-	0	-	266	12.4
SOUTH AMERICA:								
Argentina	798,391	4.6	719,088	79,303	613,783	76.9	790,675	99.0
Bolivia (1)	7,950	0.2	-	7,950	7,600	95.6	7,100	89.3
Brazil	549,700	1.0	1,500	548,200	424,000	77.1	499,174	90.8
British Guiana	3,337	0.8	3,327	-	167	5.0	3,337	100
Chile	134,869	2.3	-	134,869	90,230	66.9	134,869	100
Colombia	100,850	0.9	83,250	17,600	49,000	47.6	80,600	79.9
Ecuador	8,900	0.2	7,900	1,200	1,000	11.4	4,500	51.1
Falkland Islands	305	13.4	305	-	0	-	0	-
French Guiana	218	0.4	218	-	0	-	0	-
Paraguay	5,273	0.4	5,273	-	4,629	85.9	5,273	100
Peru	46,733	0.5	-	46,733	37,729	80.7	40,600	86.9
Surinam	1,710	0.8	1,710	-	0	-	1,500	87.7
Uruguay	89,871	3.8	88,791	1,080	66,233	73.7	89,871	100
Venezuela	67,000	1.3	-	67,000	62,517	93.5	33,800	50.4
EUROPE:								
Albania (1)	1,300	0.1	1,300	-	0	-	0	-
Andorra	60	1.0	60	-	0	-	0	-
Austria	412,394	5.8	414,394	-	312,777	75.8	232,000	56.3
Belgium	687,012	7.9	687,012	-	514,599	74.9	687,012	100
Bulgaria (1)	59,000	0.8	59,000	-	26,000	44.1	0	-
Czechoslovakia (1)	385,000	3.1	385,000	-	230,000	59.7	230,000	59.7
Denmark	723,443	16.9	35,468	687,975	296,614	41.0	723,443	100
Finland	328,394	8.0	42,695	285,699	179,676	54.7	328,394	100
France	2,405,802	5.7	2,405,802	-	1,474,509	61.3	2,405,802	100
Germany, Eastern & Berlin (1)	332,200	1.6	332,200	-	200,000	60.2	200,000	60.2
Germany, Western	2,393,013	5.0	2,393,013	-	2,050,637	85.7	2,393,013	100
Gibraltar	1,348	6.1	1,348	-	1,205	89.4	1,348	100
Greece	81,906	1.0	-	81,906	77,020	94.0	81,905	100
Hungary (1)	116,000	1.2	116,000	-	85,800	74.0	85,800	74.0
Iceland	20,801	14.4	20,801	-	13,787	66.3	20,801	100
Ireland	82,031	2.7	82,031	-	52,634	64.2	82,031	100
Italy	1,244,152	2.7	-	1,244,152	1,147,179	92.2	1,122,897	90.3
Liechtenstein	1,805	12.0	1,805	-	0	-	1,805	100
Luxemburg	23,412	8.0	23,412	-	16,796	71.7	23,412	100
Malta and Gozo (5)	7,030	2.3	7,030	-	0	-	5,947	84.6
Monaco (1)	2,800	16.7	2,800	-	2,500	89.3	2,550	91.1
Netherlands	781,678	7.7	781,678	-	702,896	89.9	781,678	100
Norway	451,727	13.8	376,714	75,013	263,084	58.2	451,727	100
Poland (6)	230,000	0.9	230,000	-	155,000	67.4	155,000	67.4
Portugal	152,580	1.8	52,529	100,051	75,045	49.2	151,411	99.2
Romania	136,000	0.9	136,000	-	102,000	75.0	81,000	59.6
San Marino (1)	100	0.7	100	-	0	-	0	-
Spain	667,639	2.4	19,558	648,081	510,700	76.5	667,639	100
Sweden	1,686,200	25.9	1,685,230	1,970	1,083,774	64.3	1,683,230	99.9
Switzerland	896,398	19.1	896,398	-	863,324	96.3	896,398	100
Trieste (1)(7)	23,654	6.6	500	23,154	23,154	97.9	23,154	97.9
U.S.S.R. (5)	1,500,000	0.7	1,500,000	-	400,000	26.7	500,000	33.3
United Kingdom (1)	5,433,614	10.7	5,433,614	-	3,893,242	71.7	5,430,351	99.9
Yugoslavia (1)	85,000	0.5	85,000	-	55,000	64.7	25,000	29.4

(1) Data partly estimated.

(2) Less than 0.05 per cent do not connect.

(3) June 30, 1951.

(4) Excluding telephone systems of the U.S. military forces.

(5) March 31, 1951.

(6) June 30, 1950.

(7) Including all Asiatic territory of the U.S.S.R.

TELEPHONES IN COUNTRIES OF THE WORLD

January 1, 1951

COUNTRY	TOTAL TELEPHONES		OWNERSHIP		AUTOMATIC (DIAL)		CONNECTING with BELL SYSTEM	
	NUMBER	PER 100 POPULATION	GOVERNMENT	PRIVATE	NUMBER	PER CENT OF TOTAL TELEPHONES	NUMBER	PER CENT OF TOTAL TELEPHONES
AFRICA:								
Algeria (1)	96,400	1.1	96,400	-	68,500	71.1	79,000	82.0
Anglo-Egyptian Sudan	8,300	0.1	8,300	-	6,520	78.6	5,400	65.1
Belgian Congo	5,432	✓	5,432	-	3,379	62.2	1,250	23.0
British East Africa	19,771	0.1	19,771	-	13,863	70.1	19,130	96.8
British South Africa	29,500	0.4	29,500	-	21,700	73.6	27,800	94.2
British Southwest Africa	4,571	1.5	4,571	-	2,374	51.9	4,154	90.9
British West Africa	18,858	✓	18,858	-	1,390	7.4	0	-
Comoro Archipelago	0	-	-	-	-	-	-	-
Egypt (1)	115,500	0.6	115,500	-	66,700	57.7	115,500	100
Eritrea (1)	2,600	0.2	2,600	-	1,050	40.4	0	-
Ethiopia	2,050	✓	2,050	-	1,600	78.0	0	-
French Cameroon	1,096	✓	1,096	-	0	-	0	-
French Equatorial Africa	1,169	✓	1,169	-	0	-	0	-
French Somaliland	350	0.7	350	-	0	-	0	-
French Togo	470	✓	470	-	0	-	0	-
French West Africa	11,740	✓	11,740	-	5,208	44.4	0	-
Libya	4,434	0.4	4,434	-	3,102	70.0	0	-
Liberia	0	-	-	-	-	-	-	-
Madagascar (1)	5,600	0.1	5,600	-	0	-	0	-
Mauritius	4,749	1.0	4,749	-	277	5.8	0	-
Morocco	68,484	0.6	53,694	14,790	45,979	67.1	68,238	99.6
Portuguese Africa	6,705	✓	6,705	-	1,459	21.8	0	-
Reunion (1)	2,060	0.8	2,060		0	-	0	-
St. Helena	87	1.7	87		0	-	0	-
Seychelles (1)	75	0.2	75	-	0	-	0	-
Somalia (1)	350	✓	350	-	0	-	0	-
Somaliland Protectorate	168	✓	168	-	0	-	0	-
Spanish Guinea	271	0.1	-	271	0	-	0	-
Spanish Sahara	0	-	-	-	-	-	-	-
Tunisia	25,207	0.8	25,207	-	14,625	58.0	25,207	100
Union of South Africa	458,851	3.7	458,851	-	321,682	70.1	407,700	88.9
Zanzibar & Pemba	400	0.1	400	-	0	-	0	-
ASIA:								
Aden, Colony of	1,338	1.3	1,338	-	1,338	100	0	-
Afghanistan (1)	4,500	✓	4,500	-	300	6.7	0	-
Bahrain	364	0.3	364	-	364	100	364	100
Brunei	65	0.2	65	-	0	-	0	-
Burma (1)	5,200	✓	5,200	-	1,040	20.0	0	-
Ceylon	16,860	0.2	15,811	1,049	14,734	87.4	0	-
China (1)	256,000	✓	160,000	96,000	178,000	69.8	92,000	36.1
Cyprus	8,002	1.1	-	8,002	0	-	0	-
French India	76	✓	76	-	76	100	0	-
French Indo-China	11,531	✓	11,531	-	4,200	36.4	0	-
Hong Kong (6)	28,705	1.3	-	28,705	28,705	100	28,705	100
India (6)	168,397	✓	166,559	1,838	70,800	42.0	155,998	92.6
Indonesia (1)	43,000	✓	43,000	-	1,000	2.3	12,900	30.0
Iran	28,620	0.2	3,126	25,494	10,725	37.5	11,500	40.2
Iraq	17,630	0.3	17,630	-	11,455	65.0	0	-
Israel	28,956	2.1	28,956	-	24,826	85.7	28,956	100
Japan (6)	1,802,558	2.1	1,802,558	-	667,667	37.0	1,070,000	59.4
Jordan	4,245	0.3	4,245	-	1,800	42.4	0	-
Lebanon (1)	13,500	1.1	13,500	-	0	-	0	-
Malaya	23,694	0.4	23,694	-	8,569	36.2	0	-
North Borneo	578	0.2	578	-	110	19.0	0	-
Pakistan	18,771	✓	18,771	-	9,528	50.0	18,771	100
Philippine Republic	20,586	0.1	-	20,586	15,425	75.7	17,879	86.7
Portuguese Asia	1,630	0.1	1,630	-	1,410	86.5	0	-
Sarawak	713	0.1	713	-	0	-	0	-
Saudi Arabia	5,600	✓	5,600	-	0	-	0	-
Singapore	18,601	1.9	-	18,601	18,601	100	18,601	100
Syria	11,516	0.4	11,516	-	7,376	64.1	0	-
Thailand (1)	6,100	✓	6,100	-	6,100	100	0	-
Turkey	65,160	0.3	65,160	-	56,410	86.6	0	-
Other Places (1)	80,300	0.2	80,300	-	24,000	29.9	0	-
OCEANIA:								
American Samoa	313	1.7	313	-	313	100	0	-
Australia	1,168,202	13.9	1,168,202	-	720,981	62.3	1,168,202	100
Fiji (1)	2,500	0.9	2,500	-	0	-	0	-
French Oceania	2,198	1.9	2,198	-	0	-	0	-
Hawaii	109,879	21.9	-	109,879	103,177	94.2	109,879	100
New Zealand (6)	369,989	19.1	369,989	-	216,749	58.6	368,031	99.5
Pacific Islands(British) (1)	410	0.2	410	-	0	-	0	-
Papua-New Guinea	1,614	0.1	1,614	-	0	-	1,278	79.2
Portuguese Timor (1)	280	✓	280	-	0	-	0	-
South Seas Mandate (U.S.)	5,432	3.9	5,432	-	2,706	49.8	0	-
Western New Guinea (1)	525	0.1	525	-	0	-	0	-
Western Samoa	351	0.4	351	-	0	-	0	-

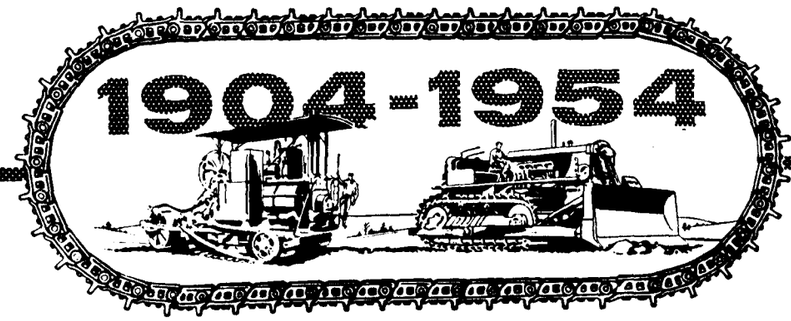
(1) Date partly estimated.

(6) June 30, 1950.

(8) March 31, 1951.

✓ Less than 0.1.

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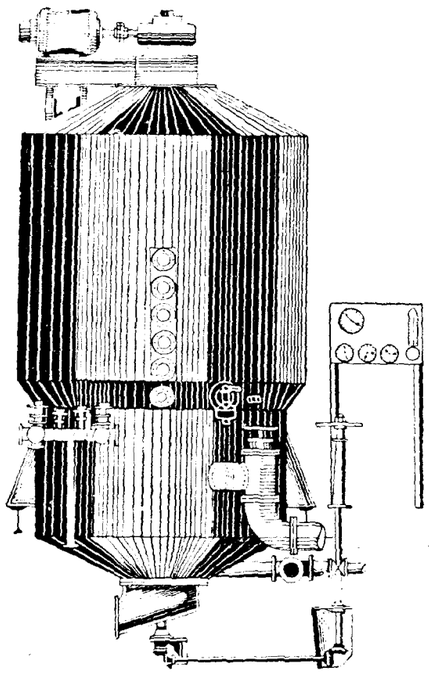




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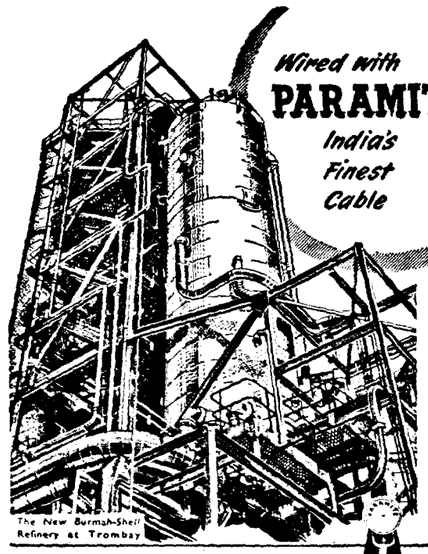
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CONSTRUCTION OF DWELLINGS: 1951-1953

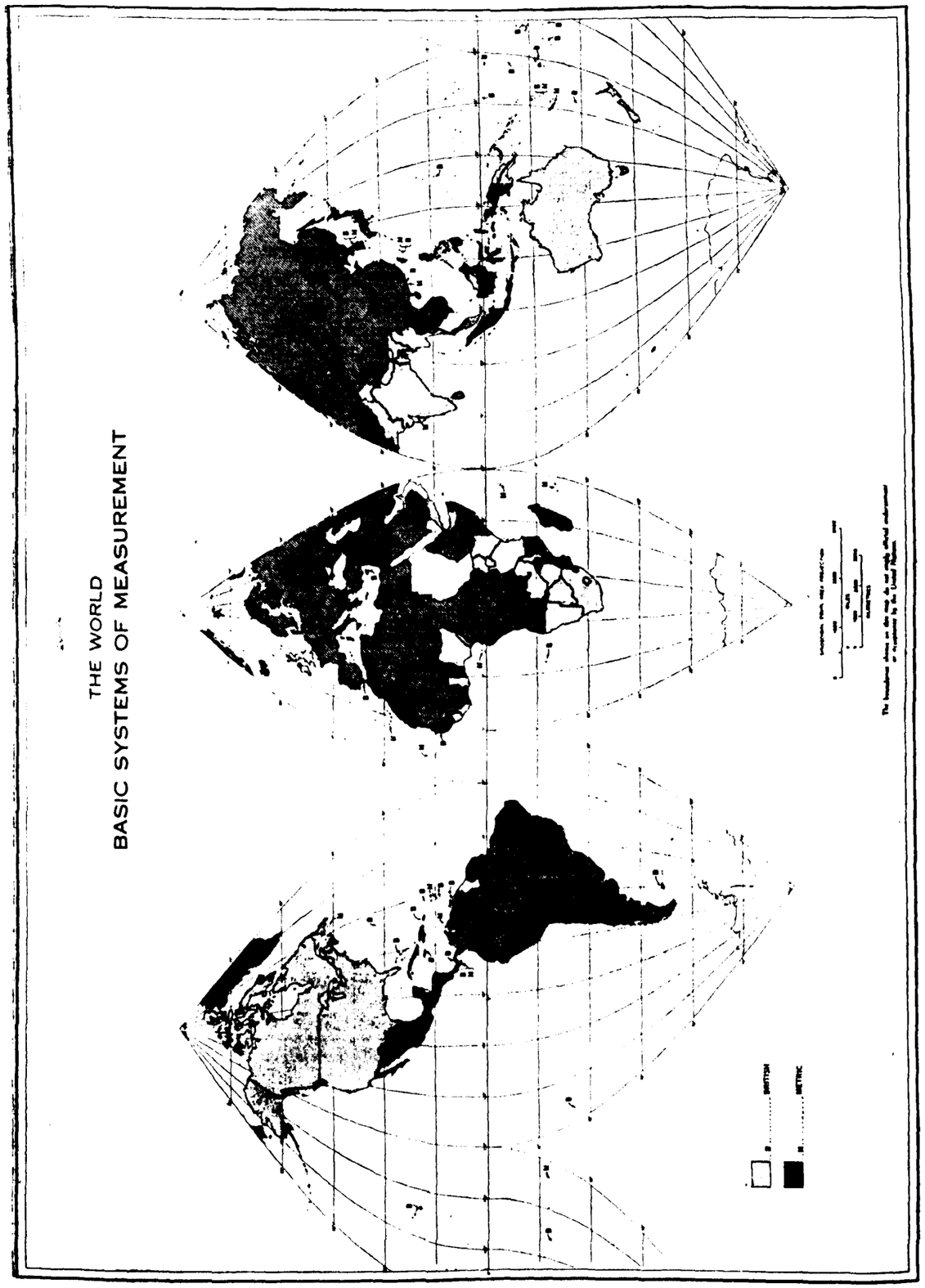
(In thousands)

Country	Stage of Dwellings	1951	1952	1953
Belgium ..	Authorized	50.7	47.7	47.4
Czecho-slovakia ..	Completed	..	35.6	40,2*
	Completed	23.0 (a)	30.0 (a)	40.3
Denmark ..	Begun	16.8	23.1	23.8
	Under construction(b)	17.5	21.6	24.1
	Completed	21.5	19.0	21.3
Finland ..	Authorized	..	..	..
	Completed	28.5	31.2	29.2
France ..	Begun	11.6	135.4	..
	Completed	76.7	83.9	115.0
Western ..	Authorited	469.8	495.4	569 8
Germany ..	Completed	373.1	413.2	484.1
Hungary ..	*Completed*	25	20	16
Ireland ..	Completed	12.1	13.0	11.9
Italy ..	Authorized	189.0	207.8	..
	Completed	92.6	116.2	135.0*
Luxemboug ..	Authorized	1.1	0.7	0.8
Netherlands ..	Begun	42.0	69.4	77.2
	Under construction (b)	36.7	51.3	68.5
	Completed	58.7	54.6	59.6
Norway ..	Under construction (b)	25.5	26.7	29.8
	Completed	20.9	32.7	35.0
Poland (d)	Completed	40	45	54
Portugal (f)	Completed	13.9	14.7	..
Romania (f)	Completed	10	8	12
Sweden ..	Begun	..	..	..
	Under construction (b)	..	..	..
	Completed	40.8	45.6	50.0*
Switzerland	Authorized	26.2	25.0	33.3
	Under construtio (b)	15.3	14.1	20.0
	Completed	26.8	24·5	26,2
United Kingdom (h)	Begun	219.1	294.5	348.0
	Under construction (h)	225.7	280.3	309.4
	Completed	194.8	239.9	318.8
USSR	Housing completed -Urban: floor space Sq. m.	27,000	27,000	28,000
	-Rural: dwelling units	400	370	400

Note: All data refer to new and reconstructed dwellings, including temporary dwellings. Repairs are normally excluded. (a) Total dwellings other than individual family houses, financed by private capital or with the aid of state subsidies. The number of such dwellings, included in the figure given for 1953, amounts to 10,279 units. (b) End of period. (d) Urban dwelling only, and excluding dwellings erected by means of private resources, of which 2,000 were built in 1953. (f) Urban dwellings only. (h) *Excluding Northern Ireland, where about 8,000 dwellings were completed during 1953.*

Assistance Sanctioned under the subsidised Industrial Housing Scheme upto January 20, 1955 In India

Agency	1952-53			1953 54			1954-55			Total so far		
	No. of tene-ments	Loan Rs.000	Subsidy Rs. 000	No. of tene-ments	Loan Rs. 000	Subsidy Rs.000	No. of tene-ments	Loan Rs. 000	Subsidy Rs. 000	No. of tene-ments	Loan Rs.000	Subsidy Rs. 000
1. State Govern-ments	17,458	2,50,82	2,50,82	7,317	98,79	1,00,79	14,280	2,09,46	2,19 23	59,055	5,59,07	5,70,85
2. Employers	1,428	13,66	9,10	3,344	24,56	20,02	4,433	49,56	30,47	9,205	87,71	59,60
3. Co-opera-tives	—	—	..	525	5,04	3,32	349	4,55	2,27	874	9,59	5,59
Total Payment actually authorized	18,886	2,64,48	2,59,92	11,186	1,28,39	1,24,13	19,062	2,63,51	2,51,98	49,134	6,56,37	6,36,04
1. State Govern-ments	..	1,33,42	..	..	1,84,41	1,18,74	—	60,15	4,27	..	3,77,98	1,23,01
2. Employ-ers	..	..	..	..	4,96	..	—	1,99	4,36	..	6,95	4,36
3. Co-opera tives	—	..	—	—	11	..	—	3,70	53	—	3,81	53
Total	—	1,33,42	—	—	1,89,48	1,18,74	—	65,84	9,16	—	3,88,74	1,27,90



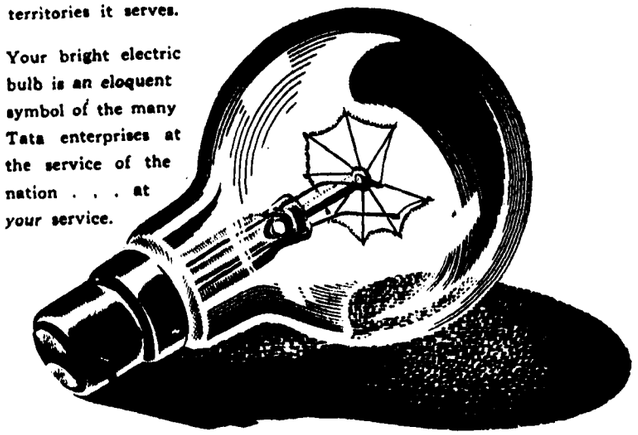
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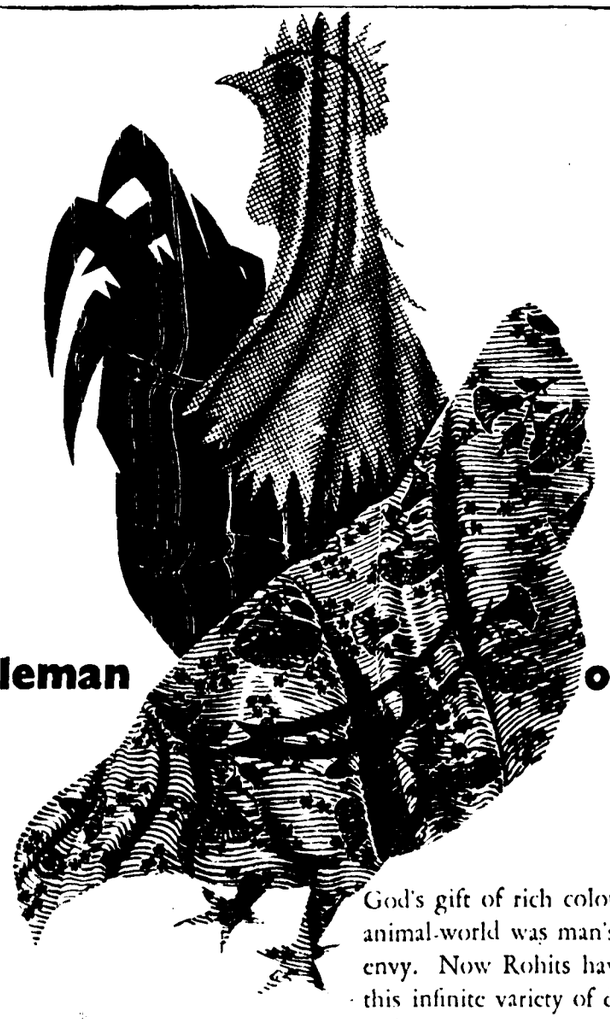
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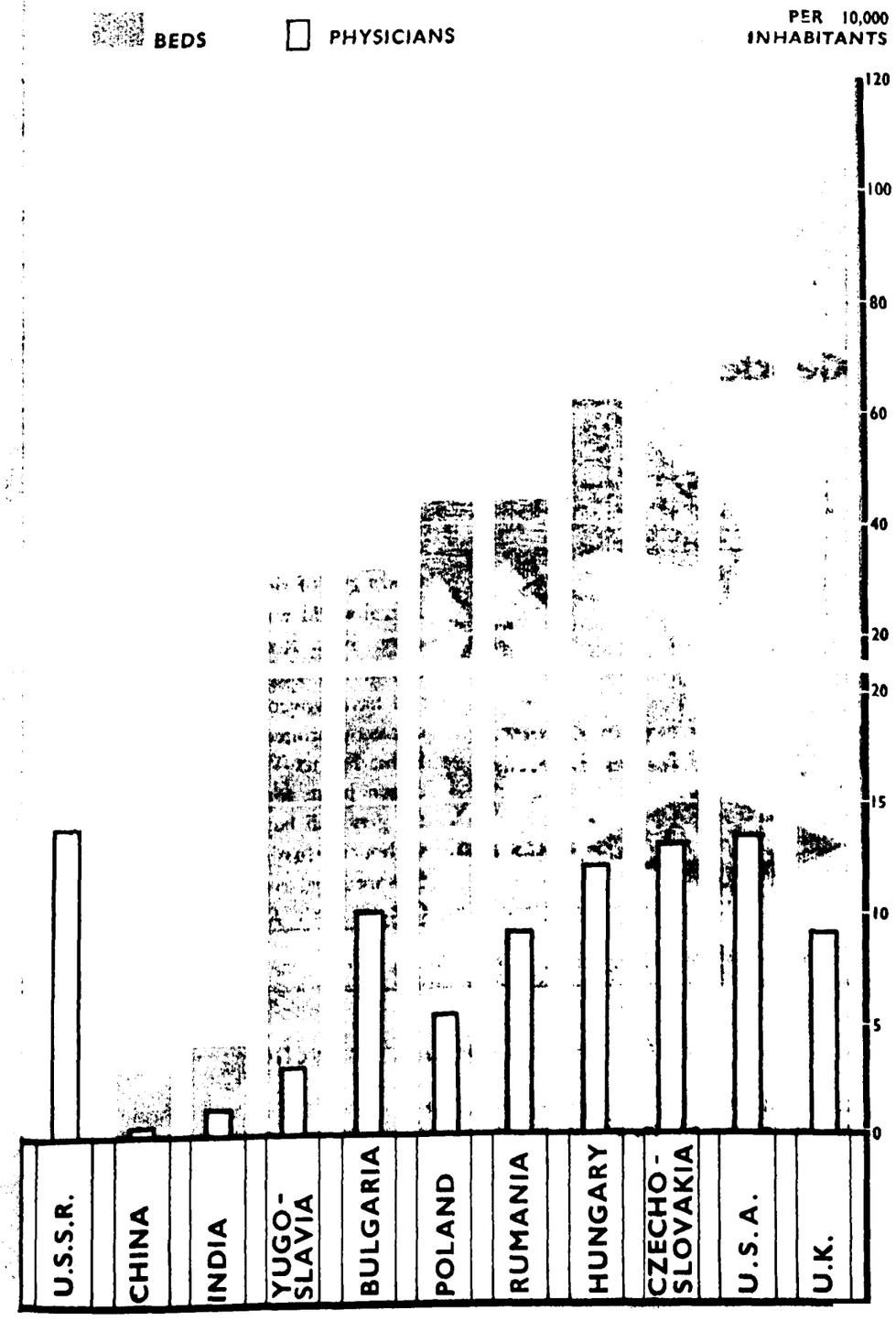
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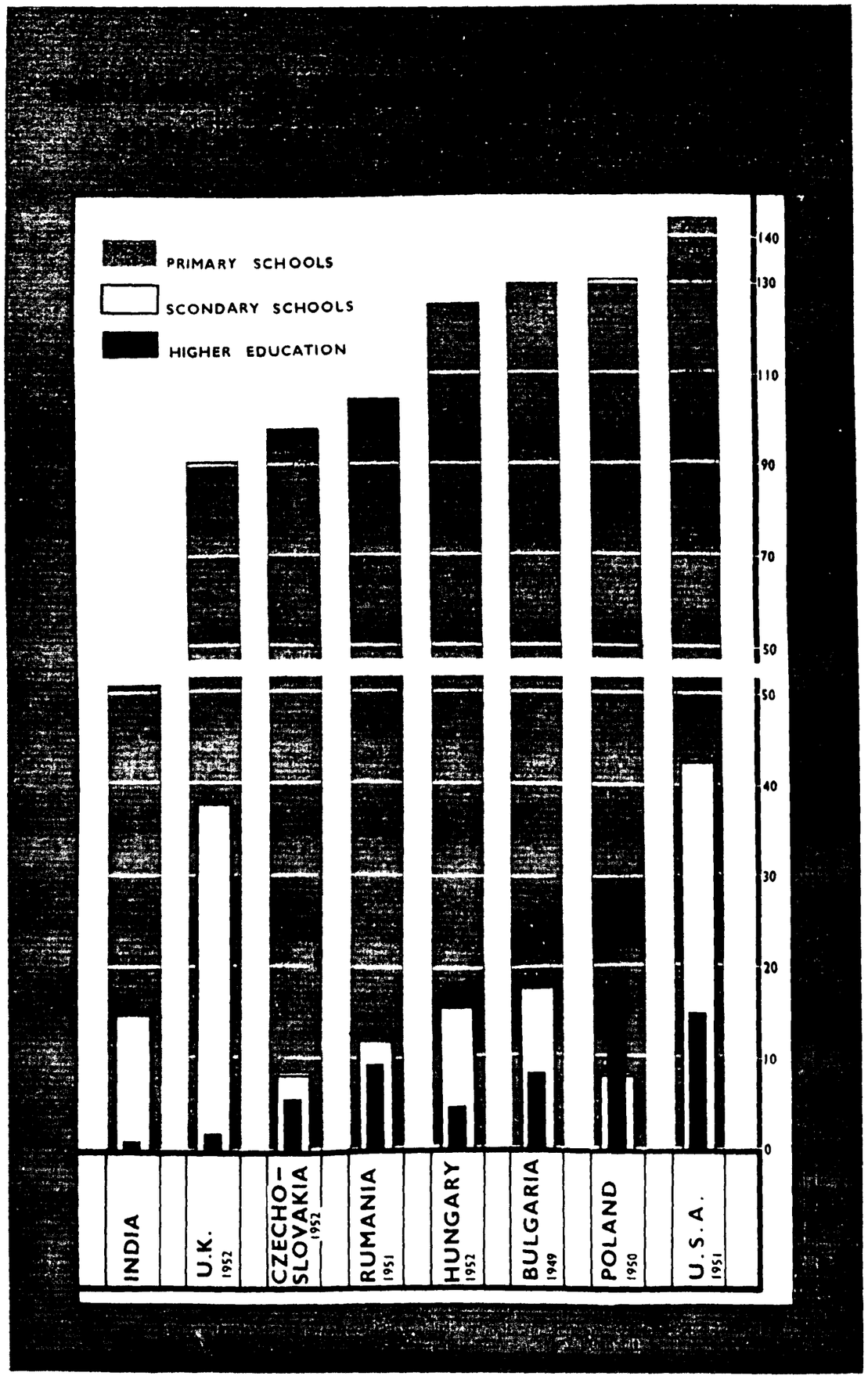
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Note: The above graph is based on the latest available figures. For the U.S.S.R., the graph represents all doctors and not physicians alone.



PART C

COMMUNISM AND CULTURE

The Cultural Challenge

IT has been argued that, both in political and economic terms, India's interests do not require any major alteration of our present treatment of the Communist countries though some marginal changes are desirable. In politics there has been, it is true, a tendency to leave the Free World with an impression of our leaning towards the Communist world. There have been, however, times in the last three years when we have given the Communist world an impression that we were leaning the other way. It may well be that the present opinions held in the Free World represent a prejudice against us as did Communist opinions contain a prejudice against our stand in 1952. There may be some justification for the view that in political pronouncements we have not always held the balance even. For example, metropolitan colonialism has been more inveighed against than Soviet satellitism. Similarly, the military pacts of the Western world, such as SEADO and the Baghdad Pact, have attracted far more attention than the Sino-Russian Military Treaty which preceded the United States containment policy. It would be wise in these cases to show an equal dislike for Communist military instruments. But the country of Gandhi need not reduce its criticism of instruments of violence on either side.

Similarly in the economic sphere it has been argued that the general policy of trading with all countries on the basis of mutual economic interest has been pursued with understanding and by and large with profit to this country. There can be no ground for believing that trading with the Communist world has been undertaken except on pure economic considerations; in other words, our economic policy cannot be arraigned on the ground that it was not in the national interest. There is here little to correct, unless it be that there could be a more eager seeking out of Free World collaboration on both sides.

THE GANDHIAN MIND

The conclusion in what may be called the philosophical or moral sphere is less happy. Is India a great democracy in something more than a numerical sense? The character of Indian democracy has in part been made by the general content of democracies all the world over, but there is also a special content which derives from the tradition of Gandhian individualism which was a contribution unique to India, and has been recognised as such in the building of democratic institutions in this country. The Preamble to the Constitution and the Fundamental Rights that it contains were designed to maintain a rugged individualism at the very time when a strong Centralist State was being created. This choice of a strong individual texture inside a large federal machine was in part an unconscious reflection of the Gandhian mind.

It would be anomalous to contend that the powerfully democratic, and even individualist, outlook of the Indian Constitution was designed entirely for domestic freedoms or for the exercise of criticism not of principles but of Indian nationals as individuals only. It certainly is not in the Gandhian tradition that the Indian people should be asked to refrain from criticism of highhanded wrongs in other countries whilst being committed to fierce criticism of falsehood within. Mahatma Gandhi saw no distinctions on moral questions in national terms. His philosophy was an integrated whole, implying the acceptance of the broad precepts of a religious outlook. Equally it is not in the Gandhian tradition to assume that the relations between nations have no supreme moral obligations or counterparts. His doctrine of mutual respect rested on a moral base. Does current Indian teaching follow this course?

PANCHSHILA: GANDHIAN AND OTHERWISE

The current doctrine of Panchshila is believed to stem from both a Buddhist and a Gandhian source. If the doctrine is interpreted as implying that mutual honour between nations widely different in philosophical outlook permits of mutual discussion and persuasion designed to eliminate differences, Panchshila can certainly become the instrument of both Buddhist and Gandhian thinking. If, however, it is the purpose of Panchshila to restrict criticism of ways of life fundamentally opposed either to the Buddhist or to Gandhian outlook, it surely employs a degree of negation which neither Buddhism nor Gandhism can contain or support. The doctrine of Panchshila, as it is now being applied, is a supremely negative doctrine and does violence to the positive character of the demand for right living which was an essential ingredient of both faiths.

BRAIN-WASHING IN CHINA

What makes the Indian acceptance of Panchshila at the moment an even greater denial of Gandhian teaching is the actual operation of internal policy in two of the leading countries with which such an agreement has been reached. Take the purely cultural aspect first. For example, Panchshila acquiesces in a widespread application of the instruments of brain-washing still used in the People's Republic of China on an elaborate scale. It is not generally known, for example, that confessions have been extracted from intellectuals of every kind in the People's Republic of China under threats of humiliation and ostracism which thus deny all forms of intellectual liberty to practically every Chinese national. Amongst those who have been forced to sign "confessions" are many distinguished scholars, some of whom have been known in India. For examole, Fung Yu-lan, the well-known Chinese philosopher, had to confess to "idealism" and "decadence" and disown his scholarly works for which he was awarded an honorary doctorate by the Delhi University. Amongst mathematicians "recantations" have been signed by Hua Lo-keng. Dean of the Mathematics Research Institute, Academy of Science, concurrently Professor of Mathematics, Tsinghwa and Peking Universities. Among geologists there is Li Szu-kuang, Vice-President, Academy of Science; among doctors and surgeons: Li Tsung-en, President, Peking Union Medical College; Teng Chia-tung, Chief Doctor, Medical Department, P.U.M.C.; P. E. King, President, Nanking Medical College; Hsu Ying-k'uei, Chairman, Department of Psycho-phsiology, P.U.M.C ; Ts'ai Ch'iao, Dean of the Medical College, Nanking University (the former Central University); Ch'in Kuang-yu, Professor of Pathology, Lingnan Medical College; Huang Chia-szu, Vice-President, Shanghai College of Medicine, and Chou Chin-huang, Chairman, Department of Materia Medica, P.U.M.C.; amongst engineers, Liang Szu-ch'eng, Chairman, Department of Architecture, Ts'inghua University; Hsien Kuang-hua, Professor of Civil Engineering; Chiaot'ung; Hu Wei-po, Professor, Engineering School,

North China University, amongst Professors of Education, Ou Yuan-huai President, Great China University and Professor, East China Teachers' College and Tung Wei-chuan, Chairman, Department of Education, Peking Teachers' University; among economists there are Chu Ch'i, Head of the Economics Department, Nanking University, and Yen Jen-keng, Professor of Economics, Chekiang University and Peking University, and a whole host of Musicians, Artists and Dramatists of whom mention may be made of: Chang Jen-hsia, Professor, Central Academy of Art and Lao She, a vigorous literary figure of modern China. In all these cases, a scrupulous interpretation of the doctrine of Panchshila would imply that India or Indians could not raise their voice in criticism of fierce cultural persecution exercised by a foreign government with which we are friendly.

Such an interpretation of the doctrine of Panchshila—if indeed, it is the official interpretation—is obviously incompatible with the spirit of freedom and the doctrine of righteousness which was the very texture of the Gandhian way of life. It was never Mahatma Gandhi's way to acquiesce in any high-handed wrong; nor can political expediency ever have justified such a course. It is conceivable that Panchshila might have protected us from equal criticism from foreign countries. We have no reason to ward off foreign criticism (since criticism, domestic or foreign, is good for a democracy) and we have only injured ourselves both by our failure to receive criticism as well as to give it in terms of our highest moral values.

In the articles which follow there are some suggestions as to where our relations with the Communist world, particularly with the U.S.S.R. and China, have tended thus to eliminate one large degree of freedom which we inherited in the Gandhian age. We must regain this element of our lost freedom, for we cannot thus betray our spiritual heritage; nor can we look the world proudly in the face when we have lost the courage to speak the truth in our hearts.

India and the USSR: Cultural Contacts

CATHOLIC CULTURE?

"IT was India's way in the past to welcome and absorb other cultures. That is much more necessary today, for we march to the one world of tomorrow where national cultures will be intermingled with the international culture of the human race. We shall, therefore, seek wisdom, knowledge and friendship and comradeship wherever we can find them, and co-operate with others in common tasks....". These words of lofty wisdom, found in Mr. Nehru's "Discovery of India", provide the key to Independent India's policy of fostering cultural exchanges with foreign peoples, to whichever political faith they may belong.

There is little doubt that, in this suspicious world, cultural exchanges can play a vital part in promoting friendship, understanding and fellow-feeling between the peoples of the world. The interaction between various cultural traditions will not only help in the mutual enrichment but create mutual respect between nations—one of the objects of Panchshila. On our side cultural contacts are viewed as a positive contribution to the practice of Panchshila. The present Soviet regime has also declared that it stands for extensive international cultural exchange, seeing in it not only a means for mutual enrichment of national cultures of the peoples of different countries but also a way for attaining better mutual understanding among peoples. Whether the value of cultural ties is viewed by the two countries from the same or different angles, the fact remains that the peoples of the Soviet Union and India are, in current times, wide open for exchange of cultural contacts. A new cultural agreement is to be signed after the visit of the Soviet leaders to India this month.

While the present emphasis is new, friendship between India and Russia derives from the remote past. Almost five centuries ago, even before the first European ships approached the coasts of India, Afanasy Nikitin, a Russian explorer, visited India and, it is said, wrote a book about this country. That, as Mr. Bulganin said, was the first "discovery of India" by the Russians. The ties between the two countries gradually strengthened and were developed. Books dedicated to India were published in Russia. A few curious Russian people drew their information and ideas about this country from our literature. The first translation of works by Indian writers and of the literary creations of Kalidasa appeared in Russian as far back as the 18th century, though like most such publications, they seem to have had a very limited circulation.

The ties of understanding between the two peoples were strengthened further after the October Revolution which certainly influenced the thoughts of Indian nationalist leaders in those days. The first Indian delegation to visit Russia in November 1918 was welcomed by Lenin himself. At least as a political weapon, the Soviet authorities showed sympathy to Indians in their struggle for freedom. There has been a sustained interest in Indian literature. The works of Tagore are known to have been published many times in the U.S.S.R. The Academy of Sciences of Moscow has published the works of Tulsi Das. Latterly, Jawaharlal Nehru's "Discovery of India" has been circulated widely. When required, the powerful State machine can multiply the public response. India is certainly a beneficiary at present from this fact.

CULTURE AND POLITICS

The fact, however, remains that the current growth in cultural exchanges since India attained freedom is a continuation of the ties that existed between the two countries generations ago. There is, however, a vital difference in that Communism was not born in those placid days and the rest of the world had nothing to fear from an ideology which had then no dangerous political overtones. Today U.S.S.R. culture is primarily political. It is in this context that one has to view the revival, in right earnest, of the old relations between India and the U.S.S.R.

This year alone, 19 different delegations, apart from individual cultural workers of India, have visited the Soviet Union. They include the delegation of Deputies to the Indian Parliament, several trade union delegations, teams of doctors and journalists and a delegation of scientists headed by Dr. H. J. Bhabha. On its part, India has invited nine Soviet delegations—scientists, cultural workers, surgeons and lawyers. At the time of writing, a delegation of dancers and musicians from Soviet Uzbekistan is giving performances in different centres in our country. This delegation was preceded by a team of dancers and acrobats from different parts of the U.S.S.R., which came as part of the Russian visitors connected with the Soviet show at the Industries Fair.

Apart from these delegations, there have been exchanges of exhibitions. The Soviet Pavilion at the Industries Fair in New Delhi was undoubtedly a major attraction. Earlier, there was in Moscow an Indian arts and crafts exhibition. As many as 22,000 specimens were reportedy displayed. Last year Moscow

acclaimed an exhibition of Indian paintings and sculpture. Exhibitions of Indian literature and art have also been held in Leningrad, Odessa, Kiev, Lvov, Tbilisi, Alma Ata, Tashkent, Ashknabad and other places. In return, the U.S.S.R. Society for Cultural Relations, on its part, sent the following exhibitions to India this year: "Work and Life of Soviet Textile Workers", "Soviet Artistic Handicraft", exhibition of children's books and dolls at an international show in Delhi, and photo exhibition "Soviet Uzbekistan". The Indo-Soviet Cultural Society and a host of public figures in our country have been actively participating in these Soviet exhibitions. In the field of cinematography too Indo-Soviet relations have been steadily developing since 1951 when film producer Pudovkin and actor Cherkassov, visited this country. Thousands of metres of Soviet films have described to our audiences the life of the people of the U.S.S.R.

THE LOADED DICE

Infiltration of Communist ideology is inherent in the attempts to popularise Soviet culture outside the Iron Curtain; the dice here are certainly loaded. That explains Mr. Khurshchev's spirited defence of the Cominform and his refusal to liquidate this international organisation. In his view the work of Cominform "pursues the aim of exchanging information and experience of the struggle of the working class for their liberation, and creates trouble for those who want to maintain for ever the old obsolete system of exploitation of man by man". And he has asked, "for what reasons should the Communist parties give up the generally-accepted form of international contact and co-operation?" Therein lies both the danger and the restraint on danger in the Communist cultural impact. The U.S.S.R.'s cultural advances will be recognised in time for what they are—the exploitation of the spacious cultural achievements of the Soviet people for the political purposes of the Leninist revolution. To the extent that this recognition takes place—and some of it is so obvious that it cannot escape recognition—there will be an element of resistance which will hinder acceptance in the Indian Union. The U.S.S.R. plays with loaded dice in culture as well as everywhere; for her philosophy is an integrated whole which admits of no compartments. Therein lies our defence. The Indian people are mature enough to see the difference between Beauty and the Beast.

India and China: Cultural Contrasts

AS with Russia, so with China, free India has earnestly set about forging cultural links. There has, of late, been a liberal exchange of "cultural" and other goodwill missions from India to China, and vice versa, since traffic in culture, for international prestige at least, must be two-way. The performances of the ambassadors of culture on both sides have been admirable as single presentations. This has tended increasingly to hide the gulf in outlook which stands behind.

If a more enduring understanding between China and India is to fructify, there should exist some parallelism in cultural outlook. For this, it is not necessary to have similarity between the social and political systems in the two countries. A free inflow of literature, classics and social ideas which, in turn, can influence and enrich the culture of each is possible, provided only neither side feels the methods pursued by the other in the cultural field are repulsive. Can this be said of China?

THE FREE LIFE

We take pride in our democratic way of life, in our free institutions, in our religious and political freedom, in our classics and in everything philosophical, ancient and pristine. Our constitution is a spacious heritage which has contributed not a little to broaden our material and spiritual outlook and sense of tolerance. The rule of law is a bulwark of the Indian people who enjoy fundamental rights superior to executive decrees. There are no armies of forced labour. There is something like a free press and an unfettered public opinion, both of which contribute greatly to general enlightenment and the enrichment of arts and literature on a vast and varied scale.

"CULTURED" CULTURE

Contrast this with the state of affairs in Red China. One cannot form a correct impression of the condition of the common man in China from the fixed, professional smiles of their artists and diplomats who visit us from time to time. It is vital for our cultural enthusiasts to remember that the so-called cultural activities in China reflect—as they must—complete ideological and political uniformity with the Communist regime, which takes guidance from Moscow. Chinese classics have been denigrated and whatever trickles outside is a by-product of Chinese propaganda literature. Even school text-books are so prepared as to fit within the framework of a propaganda campaign for the "greatness of Mao and the Motherland". Chinese poets and writers, far from being able to draw on China's hoary past and its philosophy, and enrich literature, music and other arts to the benefit of mankind, are often directed towards propaganda production. As a result, many independent thinkers have retired into oblivion. History has repeated itself in this matter. During the Mongol epoch a large number of Chinese scholars, not finding enough security to carry on their avocation unhindered, withdrew from official life. They lived in seclusion with friends and devoted themselves to such kinds of work as would not offend their Mongol overlords.

The "direction" of culture can be illustrated by numerous special cases. More than one hundred and fifty great Chinese scholars have had to renounce their works because their works, written before the advent of the present regime, did not correspond to present needs. "Present-day" history classifies ancient literary products only from the view of Marxist ideology, sorting out ancient works like the Books of Odes, Confucius, Mengtzu, Laotzu and Li Po, into labelled contrasting groups—materialist or idealist, defenders of the worker or reactionaries, progressives or exploiters. Patriots of the past are caricatured as "pretenders" and "traitors". In all educational institutions, special insistence is laid on the political indoctrination of teachers, secondary and primary.

OLD STYLES IN NEW FORMS

Time was when the Chinese people passionately revered learning, revered the gods and the sages and produced literary and poetic works in praise of them. Buddhism found one of its most congenial environments in old China. From time immemorial, the pursuit of wisdom and the passion for beauty have been the characteristic features of the Chinese race. China's archaeological and cultural treasures have been handed down from the time of the Yin dynasty (17th to 12th century B.C.) from which China's recorded history begins. China's pottery, porcelain, lacquerwares, jade work, braiding articles, and wood and stone carvings, which have been unearthed from time to time, have demonstrably proved what a great civilisation must have existed ages past. Some of the exquisite works of

art displayed at the recently-held Chinese exhibitions in India have borne concrete testimony to China's glorious past.

It may be that the present People's Government is taking good care of the archaeological finds and taking measures to see that these treasures do not perish for want of care. So long as there is no political stamp in any of these ancient finds, the new regime could afford to be generous in their preservation and even extend patronage for their continued growth. But the big question is whether the political revolutions in China have released any great artistic originality. They have, at best, tended to give only added strength to ancient forms surviving themselves enough from generation to generation. This survival itself is, however, a miraculous phenomenon. It may be that the deep artistic impulse of the Chinese people is not affected by the acts of cultural tyranny of the Communist regime. It may be that when the fervour of the Revolution subsides, Chinese tolerance will rise again. But who can deceive himself on the point that Indian tolerance has no counterpart today in the People's Republic of China? Beautiful things still come out of China but they are coming out of the treasures of the past. The great stream of creative activity in culture is being dammed up. Ours, one hopes, is being unloosed

Communism and the Common Man in the West

By

ODYSSEUS

THE EXASPERATION that springs up between Indians and Europeans when they read about each other's attitudes towards communism in China and in the USSR, or when they try to discuss the issues at stake in foreign policy, seems to grow greater rather than less. And since this exasperation is an important factor in Indo-American and Indo European relations, it is worth while to try to trace its origins. The problem is one of mutual incomprehensions arising from different experiences.

In the first place, it is important to realise that until 1945-46, there was little difference between the attitudes towards the USSR of the common man in India, Europe, or America. Gratitude for what was hailed throughout the civilised world as the heroic resistance of the Russian people to Hitler's invasion was universal. In no country, not even the USA had any man any hesitation in proclaiming his admiration for the exploits of the Red army and his regard for "Uncle Joe"—a term of affection for Stalin. In no country, not even the USA, had any man any hesitation in admitting sympathy for the communist system. These are historic facts from June 22, 1941, when the Nazis invaded the USSR, until 1945-46. From then on, however, western wonder and dismay at Soviet policies began to harden into criticism and finally into animosity.

Before considering why this change occurred in the western attitude, it is vital to ask why it did not occur in India also. This was because with the end of the war in 1945, the political leaders were released from detention and Wavell initiated talks for the fulfilment of Britain's pledge of "independence under a constitution framed by Indians immediately after the war." The whole of India—or, to be more accurate, the whole of the middle classes and an unknown percentage of the rural masses—knew that the end of half a century of national struggle was in sight. In 1946, Congress and the Muslim League formed a government in New Delhi. With the arrival of Mountbatten on March 22, 1947, the pace became red hot: exactly 145 days later two new dominions emerged amidst scenes of turmoil. For the next three years India and Pakistan were engaged in re-organising their national lives amidst extraordinary difficulties which called for the greatest patriotism and energy. Never before had so many been so busy about so much. Is it any wonder that, concentrated thus on such a scale on his own internal affairs, the common man in India had little time to take in what was going on in a number of small, remote, eastern European countries of apparently little international significance, some of which he may hardly have even heard of? How many people could offer an outline of the history of, say, Bulgaria, or even name its capital city, let alone its principal exports?

When the pace of India's internal affairs began to slow down and the common man to have rather more time to take note of what was going on in far-off Europe, he was like a returning Rip van Winkle. His thinking on communism remained that of the pre-independence years. He was bewildered by the outbursts with which his views were greeted by westerners, who had, in the mean time, lived through cataclysmic experiences that had revolutionised their feelings towards the USSR.

When Churchill, Stalin, and Roosevelt met in Yalta in February, 1945, the Soviets had already installed a puppet government in Poland, and had horrified the West by allowing the Germans to massacre the Polish liberation forces in the siege of Warsaw. In Hungary, Bulgaria, Rumania, and Czechoslovakia, coalitions, including communists, were in power. If the communists did not control Greece, it was because, despite widespread criticism in the USA and even in Britain, Churchill had used British troops to defeat a large scale communist attempt to seize power. The aim of the West at Yalta was to ensure free elections in all these countries.

Save in Greece, not one free election was permitted. The first major breach in the Yalta agreement occurred within thirty days of its signature, when the Soviets forced the exclusion of the Liberal and Peasant parties which represented the vast majority of the Romanian nation and set up a communist controlled "National Democratic Front". In country after country to eastern Europe freedom was extinguished by Soviet intervention and the installation of Soviet satellite governments. The disappearance of Czechoslovakia and the liquidation of its well-loved and justly famous democratic leaders, was a particularly deep shock to the West, since in the inter-war years the Czechs had won the admiration of all the world for their sturdy democracy.

We may perhaps better appreciate the feelings of the West if we imagine that in 1945-46 China had overrun Indonesia, Burma, and Ceylon, forbidden all normal communications with these friendly neighbours, liquidated Achmed Sukarno, Ali Sastroamidjojo, U Nu, John Kotelawala, and Dudley Senanayake, set up satellite governments, and maintained in being armed forces several times the size to which the Indian army had been demobilised.

Throughout the world in the first post-war years, Soviet propaganda exploited prestige built up during the war, utilised the false impression created by communist propagandists that the war-time resistance movements were mainly communist, played on the universal desire of the Western peoples for more progressive or Leftist social policies. (Cf. the Labour victory in Britain), and on their reluctance after six terrible years of war to envisage even the possibility that the USSR threatened peace.

Soviet shocks to Western public opinion culminated in the attempt to starve by blockade the 2,500,000 inhabitants of Berlin into surrender to the Soviet camp—an attempt that was defeated by the Anglo-American air lift that lasted one year and flew in 1,500,000 tons of food, coal, and other supplies. The lifting of the blockade by the Soviets proved to the West as nothing before that what counts with the USSR is not soft words but hard deeds. The Soviets had thought the blockade of isolated Berlin a safe bet. They had not foreseen the determined air lift of all that was necessary to feed 2,500,000 men, women, and children. But the Soviets were realists and recognised when it was useless to go on. The lesson was not lost on the West.

As "The Economist" pointed out on May 14, 1949, the varied experiences of the previous two years showed what havoc the Soviets could have created in Western unity if they had tried to woo Western opinion instead of trying to frighten it. In 1948, for example, they speeded the European Recovery Programme through the US Congress by their coup d'etat in Czechoslovakia and the instigation of the strikes in France. They drove the West to co-operate in joint measures of defence, such as NATO, which were castigated by fellow travellers as "ganging up on the Soviets". But who was "ganging up" on whom? Did the West try to win over to their control by blockade any vulnerable satellite state or city? In what countries did Britain or America set up puppet governments? (In those years, the Soviets were fond of describing Pandit Nehru as a British stooge and the Delhi government as an imperialist puppet, but one gathers that the party line, as laid down in Moscow, has been changed since then). The facts are on record for anyone who looks up the newspaper files to prove that it was the Soviet policy of ruthless toughness (as illustrated in the minor but characteristic example of their refusal to allow the Russian wives of foreign husbands to leave the USSR—incidents incomprehensible to materialist Marxists but which profoundly touched the hearts of common men in Europe) that converted the West from the warmest feelings of friendship, through dismay and fear, to hatred of what now appeared to them as a tyrannical and dangerous regime which threatened all that free men hold dear.

The West Re-thinks Out Democracy

By

ODYSSEUS

THE COMMON WESTERNER, like his opposite in all countries, is far more conscious of his likes and dislikes than of the political theories by which his life is governed. The Communist threat has, however, evoked widespread revaluation of democratic ideas throughout the West, but for this we must look to the universities and to serious publications like the new British monthly "Encounter". Much solid thought on the strength and weaknesses of democracy has emerged in the past ten years, but its effects must inevitably be felt by the rising rather than by the older generations of common men to most of whom it must seem as strange and heretical as what they themselves imbibed in their youth seemed to their fathers. It follows that depending on when he left school, the average man's theoretical equipment may be ten, twenty, or thirty years behind the times, and, of course, millions who left school at the age of 14 or 15 may have no understanding of democratic values at all.

This gap in the average democrat's ideological equipment may have been less important before the rise of communism as an agressive, world-wide, anti-liberal force, but to allow it to continue today is suicidal, not only to the West but to a new democracy like India. In more civilised times, it was a mere misfortune to be taken prisoner of war. Today when the Communists "re-educate" (or "brain-wash") their prisoners, it is a personal tragedy and a danger to national freedom. See the British White Paper "Treatment of British Prisoners of War in Korea" (H.M. Stationery Office: 1955: Price Re. 1), a 41-page document the very detachment of whose presentation increases its horrifying effect. To expose ordinary decent youths (not to mention their relatives at home on whom, incredibly, the democratic British government allowed the Communists to bring pressure) to such terrifying possibilities without any previous education in the values for which they are fighting, is both cruel and dangerous. In their periods of compulsory service with the armed forces, the western democracies have opportunities, which they neglect at their peril, for classes in the meaning of democracy, citizenship, and in the histories of their institutions and culture. In India, we have no compulsory service, but at least every man in the armed forces (which here include the police) should be well grounded in the ideals and practices of the democracy enshrined in our Constitution.

In the space available, it is impossible to do more than hint at the trend of thought among western leaders who are re-defining democratic values but the consensus seems to be that the basic confusion of our times arises from identifying democracy with the assumption that the people are sovereign, an assumption from which the reductio ad absurdum would follow that if, for example, 51 per cent of the French voted for communism, France would have no option but to abandon liberal democracy in favour of tyranny. But one must, it is pointed out, differentiate between liberalism and democracy. Democracy, argues Mr. Peregrine Worsthorne in a forthcoming issue of "Encounter" which we have been privileged to see in proof, is about WHO should rule, and implies that the people will be ruled in accordance with policies consented to by the majority of the electors. Liberalism is about HOW the rulers should rule and implies freedom of speech and religion, respect for minorities, equality before the law, etc. "It has nothing to do with democracy as such". For example, the basis of British liberties was established centuries before the democratic idea of government BY the people (to be distinguished from the liberal idea of government WITH THE CONSENT OF the people expressed in periodical elections) was propagated into a popular dogma. The 1689 Bill of Rights is 200 years older than universal suffrage in Britain. The US Constitution ("We the People") was not drafted by "the people" (any more than was the Indian Constitution) but by a select few and was thereafter consented to by some 5 per cent of the population. It is therefore argued that democratic constitutions like the American did not set up popular sovereignty but the very different principle of government by consent.

The difference between the theory of consent and of popular sovereignty is held to explain the difference between totalitarian democracy (or Jacobinism) and

the free institutions of Britain and the USA. For if the authority to govern comes from the whole body of all the citizens, and if such a body can be created (e.g. in a legislature, Ministry, or Politbureau), then it IS the people and the idea of government by consent disappears, for if the legislature or the Ministry reflects the will of the people, then of course the people consent to all that it does. Q.E.D. What more do you want? Running through all the mystical clap-trap of the "totalitarian democrats"—Robespierre, St. Just, Lenin, Stalin—is the axiom "The people are sovereign: we represent the people. If you disagree with us, you are not of the people. You therefore have no place in a democracy and must be liquidated."

While some continental European thinkers from Rousseau through Marx downwards, have recognised the sovereignty of the people, British and Americans have paid but lip-service to the doctrine and have adopted "practical" attitudes towards it, arguing that the people may have been sovereign in a Greek city state numbering a few thousands, but that that sort of democracy cannot work in a state of many millions. Universal suffrage in Britain and the USA, it is urged, is a salutary brake on executive power, a check on tendencies towards despotism, but it is not the inspiration of executive action, nor the source of freedom. While the electors, as a brake on executive action, are vital to the preservation of liberty, there is no justification in history or in logic to assume that they have any role in the formulation of policies or in enlarging the sphere of freedom.

Apart from the necessity for extreme compression in their presentation here, the novelty of these views may cause them to seem heretical or even blasphemous to democrats of an older generation. They may be studied in detail in the recent works of such writers as Walter Lippmann. They emphasise the legislator as representative of the electors, sent to parliament to act in accordance with his conscience (presumed to be steeped in the liberal tradition) rather than as a delegate sent to carry out their behests. They release the legislator from the necessities of demagoguery. Secondly, the confusion arising in the minds of older men by the loose use of the word "democracy" may be dispersed in a younger generation educated in the distinction between the liberal principles of HOW people should be governed and the totalitarian principle of proclaiming the sovereignty of the people and then declaring the ruling clique to be identical with the people. According to the new theory, while a plebiscite may be a legitimate way of ascertaining whether the people are consenting to some policy, it can only be legitimate for objectives within a liberal democracy. The right of the people to vote themselves into tyranny is denied. The new theory challenges those who, acting "in accordance with the will of the people", propose to outrage all the liberal virtues. Democracy, it is proclaimed, is not the father of liberalism but liberalism the father of democracy.

Finally, men of an older generation will find that the Communist challenge has led Bertrand Russell, the veteran Socialist of the grand liberal tradition, to a revaluation of the classic principles of democracy. In "What is Democracy?" (Background Books: 1953: Price Rs. 2), he reveals his thought to be as fresh as ever.

The more that one contemplates the stream-lined democratic thinking that has emerged in the West under compulsion of the Communist challenge, the more is one struck by the conventional and archaic frame-work to which Communist thinkers cling.

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Conclusion

IT is now possible to draw together the threads of the entire discussion. It has been argued in the first place that there has been a marked shift in the placing of Indian foreign policy in the neutralist zone between the great power blocs. Today we find ourselves closer to the USSR and farther from the United States than ever before. This movement has been in part the consequence of a forward Soviet move in which India has been wooed as a "like" mind in the Soviet conception of "peace". In economic affairs this displacement of India from the rigidly neutral position has not at the present time any significant consequence. On the other hand, it might perhaps be wise to observe that, during the currency of the second Five-Year Plan, some protective measures will need to be taken to prevent a deterioration in our economic position

It is argued that while there is no error in principle in our entering into negotiations with the Communist countries for economic assistance and technical co-operation, there are limits in their capacity to supply whether in terms of capital, physical resources or technical skill. It would appear that even by 1961, there is not likely to be a shift in the volume of our trade with the Communist countries by more than about 5 per cent. Seeing that our relations with the Communist world are almost negligible at the present time, the question needs to be asked repeatedly whether any change in our relations with the Free World with whom 95 per cent of our trade will continue is justified for the purpose of fostering what still is something in the region between five to ten per cent of our total international interests. Equally there is every indication that the capacity and, in some respects, the quality of Communist technical assistance is so severely limited that it would be very unwise for us to be unduly dependent upon Communist sources of supply.

Thus the political and economic factors define limits on the extent to which it is in India's interests to play the pro-Communist hand. Irrespective of all other considerations, the important point that our security depends upon the seas on which the Communist powers cannot ride, and upon the physical supplies to be delivered over these same seas, implies that we can never let our seeming latitude in our foreign policy incline us too heavily on the Communist side. It is probable that the limits of this latitude have already been reached, and it may be that we are on the point of returning to an undisguised middle. There are signs also that the Free World is beginning to see that there is nothing basically dangerous in the movements of Indian foreign policy held strictly between the present amplitudes.

The real cause for misgiving is not in respect of errors which we have made, either in political or economic terms. We have no obligations to the other countries to be true to their philosophies. We have, however—both because of the spiritual values which we inherited in the Gandhian age, and because of the moral values which alone can enable us to judge ourselves truly—to consider how far we have compromised on our moral plane by compromise on certain fundamentals. So far as non-violence is concerned, we have tended to criticise military arrangements by other countries whilst maintaining a significantly large army ourselves. So far as totalitarianism is concerned, we have tended to hold back criticism believing that totalitarianism might conceivably be appropriate for other countries though not acceptable to us. So far as individual thought is concerned, India has tended to acquire, largely through the operations of her governing class, an element of regimentation in dress and behaviour which is, in some sense, a restriction of freedom of thought, though by no means imposed by political forces.

There is no reason to doubt the essential quality of individual freedom which is expressed widely in the Indian press which, unhappily is more free than creative. It is expressed in a wide range of activities concerned with the arts which, again, are perhaps more abundant than they are original. It is expressed, again, in a volume of political oratory which is perhaps more repetitive than morally convincing. Nevertheless, the broad currents are free currents. They may lack quality, but they do not lack the capacity to move.

What is unhappy is not the limitations on freedom within. It is the placing of unnecessary restraint on the capacity of Indian nationals to speak and feel on international affairs with the same freedom as the Prime Minister himself. The doctrine of Panchshila which has dominated Indian thinking in the international field in recent months bears more than a superficial impress of totalitarianism. Words such as "peace," "co-existence" and "integrity" are being employed increasingly as though they were slogans mechanically used. Worse still, since the USSR uses them as well as we do, we are in serious danger of being foisted with a foreign interpretation.

There is nothing that has been said which is designed to indicate that we have erred in any major field. It is hoped, however, that nothing has been said to induce complacency. We have been, on the whole, fortunate in the years of our independence; but the wheel of fortune is fickle. We cannot count on good fortune to last for long periods at a stretch. We must trust ourselves instead of trusting others. Perhaps we would find that if we to ourselves were true, we could not be false to any man.

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Area, Yield and Production of Cotton in U.S.S.R. 1925 to 1938

(also the goals of the Four Plans*)

Year	Area (*thousand hectares*)			Yield, unginned (*quintals per hectare*)			Production, unginned (*thousand tons*)		
	Total	Irrigated	Unirrigated	Total	Irrigated	Unirrigated	Total	Irrigated	Unirrigated
1925	592	592	...	9.5	9.5	...	565	565	...
1926	655	655	...	8.5	8.5	...	559	559	...
1927	752	752	...	9.6	9.6	...	718	718	...
1928	971	969	2	8.5	8.5	0.5	821	821	0.1
1929	1,055	1,045	11	8.2	8.3	1.4	864	863	1.5
1930	1,583	1,436	146	7.0	7.7	0.6	1,113	1,104	9.4
1931	2,137	1,783	354	6.0	6.8	2.2	1,290	1,212	78
1932	2,172	1,742	430	5.9	6.9	1.6	1,271	1,203	68
1932, goal of 1st Plan									
Basic	1,375	...	...	12.2	...	...	1,680	...	...
Maximum	1,529	...	...	12.5	...	...	1,910	...	...
1933	2,052	1,666	385	6.4	7.6	0.5	1,315	1,294	21
1934	1,941	1,578	352	6.0	7.3	0.7	1,172	1,156	26
1935	1,953	1,583	370	8.8	10.3	2.7	1,726	1,634	93
1936	2,034	1,588	446	11.8	14.7	3.7	2,393	2,275	118
1937	2,124	1,616	508	12.2	14.3	4.6	2,582	2,346	236
1937, goal of 2d Plan	2,040	1,677	363	10.2	12.0	3.0	2,125	2,016	109
1938	2,083	1,570	513	12.1	14.9	3.6	2,478	2,393	185
1940[a]	2,076	...	...	13.0	15.1	...	2,700	...	...
1942, goal of 3d Plan	2,115	1,555	560	15.1	19.0	6.0	3,150	2,811	336
1950, goal of 4th Plan (enlarged territory)[b]	1,700	1,517	183	18.4	19.9	5.0	3,123	3,032	91

* Various official data, chiefly as follows: 1925 to 1927 from *Statistical Handbook USSR, 1928*, Central Statistical Board (Moscow, 1929), p. 207; 1928 to 1932 from *Agriculture USSR, 1935*, Commissariat of Agriculture USSR (Moscow, 1935), pp. 400–402; 1933 to 1936 from G. Morozov, "Results of 1937 and Tasks for Cotton Growing in 1938," *Socialist Reconstruction of Agriculture*, March 1938, pp. 140 ff.; 1938 from *Socialist Agriculture USSR, 1938*, Gosplan (Moscow, 1939), p. 65. Goals of first three plans taken from the respective publications. Goals for 1950 from *Socialist Agriculture*, December 1946, p. 22. Sources are not in complete agreement, as will be seen by comparing figures in this table with corresponding ones in Chart Tables 25, 27, and 28. Furthermore, some minor discrepancies will be noted in this table in acreage-yield-output relationships.

[a] N. Anisimov, *Agriculture in the New Stalin Five-Year Period* (Moscow, 1946), p. 41.

[b] Yield and output in on-the-root terms.

Russia's Five-Year Plans: Agriculture Production and Income

(Billion roubles at 1926-27 prices)

Year, goal or actual	Gross production			Available for sale etc.[a]	Income from agriculture
	Total	Crops	Livestock		
1913, actual[b]	13.9	...	...	...	...
1927-28, actual					
Official: original[b]	14.5	9.2	5.3	...	8.9
Computed[c]	15.5	9.5	6.0	10.0	9.2
1932-33, goals of 1st Plan[b]					
Basic variant	20.7	13.2	7.5	...	12.5
Maximum variant	22.6	14.5	8.1	...	13.8
1932, actual					
Official[d]	13.1	9.8	3.3	...	8.4
Computed[c]	12.0	8.7	3.3	8.0	7.0
1937, goals of 2d Plan[e]	26.2	18.1	8.0	...	17.6
1937, actual					
Official	20.1[e]	15.1[e]	5.1[e]	...	14.9[f]
Computed[c]	18.4	13.4	5.1	12.2	10.3
1942, goals of 3d Plan	30.5[g]	20.6[g]	9.9[g]	...	23.4[g]
1938, computed[c h]	17.4	12.1	5.3	11.5	9.4
1940, actual					
Official[i] (undefined territory)	23.3	...	...	...	...
Computed[c h] (pre-1939 territory)	17.8	12.4	5.4	11.8	9.7
1950, goals of 4th Plan (enlarged territory)	29.6	...	...	...	...

[a] Available for sale and consumption in farm homes. See description, pp. 674–76.

[b] Data from *1st Plan*, I, 87, 133, 144, and 158. The value of gross production in 1913 is given (p. 144) only in pre–World War I rubles, here converted to 1926–27 rubles at the percentage increase used in the source for converting the value of 1927–28 production.

[c] Computed by the writer. See chap. xxviii, pp. 668–82, for discussion.

[d] Data from *2d Plan*, I, 427 and 464–65.

[e] Data from *3d Plan*, p. 198.

[f] Data from the official publication *National Income USSR, Its Formation and Computation*, Academy of Sciences USSR (Moscow, 1939), here quoted from *Quarterly Bulletin of Soviet Economics* (edited by S. N. Prokopovicz), March 1941, pp. 114 and 116.

[g] The *3d Plan*, p. 197, did not state the distribution of the total national income expected in 1942 by items except in percent of the total computed in terms of 1937 prices, having been careful not to state the total national income in terms of these prices. In 1937 prices, the income from agriculture amounted to 25.7 percent of the total in 1937 and was expected to be equivalent to 23.5 percent of the total in 1942. The figure for the income from agriculture in 1942 in the chart (23.4 billion rubles) is only an approximation, based on the assumption that, in terms of 1937 prices, the national income was supposed to increase from 1937 to 1942 by 73.2 percent rather than 82.3 percent, the expected increase in terms of 1926–27 prices. The national-income goal in terms of 1926–27 prices was correspondingly reduced to 164.9 million rubles. Of this amount 14.2 percent has been assumed to have been the expected income from agriculture according to the Plan. The percentage was obtained by reducing 15.6, the percentage that the official income from agriculture was to total national income in 1937 in 1926–27 prices, by 9.1 percent, the percentage by which the proportion of income from agriculture to total national income had to decline from 1927 to 1942 in 1937 prices according to the *3d Plan*.

[h] Normal weather conditions assumed.

[i] Implied in report of N. A. Voznesenskii, President of the Gosplan, to the Supreme Council of the USSR, Mar. 15, 1946, printed in papers of the following day.

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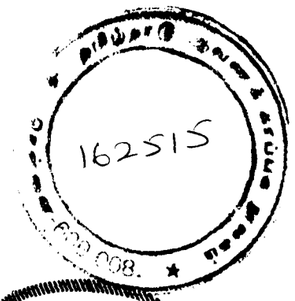
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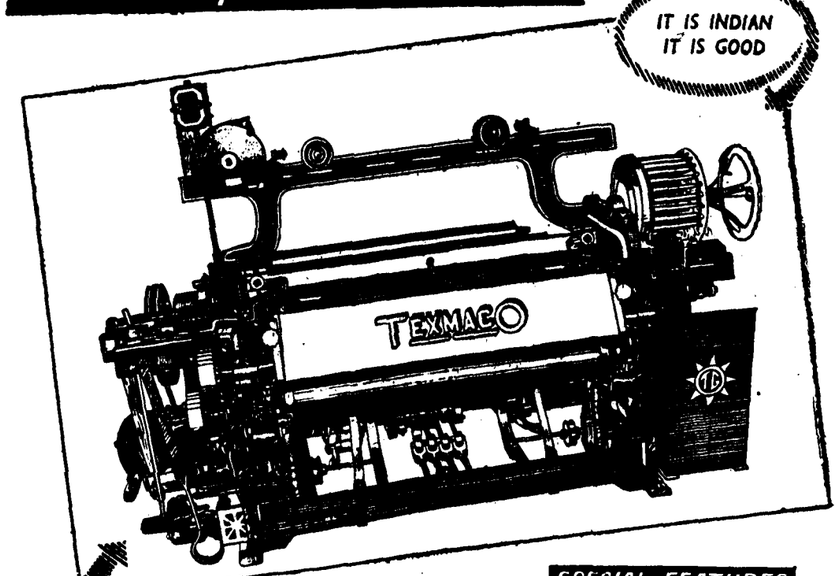
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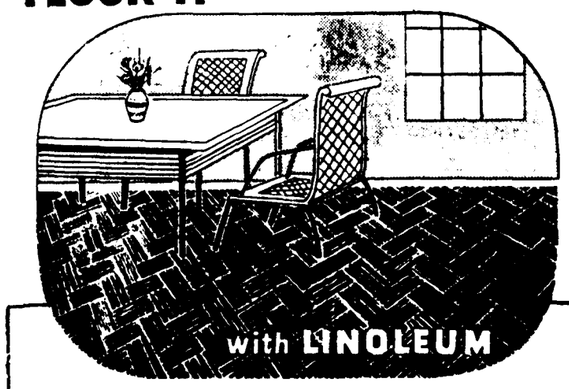
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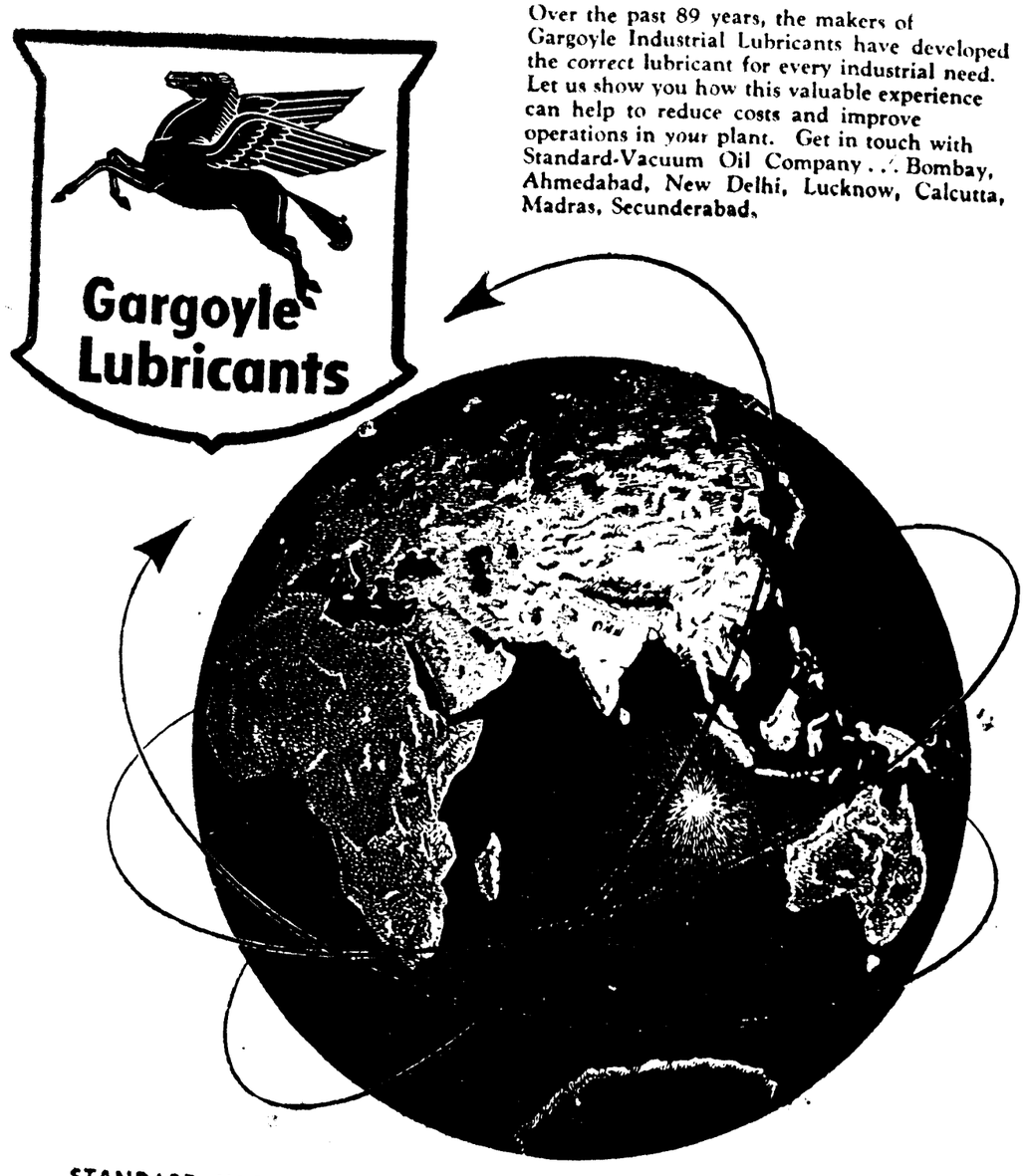
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The Indian Economy in 1957

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A Critical Year

THE year 1957 which has just closed has been, in many respects, a critical year. Not unnaturally, the spotlight rested on the Sterling Balances which have measured, as the months have gone by, the deepening foreign exchange component of the crisis. Quite often the mere magnitude of this foreign exchange crisis has distracted attention from real elements in the difficult internal economic situation with which the year has closed. It is clear—and even the Indian Industrial Delegation thought fit to stress this point—that, in some respects, the rupee capital situation is more difficult than the foreign exchange component. Wheather or not the Indian Industrial Delegation was right in assuming that foreign exchange assistance under certain circumstances, that can be obtained is substantial, it is almost certainly right on the rupee problem with one qualification.

During the year and, particularly in the last four months, there has been a miraculous rise in bank deposits without a corresponding rise in advances. The second element, namely, the restraint on advances, can be explained easily enough both by the fact that the Reserve Bank of India has brought suitable pressure to bear on the Scheduled Banks to exercise caution, and because the demand for money, where there was a foreign exchange component has, naturally, fallen when it was clear that the foreign exchange was not available. No easy explanation is, however, possible on the rise in deposits. It is true that the United States Commodity Credit Corporation loan has been translated into substantial deposits in the State Bank of India but only half—and it may be even less—of the spectacular rise in bank deposits can be explained in these terms. In any case, the fact is more important than the explanation. It might even appear that the rupee capital problem—which looms so large in terms of equity capital or even of Government loans—is now on the way to solution because of the disappearance of monetary stringency in the Indian banking system. It is, perhaps, the only silver lining in a difficult year.

Not indeed, that industrial production has not risen steeply but organised industrial production is still so relatively small a portion of the total picture of the Indian economy that one should not exaggerate this success. Other major indicators in the economy, particularly agricultural prices, and the inflationary elements associated with it reflected in consumers' costs of living, have shown an unhappy tendency.

If the high rate of investment, deficit-financed to some extent coupled with the feared deterioration in our food situation, impinged on the price structure, the heavy imports to meet the requirements of the second Plan were responsible for the steady decline in the country's foreign exchange resources, necessitating two amendments to the provision relating to the backing for our currency in the Reserve Bank of India Act in quick succession. However, there was one redeeming feature; it is that production by all the major industries, except a few, as, for example, the textile industry which reported lower production in the later months of the year, showed significant increases over the previous year. Though industrial production generally maintained its upward trend thus and agricultural production also went up as compared to the previous year, the combined effect of even both these developments fell far "short of the growth of demand initiated largely by the continued rise in the Government expenditure mainly on development". The Plan investment has been going up every year. While it was just Rs. 343 crores in 1953-54 and Rs. 476 crores in 1954-55, it was as high as Rs. 667 crores in 1955-56 and Rs. 761 crores in 1956-57. It is running currently at a higher (budgeted) rate still of nearly Rs. 900 crores! As a result, the money supply also has gone up from Rs. 1794.0 crores on March 31, 1954 to Rs. 2240.2 crores on August 31, 1957. Between them, the two factors have been responsible for generating considerable inflationary forces. Prices, particularly of food grains, rose continuously, bringing in the wake of this trend labour unrest and demand for higher wages. The situation on

the price front, however, became somewhat easy towards the end of the year, doubtless as a result of the series of anti-inflationary policies pursued both by the Government of India and the Reserve Bank of India.

At the same time the share markets have been visited by one of the steepest declines that has taken place in Indian history. There are some who recall the crash days of 1946 and 1947. 1957 has not, it is true, been so difficult. But almost certainly, there is worse to come in 1958.

Not all these difficulties are without their blessings. In one sense consolidation, when there has been an over-investment and over-extension of the economic system, is a necessary thing. It is not, however, clear with banking funds heavily employed in Indian industry how the process of consolidation is going to work out in the current year. 'The Eastern Economist' takes a bearish—though by no means an alarmist—view of this situation. It is essential both in the public and private sectors at this turning point that there should be prudence and caution, and no expression of bravado or excessive optimism.

Agricultural Production

NO programme or policy of the Government of India has been subjected to such continuous revision, assessment and criticism, during the year under review, as its food and agriculture policy, thanks to the sharp and abrupt rise in prices of food grains, especially in the first half of the year. Thus the general price index, which declined by 17.6 per cent between the middle of 1953 and mid 1955, rose by as much as 23.4 per cent by the middle of 1957.

This rise in prices and the sharp declines in the country's foreign exchange reserves served to add to the stresses and strains of the economy and to compel both the Union Government and the Central Banking authorities to take stronger and more varied measures to tackle the situation.

Although there was a decline in the overall agricultural production, during the agricultural year 1955-56, when compared to 1954-55 (which is attributed mainly to fall in food grains, particularly coarse grains, and in cotton and oilseeds) an assessment of the progress in the production of the important agricultural commodities during the agricultural year ended June 30, 1957 shows that the country is more or less well on the way to achieving the targets fixed in the second Five-Year Plan, given the continuance of the same degree of attention as is being evinced lately and the determined adoption of the measures adumbrated by the Government of India.

During the agricultural year 1956-57, which also coincided for the most part with the second year of the second Five-Year Plan, the overall index of agricultural production (with 1949-50 = 100) rose to 123 as compared to 115.9 in 1955-56, recording thereby an increase of 7.1 points, or 6.1 per cent. It may be mentioned here incidentally that the targets under the second Plan envisage an increase of about 27 per cent in five years or of 5.4 per cent per annum. It may also be recalled here that the original targets of 17 per cent increase in the agricultural production as a whole and of 15 per cent increase in food production were subsequently raised to 27.1 per cent and 23.8 per cent, respectively.

Except with regard to the 'rabi' pulses, for which only tentative estimates are available, final estimates are available for all the other food grains. According to these estimates, the production of food grains rose to 68.6 million tons, as against 64.9 million tons in 1955-56, which shows an increase of 3.7 million tons or about 5.6 per cent over the previous year. This means actually a higher rate of increase, albeit fractionally, over the 'pro rata' annual rate of rise of 4.8 per cent as envisaged under the second Plan. Among food grains, both rice and wheat showed record yields, exceeding even the previous peaks attained in 1953-54 in respect of rice and in 1954-55 in respect of wheat. Other cereals recorded an increase of about a million tons: 'ragi' and small millets also showed small increases. But there was a fall in the production of 'bajra'. Grams showed an impressive increase of about 11 per cent from 5.3 million tons in 1955-56 to 5.9 million tons in 1956-57.

The following table shows the production figures of principal food grains for 1955 56 and the final estimates for 1956-57:

	Unit	1955-56	1956-57	% increase
Food grains (in general)	Million tons	64.9	68.6	5.6
Rice	„	26.8	28.1	4.8
Wheat	„	8.6	9.1	5.8
Gram	„	5.3	5.9	11.0

In regard to commercial crops, the production of cotton went up from 40.0 lakh bales in 1955-56 to 47.2 lakh bales in 1956-57, showing an increase of about 18 per cent. It is noteworthy that, along with the total production, the proportion of long and medium staple cotton in the total cotton produced in the country also has gone up. The table below shows the proportion of long and medium staple cotton in the total cotton produced in India:

Staple length	1947-48	1950-51	1955-56	1956-57
Long	14.5	23.5	40.2	41.0
Medium	49.4	49.9	42.3	42.5
Short	36.1	26.6	17.5	16.5
All staples	100.0	100.0	100.0	100.0

A notable development of the cotton development schemes, apart from the continuance of the cotton extension work initiated during the first Five-Year Plan, was the introduction of Sea Island cotton, which is one of the best-known long-staple varieties. It is proposed to cover about three lakh acres with this variety during the next three-year period. The production of jute has been placed, according to the final estimates for the year, at 42.21 lakh bales, as against 41.97 lakh bales in 1955-56. Thus, the production of jute has registered only a small increase of about 24,000 bales. To achieve the Plan target of 55 lakh bales, therefore, more concentrated efforts to increase the production of jute are imperative. As a matter of fact, certain measures, such as the "campaign for top dressing of jute with ammonium sulphate", are already being taken, but this process needs to be further intensified.

As regards oilseeds, production has gone up by 5.7 per cent during the year, as compared to the previous, the relevant figures for the two years 1956-57 and 1955-56 being 60.3 lakh tons and 57.1 lakh tons, respectively. Similarly, the production of sugar cane went up to

AGRICULTURAL PRODUCTION

Estimated Area and Yield of Principal Crops

(Crop years ending June unless otherwise stated)

Crops	1951-52		1952-53		1953-54		1954-55		1955-56		1956-57	
	Area ('000 Acres)	Production ('000 Tons)	Area ('000 Acres)	Production ('000 Tons)	Area ('000 Acres)	Production ('000 Tons)	Area ('000 Acres)	Production ('000 Tons)	Area ('000 Acres)	Production ('000 Tons)	Area ('000 Acres)	Production ('000 Tons)
Rice (1)	73,713	20,964	74,056	22,537	77,318	27,769	75,949	24,531	76,864	26,864	78,174	28,142
Jowar	39,399	5,981	43,340	7,243	43,882	7,954	43,446	9,903	42,904	6,602	41,314	7,427
Bajra	23,522	2,309	26,613	3,142	30,145	4,475	27,983	3,421	28,024	3,379	27,542	2,926
Maize	8,179	2,043	8,908	2,825	9,561	2,991	9,311	2,939	9,116	2,554	9,244	3,020
Ragi	5,410	1,291	5,542	1,316	5,767	1,846	5,711	1,646	5,693	1,820	5,674	1,914
Small Millets	11,771	1,885	12,464	1,895	14,028	2,438	13,799	2,456	12,713	1,937	12,209	2,010
Wheat	23,404	6,085	24,286	7,382	26,394	7,890	27,517	8,778	30,386	8,569	32,891	9,068
Barley	7,807	2,330	8,021	2,882	8,719	2,905	8,309	2,870	8,382	2,794	8,594	2,744
Total Cereals	**193,205**	**42,888**	**203,230**	**49,222**	**215,814**	**58,268**	**212,025**	**55,734**	**214,082**	**54,456**	**215,642**	**57,251**
Gram	16,878	3,334	17,930	4,142	19,689	4,756	22,047	5,393	24,157	5,331	23,990	5,930
Tur	6,045	1,801	5,930	1,675	5,942	1,834	5,944	1,688	5,637	1,830	5,696	2,047
Other pulses	23,473	3,152	25,179	3,227	28,064	3,860	27,309	3,789	27,270	3,670	27,609	3,458
Total Foodgrains	**239,599**	**51,175**	**252,269**	**58,266**	**269,509**	**68,718**	**267,325**	**66,604**	**271,146**	**65,287**	**272,937**	**68,686**
Potatoes	617	1,685	629	1,961	635	1,925	658	1,736	693	1,839	—	—
Sugarcane (2)	4,792	60,660	4,272	50,190	3,485	43,709	3,994	56,923	4,564	59,317	5,019	66,890
Black Pepper	202	23	205	22	208	24	208	26	233	32	234	32
Chillies (Dry)	1,385	342	1,235	283	1,336	303	1,523	363	1,490	355	1,450	354
Ginger (Dry)	46	15	46	14	45	14	35	14	40	15	40	15
Tobacco	713	206	896	241	912	268	846	244	1,013	295	1,022	306
Groundnut (3)	12,151	3,142	11,848	2,883	10,945	3,391	13,548	4,128	12,692	3,862	13,101	4,086
Castor seed	1,437	106	1,326	102	1,346	103	1,394	124	1,405	124	1,403	129
Sesamum	5,942	445	5,874	464	6,351	554	6,501	589	5,653	457	5,433	451
Rape & Mustard	5,934	928	5,021	844	5,545	858	6,025	1,019	6,317	848	6,211	1,017
Linseed	3,409	328	3,366	366	3,428	379	3,354	382	3,781	414	3,758	349
Cotton (4)	16,201	3,133	15,713	3,194	17,265	3,944	18,684	4,227	19,978	4,001	19,834	4,723
Jute (5)	1,951	4,678	1,813	4,592	1,228	3,091	1,243	2,928	1,739	4,197	1,883	4,221
Mesta (5)	—	—	484	682	463	650	528	1,018	572	1,159	738	1,474
Tea (6)	782	641	778	675	775	589	779	649	—	—	—	—
Coffee (6)	230	55	230	48	232	56	234	59	—	—	—	—
Rubber (6)	148	32	169	36	—	45	172	43	174	50	—	—
Coconut (7)	1,545	3,336	1,549	3,310	1,564	3,881	1,589	4,082	1,597	4,097	—	—

(1) Production of Rice is in terms of cleaned rice.

(2) Production of sugarcane is in terms of cane and not gur.

(3) Production of groundnut is in terms of nuts in shell.

(4) Production of cotton is in terms of lint cotton and in thousand bales of 392 lbs. each.

(5) Production of Jute and Mesta is in terms of dry fibre and in thousand bales of 400 lbs. each.

(6) Production of tea, coffee, and rubber is in million lbs; figures of tea and rubber relate to calendar year.

(7) Production of coconuts is in million nuts.

Source: Ministry of Food and Agriculture.

about 67.5 lakh tons during 1956-57, as compared to 59.8 lakh tons (revised) during 1955-56, showing thereby an increase of about 12.8 per cent. The second Five-Year Plan envisages an increase of 34.5 per cent i e. from 58 lakh tons in the year 1955-56 to 78 lakh tons (in terms of 'gur'). In the case of sugar cane also, an intensive manuring campaign was initiated during the year. Under this scheme, about 14 lakh acres were brought under the top-dressing of fertilisers scheme during the year 1956-57. The production of crystal sugar has also gone up substantially during the year to reach 20.21 lakh tons of crystal sugar; in 1955-56, the production was 18.62 lakh tons.

Thus, contrary to popular belief, both food crops and commercial crops have recorded a sizeable improvement during the agricultural year 1956-57, resulting in an increase of 6.1 per cent in the overall agricultural production of the country in 1956-57, as compared to the previous year.

Notwithstanding this increase in production and all the efforts made to improve our agriculture during the first and the second Plans, it still remains the cinderella of our economy. Agricultural crisis, as this Journal has so often indicated, is the most severe economic problem of India. It may not be as bleak as the one depicted by the Asoka Mehta Committee, but it is certainly bad enough to warrant no complacency. For our per-acre yield is still the lowest in the world. Unless agricultural production is increased 'pari passu' with the development in other sectors of the economy, there is bound to be imbalance in the demand for, and the supply of, agricultural products, notably in food grains, which, in turn, will lead to a sharp rise in food prices. And yet the holding of the price line at a reasonable level is the 'sine qua non' for the success of the Plan.

In order to step up food production, the Food Grains Enquiry Committee has made a number of notable suggestions. Among them, the most important are those that relate to examination of major and minor irrigation projects, as also tube well projects, and those bearing on fertilisers and seeds. The Committee's recommendation to adopt the principle of "net benefits" for the fixation of water rates and the supply of irrigation water at concession rates during the first few years are among others that deserve careful consideration. So also are the recommendations to give as high a priority for repairing existing minor irrigation works as for the construction of new ones, to increase the number of seed stores, and to import more fertilisers or set up more fertiliser factories if import is not possible due to foreign exchange difficulties. In this connection, it is perhaps necessary to add that, to not an inconsiderable extent, the ideological and sentimental bias in the matter of land reforms has come in the way of higher agricultural production. Be that as it may, if the Asoka Mehta Committee recommendations, coupled with a good system of agricultural credit, are implemented, the prospects of more production may not be very remote. However, agriculture is one of the most intricate problems which God invented with this wonderful world. It is, therefore, to be hoped, as 'The Eastern Economist' has said ere now, that, one day, in His compassion at our terrible affliction, He will throw down the key which will unlock these mysteries.

AGRICULTURAL PRODUCTION

Index Numbers

(Base: Crop year ending June 1950=100)

Items	Weights	1950-51	1951-52	1952 53	1953-54	1954-55 (a)	1955-56 (a)	1956-57 (a)
I Food Grains								
(a) Cereals (1)								
i. Rice		35.3	87.9	90.1	96.8	118.6	105.5	112.7	118.1
ii. Wheat		8.5	101.1	93 9	112.7	120.0	133.7	130.5	138.1
iii. Total Cereals		58.3	90.3	91.2	101.4	120.1	114.0	113.7	119.4
(b) Pulses (2)									
i. Gram		3.7	98.0	88.2	109.2	125.4	142.2	140.6	156.4
ii. Total Pulses		8.6	91.7	90.3	98.8	112.0	117.3	112 3	120.9
iii. Total Food Grains ..		66.9	90.5	91.1	101.1	119.1	114.4	113.5	119.6
II Other Crops									
(a) Oilseeds (3)									
i. Ground Nuts		5.7	101.4	93.0	85.3	100.3	122.1	114.2	120.8
ii. Total Oil Seeds ..		9.9	98.5	97.4	91.9	103.7	121.7	109.2	115.9
(b) Fibres (4)									
i. Cotton		2.8	110.7	119.2	121.0	151.8	163.1	151.6	179.3
ii. Jute		1.4	106.3	151.4	148.6	100.0	94.7	135.7	136 5
iii. Total Fibres		4.5	108.6	128.3	128.4	132.1	141.2	148.3	168.9
(c) Plantation Crops									
i. Tea		3.3	103.8	109 6	115.4	100.6	110.7	113.3	113.4
ii. Coffee		0.2	112.3	112.7	126.9	146.5	148.1	197.1	222.8
iii. Rubber		0.1	93.8	94 4	106.1	131.8	127.6	133.5	139.2
iv. Total Plantation Crops ..		3.6	104.0	109.4	115.7	104.0	113.2	118.5	120.2
(d) Miscellaneous (5)									
i. Sugarcane		8.7	113.7	122.8	101.6	89.5	116.7	121.2	136.7
ii. Tobacco		1.9	97.3	78.0	91.3	101.5	93.9	98.1	97.7
iii. Total Miscellaneous ..		15.1	110.2	114.0	101.5	97.4	115.0	120.6	129.5
(e) Total Other Crops ..		33.1	105.9	110.5	103.8	104.7	120.4	120.7	129.8
III General Index		100.0	95.6	97.5	102.0	114.3	116.4	115.9	123.0

Source: Ministry of Food and Agriculture.

(1) Includes Jowar, Bajra, Maize, Ragi, Small Millets and Barley, besides Rice and Wheat.
(2) Includes Gram, Tur and other Pulses.
(3) Includes Groundnut, Sesamum, Rape and Mustard, Linseed, and Castor seed. (4) Includes Mesta.
(5) Comprises Sugarcane, Tobacco, Potato, Pepper, Chillies and Ginger. (a) Provisional.

Industrial Production

A STEADY rise in the tempo of industrial production has been one of the most notable features of Indian economy ever since the commencement of the planning era. This trend gathered further momentum during the second Five-Year Plan period, as is only to be expected, what with the stress on industries in this Plan. According to the review of the first Five-Year Plan, prepared by the Planning Commission and released only early this year, industrial production increased steadily during that quinquennium, the increase having been as much as 40 per cent. While production in some industries reached the anticipated levels, in a few others, such as cotton textiles, for example, it exceeded the first Plan target by a big margin. Thus, production of mill made cloth increased from 3,718 million yards in 1950-51 to 5,102 million yards in 1955-56, thereby exceeding the target by as much as 400 million yards. Similarly, cement production rose from 2.7 million tons in 1951-50 to 4.6 million tons in 1955-56. Apart from this, a number of new products came to be manufactured in this country for the first time. If only by way of illustration, mention may be made here of the more important ones, such as petroleum refining, ship-building, manufacture of aircrafts, railway wagons, penicillin, ammonium chloride and D.D.T.

In the public sector, while industrial units, such as the Sindri Fertilizer Factory, the Chittaranjan Locomotive Works, the Indian Telephone Industries and the Integral Coach Factory, recorded progress, the steel plants, the heavy electrical equipment plant (which could not even be commenced in the Plan period) and others, such as the Nepa Newsprint Factory and the Machine Tool Factory, were much behind schedule. The following table gives a synoptic view of the trends in certain major industries during the first Five-Year Plan period:

Industry	1950-51	1955-56	% Increase 1951-1956
Finished Steel (thousand tons)	976	1,274	30.5
Pig Iron (thousand tons) . .	1,572	1,787	13.7
Cement (thousand tons) . .	2,689	4,592	70.8
Locomotives (Numbers) . .	3	179	
Automobiles (Numbers) .	16,519	25,272	53.0
Diesel Engines (Numbers) .	5,536	10,369	87.3
Cotton Yarn (million lbs.) .	1,179	1,633	39.0
Mill cloth (million yards) .	3,718	5,102	37.2
Handloom cloth (million yards)	810	1,449	79.0
Sugar (thousand tons) . .	1,064	1,701	59.9
Jute manufactures (thousand tons)	824	1,054	28.0

Overall, however, the first Five-Year Plan may be said to have firmly laid the foundation for an even bolder Plan. This contributed in the main to the rise of national income of our country by about 17.5 per cent over the five years 1951-56.

Evidently encouraged by the success of the first Five-Year Plan and genuinely believing that the required background had been created for a bold and ambitious industrialisation programme, the Government of India launched its second Five-Year Plan, having a pronounced bias towards industrialisation, in the year 1955-56. Maybe as a result of this, India's industrial production reached an all-time high in 1956. The index for industrial production, with 1951 as the base year, improved steadily from 103.6 in 1956 to 105.6 in 1953 to 112.9 in 1954, to 122.1 in 1955 and to 133.0 in 1956. It is gratifying to note that the index of production during the first six-month period of 1957 was even higher than the average index for the whole of 1956. The average general index for the first half of 1957 works out to about 148.8.

With this background we may now proceed to study in detail the performance of some of the major industries of India in 1957. Both by virtue of the pride of place which the planners have accorded to it and by reason of the huge capital investment involved, steel occupies a unique position in the Government's programme of industrialisation. Naturally, the three steel plants, each with a million tons ingot capacity, coming up in the public sector, have saddled the Government with special responsibility, especially now that their costs are again expected to go up substantially. The most recent reports show that at least one of them — Rourkela — is in a rather poor shape. This is attributed to dearth of personnel — technical and otherwise — to man this first steel plant to be conceived in the public sector. Work at Bhilai, on the oher hand, is said to be progressing satisfactorily. But it is at Durgapur, we are told, that construction work has been going on remarkably well, so much so that it is the only one of the three steel units in the State sector that is expected to be ready exactly according to schedule, provided, however, that there is no labour unrest and there is maximum co-operation by the railways. In any case, in order to achieve the target of the second Five-Year Plan and raise the production of finished steel from the present level of 1.3 million tons to 4.3 million tons by 1960-61 as envisaged, the twin problems of technical personnel and efficient organisation need to be tackled squarely and urgently.

In the private sector, the Tata Iron and Steel Company — India's biggest private enterprise unit and the largest steel producer — has been contributing substantially to the country's wealth in the last half a century of its existence. Thus, since its inception 50 years ago, it has produced as much as 22 million tons of steel. It has now embarked on a vast expansion programme to reach its two million-ton target as early as possible. This two million-ton project includes, within its compass, every aspect of steel making — from the mining of the ore to the rolling of finished products. Further, the Tatas propose to have a blast furnace with a 28-foot hearth which will, incidentally, be the largest in Asia and have an additional capacity of 1,650 tons a day. Such a huge expansion programme needs large sums of money. Fortunately, the World Bank is showing the utmost interest in this expansion programme of the Company and has agreed to raise the amount of the present mortgage up to $110 million.

The two other steel units — the Indian Iron and Steel Company, in the private sector, and the Bhadravati Steel Plant (in the public sector)—the expansion of which is one of the major schemes of the State Government of Mysore — are also making remarkable progress. While the production of iron of the Indian Iron is in the neighbourhood of 695,156 tons, that of Bhadravati stood at 30,300 tons of finished steel and 52,400 tons of pig iron in 1955-56. The total production

of steel in India, according to the latest official figure, is 670,400 tons for the first half of 1957. The iron and steel industry has thus not only made notable progress in the past but its future also is quite promising which is as it should be as the appetite for steel has been growing.

Next only to steel in significance, cement occupies a very important place in the industrial set-up of any country. This dynamic industry of India, which is mostly in the private sector (out of 28 units, only 2 units belong to the public sector) has produced spectacular results. Cement production has gone up from 593,000 tons in 1932-33 to over six million tons in 1956-57 — an achievement of which Free Enterprise can well feel proud. The following table shows the pattern of growth of the industry in the first Plan period:

('000 tons)

Year	Installed capacity	Production	% capacity utilised
1950-51 . . .	3,280	2,689	82.0
1955-56 . . .	4,931	4,593	93.1

The first Five-Year Plan envisaged a rise in the rated capacity of the cement industry from 32.80 lakh tons available in 1950-51 to 53.06 lakh tons by 1955-56. The last year of the first Plan actually saw the achieving of the expected production level by the industry and now, that is in the first six-month period of 1957, —that is the first year of the second Plan—production has reached 26.76 lakh tons. The second Plan has, indeed, envisaged a very big programme, namely, to increase the capacity to 16 million tons or three times its capacity in but one five-year period, which involves an investment of Rs. 1,000 million. This would have been easily found by the industry itself, had there been no interference in the affairs of the industry. Unfortunately, the industry has been weighed down by the Old Man of the Sea in the form of the State Trading Corporation. The Corporation has become the sole trader and distributor of cement in the country. What effects the continuance of this none too satisfactory arrangement will have on the fortunes of the industry in future years remains to be seen.

The performance of the cotton textile industry — India's largest organised industry — especially in the first Plan period was, by all accounts, praiseworthy. The target of 4,700 million yards fixed by the Planning Commission was exceeded by a big margin; the actual production of the mill sector in the last year of the first Plan being 5,000 million yards. Under the second Five-Year Plan, the target for mill cloth was originally fixed at 5,000 to 5,500 million yards, with the export

THE REVISED INDEX OF INDUSTRIAL PRODUCTION

(1951=100)

Year and month	General Index	Coal	Cotton Textils			Jute	Chemicals	Cement	Iron and Steel	Gen.* Engineering	Paper	Sugar	Tea	Electricity
			Total	Yarn	Cloth									
		2	3	4	5	6	7	8	9	10	11	12	13	14
1952 ..	103.6	105.6	102.3	103.0	102.0	107.6	117.9	110.7	102.2	92.8	104.2	134.0	98.6	104.5
1953 ..	105.6	104.5	109.1	108.4	109.5	101.1	130.0	118.3	95.7	108.9	105.9	115.8	96.7	113.1
1954 ..	112.9	107.2	110.9	113.5	109.5	107.3	141.1	137.6	113.2	151.9	117.7	97.4	102.0	127.0
1955 ..	122.1	111.4	111.9	117.3	109.2	118.9	159.0	140.4	113.3	183.3	140.2	143.0	106.2	131.2
1956 ..	133.0	114.9	117.5	122.0	115.2	127.3	171.1	154.2	119.4	218.1	140.6	175.1	106.0	164.1
January 1956 ..	122.9	110.0	107.7	112.4	105.4	121.2	164.3	148.2	116.7	179.3	142.9	133.2	115.2	152.3
February ..	134.2	123.5	118.9	123.3	116.7	135.2	172.7	155.7	125.9	204.8	141.7	127.2	122.8	161.2
March ..	128.6	115.7	111.0	115.2	108.9	135.6	162.7	159.1	121.5	207.3	144.9	151.3	97.0	160.9
April ..	134.8	114.6	115.2	118.6	113.5	132.3	165.0	150.8	116.6	207.4	143.4	291.3	84.0	162.3
May ..	151.0	114.1	118.6	118.1	118.8	138.6	161.7	154.4	108.7	213.4	147.4	601.3	111.4	166.1
June ..	200.3	113.6	121.7	123.7	120.7	139.7	177.2	158.4	109.9	220.8	145.5	1,604.4	116.5	165.5
July ..	153.1	108.9	122.3	126.2	120.3	120.4	167.1	146.1	121.7	220.2	149.9	590.2	124.8	160.5
August ..	133.2	113.8	114.9	120.7	112.0	123.7	172.4	146.9	122.6	227.1	145.5	194.8	116.0	159.6
September ..	146.4	111.1	125.8	130.5	123.4	120.9	174.7	152.5	120.6	226.7	149.1	353.4	113.0	163.9
October ..	131.9	109.3	116.2	122.4	113.2	111.8	170.6	138.1	117.4	220.0	143.4	231.7	105.5	165.8
November ..	142.3	118.2	115.1	122.5	111.5	120.4	175.9	157.3	124.6	240.7	148.9	369.9	96.1	168.4
December ..	136.1	126.6	122.4	130.7	118.2	118.7	177.1	169.7	120.9	239.3	157.3	191.7	58.1	177.2
January 1957 ..	139.9	124.4	122.4	130.8	118.2	123.8	179.6	169.0	129.3	247.1	156.0	135.6	131.5	174.1
February ..	142.7	133.6	122.7	133.1	117.5	123.5	186.8	174.4	121.1	252.9	157.7	128.0	139.3	180.0
March ..	138.1	125.3	116.0	126.8	110.6	117.3	180.1	181.0	122.1	259.8	154.2	169.7	123.6	176.3
April ..	147.7	132.1	122.2	133.4	116.6	124.0	185.1	173.7	120.2	269.6	155.5	326.8	92.8	186.7
May ..	156.2	130.1	114.6	126.4	108.7	121.1	175.2	165.1	115.6	247.4	154.1	692.7	87.8	186.8
June ..	168.5	118.0	109.4	120.0	104.1	114.2	160.9	149.6	109.7	224.4	154.7	1,090.2	110.8	186.0
July ..	162.3	114.3	116.6	127.9	110.9	118.4	176.0	156.5	113.9	231.8	159.2	800.8	125.4	186.0
August ..	140.1	115.8	108.6	121.9	101.9	112.7	172.9	165.6	116.7	212.9	160.7	423.8	106.5	185.0
September ..	..	129.3	118.3	132.0	111.4	121.6	..	168.3	..	..	..	..	113.0	..

* General Engineering including Electrical Engineering. **Source:** Directorate of Industrial Statistics, Calcutta.

goal being fixed at 1,000 million yards. In June, 1956, the Government of India announced its revised cloth policy, according to which the 1960-61 target was stepped up slightly, that is to 5,350 million yards for mill cloth, 2,200 million yards for handloom cloth produced from mill yarn and 300 million yards for handloom cloth produced from Ambar Charkha yarn, and 400 million yards for powerloom cloth production, while a quota of 150 million yards was held in reserve to be allocated later. Thus was visualised an overall total production of 8,400 million yards, out of which 1,000 million yards were earmarked for export. The performance, both in 1956, when the production stood at 5,306 million yards, and for the major part of this year, was good. Though the output was just 4,025 million yards up to the end of September, 1957 and this compares favourably with the previous year's production, textile circles genuinely feel that the whole year's production in 1957 may not exceed the 1956 mark, as the tempo of production has been adversely affected lately by the mounting cloth stocks, thanks to the onerous excise duty. A substantial and permanent cut in this duty seems to be the only remedy that can answer the daily worsening situation in this industry.

In a developing economy such as ours, the electricity supply industry naturally gets precedence over other industries. For it provides power, which is so vital to the running of the entire economic machine of the country. In view of the low 'per capita' power generation in India, which is just 25 kw. as compared with 6,500 kw. in Norway, 4,860 kw. in Canada, and 3,520 kw. in the U.S.A., this industry should not only be given top priority but also be assisted by suitable fiscal concessions. Apart from this, rural electrification in a country of continental dimensions such as ours demands more and more power generation. Our hydro-electric potential has been estimated at 35 million kilowatts, but, out of this, only 0.56 million kw. had been exploited up to the commencement of the first Plan; the first Plan has added just another 0.4 million kw. The second Five-Year Plan, however, envisages an increase of 2.1 million kw. by 1960-61, which would raise the total installed capacity of the hydro-power of the country to 3.06 million kw. Though, in all future development of power, the emphasis is likely to be on the expanding role of the State Sector, the private sector too has a vital role to play. In the case of such an important public utility like this, the Government should examine very carefully, and in a realistic way, the repurcussions of its policies, especially taxation policies.

Among the transport industries, spectacular progress has been recorded by the automobile industry. The present annual rate of production is about 33,000 vehicles, as compared to the production of 23,000 vehicles in 1955 and less than 15,000 in 1954. As against the output of 14,800 in the first half of 1956, as much as 16,600 automobiles of different types were produced in the first half of 1957. Similarly, the total number of bicycles manufactured during January-June 1957 was 381,500, which was nearly a lakh more, compared to the production in the corresponding period of 1956. The production of diesel engines also went up to 7,076 in the first half of 1957 from 5,656 in the corresponding period of last year.

In the sugar industry too, production has been steadily on the rise. The output rose from 14.86 lakh tons in the first half of 1956 to 15.62 lakh tons in the corresponding period of 1957. The target of sugar production was fixed at 5.0 million tons by 1955-56 and 6.5 million tons by 1960-61. On the recommendation of the Development Council for Sugar, the installed capacity of the industry was raised by 0.5 million tons for the second Plan period in order to bring it to 2.5 million tons of sugar. Accordingly, as many as 69 licences were granted to existing factories for effecting expansion, while 54 licences were granted for the establishment of new factories, many of which are in the co-operative sector.

Among others, the production of coal has increased by two million tons during the first half of the year, as compared to the first half of 1956. Perhaps this would have been higher still, had it not been for the inhibiting and restrictive policies of the Government, the worst of which was the fear of nationalisation. Old King Coal is no longer the merry old soul of old. The production of machine tools increased by 100 per cent during the first half of this year; the value of machine tools output was a little over Rs. 1 crore, as against Rs. 2.45 lakhs in the comparable period of last year! Similarly, the production of radio receivers and electric fans increased by 20,800 and 82,000 units, respectively, during January-June 1957, as compared to the first half of 1956. Likewise, while the production of electric transformers rose from 401,000 kva to 568,000 kva, that of electric motors increased from 160,800 H.P. to 212,200 H.P. between the first half of 1956 and 1957. The output of several other industries, including salt, razor blades, cigarettes, soaps, soda ash, tyres and tubes also recorded sizeable increases during the year.

It is only proper to conclude this brief review of industrial production in India in the year 1957 with a note on the prevailing economic climate in the country. For only a climate conducive to investment can ensure rapid development — both in the agricultural and in the industrial fields—of the magnitude envisaged in the second Five-Year Plan. Unfortunately, the year 1957 saw measure after measure, in quick succession, which had the cumulative effect of rudely shaking the confidence of the private sector. The ever-increasing scope of the State Trading Corporation — a constant source of apprehension to the private sector — the levy of new taxes, especially the application of wealth tax to joint-stock companies, the compulsory deposits scheme, and the growing labour unrest, to mention only a few, sufficed to chill the enthusiasm of the investor and the entrepreneur alike. No wonder then that there was an utter collapse of confidence, when the Union Finance Minister presented his momentous mid-May budget this year imposing a host of taxes — direct and indirect. Both in volume and incidence, these taxation proposals have earned the description of being unique and unprecedented. As if this were not enough, and notwithstanding the strong exceptions taken not only by leading captains of industries, who too are equally interested in the country's economic development, and men of eminence such as the World Bank Chief, the Government of India has been continuously encroaching on the spheres of Free Enterprise and has been appropriating to itself more and more fields of industrial and trading activity, regardless of whether it has the requisite personnel to man the new undertakings. Yet responsible spokesmen from the Prime Minister downwards go on reiterating that they recognise the part played by the private sector and also pompously add that it has an honourable place in the country's economic set-up. In short, the Government's efforts in the year 1957 to enthuse the business man have been more on the negative side than on the positive, so much so that the commercial community seems to have almost despaired of the Government changing its attitude towards Free Enterprise, 'pari passu' with its reassuring pronouncements. It is high time, therefore, that the Government restated clearly its economic policy in the light of its present difficulties and the experience gained by both the Indian Industrial Delegation and the Krishnamachari Mission abroad. In particular, as the resolution

on taxation adopted by the Associated Chambers of Commerce, a few days ago, says, "If foreign investment is to be attracted to Indian Industry, early action is essential with the object of reducing corporate taxation to levels more compatible with the requirements of a country engaged in promoting rapid industrialisation in competition with other countries for the limited capital resources of the world."

Investment Trends

WITH the end of 1957 also comes to a close probably one of the worst years for our Stock Exchanges in the living memory of many. There was not a single month, nay, not even a single week, when the investor could breathe freely and heave a sigh of relief from fresh shocks. The market was receiving successive doses from one quarter or the other—from labour this time and from the Government next—which effectively paved the way for what has appropriately been described as the "collapse of confidence". Of the many-sided economic crisis that the country is facing today, this one of investment confidence is perhaps the most significant, inasmuch as it leaves behind its effects both in the short run and in the long run.

Yet it is unfortunate that such a vital facet of our economic problems as this does not seem seriously to bother the powers-that-be. This crisis of confidence stood out vividly during 'Diwali'. The 'moorat' trading in 1957 was amongst the dullest that one has known for years. Again, the index number of (variable dividend) industrial securities, with 1949-50 as the base year, recorded a fall of more than 23 points over the last 12-month period—between December 1, 1956 and November 30, 1957—which indicates the enormous capital loss suffered by the investors, individual and institutional alike.

The following table gives a synoptic picture of the capital loss, under various heads during the year:

(1949-50 : 100)

	30-11-57	1-12-56	Increase (+) or Decrease (—)
Variable dividend—industrial securities	98.3	121.4	—23.1
a) Financial	93.3	94.3	— 1
b) Public utilities	104.0	110.8	— 6.8
c) Manufacturing industries	101.7	131.2	—29.5
d) Non-manufacturing industries	113.5	151.7	—38.2
e) Miscellaneous	72.6	99.3	— 6.7

That such should be the state of our capital market, even under the stimulus of a remarkably expanding economy is, indeed, paradoxical. But there is a convincing explanation, and the reasons for this steep decline in values in shares, during the year under review, are not far to seek. If, in the beginning of the year, the market was left guessing and preparing for the onslaught of the May budget, for the whole of the next two quarter it had to reckon with the severe jolt from that budget and from the disappointing report of the Select Committee on the Wealth and the Expenditure Tax that followed. In the second half of the year, especially towards the end, the crisis in the textile industry and the Lok Sabha discussions about the Life Insurance Corporation's investment policy were enough to chill the most robust among investors. As if these were not enough, there was also labour unrest throughout the country in general and in Kerala in particular. Labour unrest, stringency in the money market, dearth of savings, and the usual threat of nationalisation, with or without provocation by our politicians, lack of a clear economic policy vis-a-vis the private sector, and the serious disequilibrium in our economic system were among the other contributory causes that influenced the course of trading on the stock markets. But by far the most important single bearish factor that affected the market psychologically very adversely for the major part of the year was the mid-May budget. The initial reaction to this Herculean effort of Mr. T. T. Krishnamachari, the Union Finance Minister, to salvage the second Five-Year Plan and to tow the nation towards the Avadi ideal, was very sharp. Equity values slumped by as much as 10 per cent. On a paid-up capital of Rs. 67.81 crores belonging to about 22 important companies of Bombay, Madras and Calcutta, the investors suffered as much as Rs. 37 crores! The debacle that manifested itself after the announcement of the budget was verily unprecedented and reminded one of the reactions to the late Liaquat Ali Khan's Budget, presented in 1947.

The following table shows the effect of the Budget on some of the leading scrips traded in on the Bombay Stock Exchange:

Name of the Share	Pre-Budget Closing May 15, 1957 Rs. nP.	Lowest after Budget Rs. nP.	Closing in May 16, 1957 Rs. nP.
Tata Ordinary	165.75*	145.00	153.50
Indian Iron	19.50*	16.50	17.20*
Bombay Dyeing	531.00	491.00	509.00
Century	444.00	390.00	406.00
A.C.C.	158.75	142.00	146.00
Tata Loco	150.00	134.50	144.50
Tata Oil	44.00	41.00	42.50

* Ex-right.

The most regressive, iniquitous and objectionable of all the tax proposals were the two new taxes, namely the Wealth and the Expenditure Taxes and, more especially, the application of the former even to joint-stock companies. It is surprising that the Select Committee on Wealth Tax never cared to exempt all the companies from the obnoxius measure, despite the country-wide agitation, and all this at a time when capital formation is known to be the dire need of the hour.

Among the scrips that suffered very heavily, particular mention must be made of the landslide in plantation scrips in the beginning and in textile shares towards the end. Almost all the leading textile shares had more sellers than buyers. If the reason for the debacle in plantation shares was due to the Award of the Special Industrial Tribunal for Plantations' that raised the daily wages of Madras plantation labour from Rs. 1-7 to Rs. 2-4 with retrospective effect from March, 1952 (which, however, was later settled amicably, thanks to the mediation of the Madras Minister, Mr. Bhaktavastalam), continued labour unrest and the talk of nationalisation of plantations by the Kerala Government, the crisis in the textile industry was due mainly to the accumulation of stocks. Ever since the enhancement of the Excise Duty in September, 1956 with the objective of mopping up the excess profits and domestic consumption, the textile industry and the shareholders of cotton mills are having a very bad time, thanks to the abnormally low demand leading to accumulation of stocks. In sympathy with the textile shares, the market as a whole, particularly in Bombay, remained pronouncedly depressed. In Calcutta, the foreign exchange situation and the severe restrictions on imports, coupled with the other reasons already noted, such as labour unrest and stringency in the money market, contributed to the unrelieved sluggishness. Thus, all the principal markets—Bombay, Calcutta, and Madras—ruled distinctly bearish, for the whole year, for one reason or another.

Two other developments in the capital market deserve mention even in this brief and cursory review of the trends in investment in India in 1957. The first one relates to the coming into force of the Securities Contracts (Regulation) Act, which is intended to control and regulate speculative activities. The second one—and perhaps a very, if not the more, important one—relates to the increasing dependence of the market on the operations of the Life Insurance Corporation these days. Admittedly, this is not a healthy trend at all. For it makes the market an appendage of the L.I.C. and not a barometer of the economic health of the nation, as it really ought to be.

In retrospect thus, it seems that, in the formulation of the various economic policies—monetary, fiscal, labour, import, and taxation—little thought is given to the plight of the investor. The result has been a lethal blow to the confidence of the investor. It is hardly necessary to stress here that the revival of 'entrepreneurial' and investment confidence and the creation of a conducive economic climate are all the more urgent and imperative today, as these are the necessary pre-requisites to the attracting of foreign capital, without which the success of the second Five-Year Plan can hardly be assured. Hence it is that the Indian Industrial Delegation, after its visit to the USA and other Western countries, has very rightly emphasised this point. Only a re-evaluation of the place of the Indian investor in this country's economic set-up and a clear and unequivocal economic policy, free from all impracticable ideologies and unrealistic sentiments, can extricate us from our present plight, and this brooks no delay whatsoever.

Money and Banking

THE most important problem that faced the monetary authorities during the year 1957 was that of restraining domestic inflationary pressures. Since taking stock of the position last year, the situation has greatly changed and changed for the worse. Even the authorities have not minced matters in referring to this deterioration. Addressing the joint informal discussion on "Current Problems of Credit and Fiscal Policy" in Washington, recently, in connection with the Twelfth Meeting of the I.M.F. and the World Bank, Mr. H. V. R. Iengar, Governor of the Reserve Bank of India, made it clear that the price situation in India had begun to cause concern and he listed the number of factors that brought about this state of affairs. First, unlike during the first Plan period, food production has not increased beyond the peak reached in 1953-54, with the result that food prices have risen due to inter-play of lower food output and increased population. Secondly, thanks to the rises in prices in the Western world, the Suez crisis and the rise in freights, India has had to run down her foreign balances by more than the targeted amount under the whole of the second Five-Year Plan in less than two years, and this notwithstanding the recourse to the I.M.F. for $200 million of foreign exchange. But all this has happened, as Mr. Iengar remarked, primarily because of the gathering momentum of development.

However, according to the authorities, the situation cannot still be called serious, in the sense in which it can be said in respect of, say, a developed economy in similar circumstances. Nevertheless, it must be admitted that the powers-that-be are fully siezed of the problem and there are no two opinions in the country that the fundamental aim of the monetary and fiscal policy should be not only vigorously to control the developing inflationary pressures but to avoid fresh inflationary pressures. And in this context, it has been noted, and rightly so, that, in controlling inflation in India, account must be taken of some of the peculiarities of this country's monetary and banking framework. In this respect, it may be noted, India differs not only from the industrially advanced countries of the West but from some of the neighbouring countries of Asia as well. The main difference is to be found in the degree of monetisation of the economy as reflected in the capital market, the banking system and bank credit. Hence the relatively greater importance of currency even in a relatively advanced Asian country like India than in Western countries. This is clearly reflected in in the ratio of currency to total money apply; this was 67 per cent when India's first Five-Year Plan was inaugurated, and, even today, it forms about the same percentage. Particular mention has to be made of this feature, if only to point out the limitations of the extent to which the monetary policy of the Reserve Bank of India can be expected to make itself felt. Notwithstanding this, it must be said to the credit of the Reserve Bank that it has been able to pursue an effective policy by employing all the traditional weapons open to it.

From what has been stated so far, it should be obvious as to why India has not exactly followed the countries of the West in tackling her inflationary situation, in particular, in the employment of the bank rate for the purpose. Concerned as we are with the developmental aspect, to quote the words of the Governor of the Reserve Bank, "we are anxious to maintain a structure of interest rates, which, while meeting the needs of the short-term equilibrium, will not, at the same time, be too burdensome in the long run". In other words, the peculiar position in India has necessitated the working of the monetary policy in not one, but in more than one, direction. To quote the same source, "the solution to such a situation is not a general tightening of credit or a general relaxation; it is selective control".

The history of banking in the year under review is thus a story, in the main, of the administration of selective credit control. Admittedly, this has not been an easy task, not only because the rise in prices has not been uniform in respect of all the articles—that is, food grains, raw materials, manufactures, etc.—but there are practical limitations to the ability of banks to exercise detailed control over a number of branches spread over a country of such vast dimensions as ours. Hence, along with selective credit control, which is applied mainly to primary commodities, a limit has also had to be set to the accommodation provided by the Reserve Bank to the banking institutions to ensure effective control over bank credit generally.

As in the previous year, the main features in the monetary field in 1957 were an expansion in money supply and bank credit, a fall in the foreign assets of the Reserve Bank of India and a rise in commodity prices. However, neither the increase in the money supply nor that in bank credit was as much as in the previous year, while the fall in the foreign assets of the Reserve Bank was much sharper than in the year 1956. Thus, money supply as on December 7, 1957 was Rs. 2,176 crores, which was more or less the same as on December 7, 1956, when it stood at Rs. 2,174 crores. The net increase over the whole year was only Rs. 110 crores, which is the lowest for the past

four years. Similarly, the increase in advances and bills discounted was of the order of only Rs. 74 crores as against Rs. 165 crores in 1956 and Rs. 87 crores in 1955. On the other hand, the fall in foreign assets was as much as Rs. 232 crores, compared to only Rs. 181 crores in the previous year. The rise in commodity prices was about 15 points, between October 1956 and October 1957 with 1939 as the base.

The more or less identical expansion in mone supply but a relatively lower rise in bank credit compared to that in the previous year must, however, be set against the sharp drawing down of our foreign assets, consequent on the very substantial increase in the development expenditure and due to heavy imports connected with the Plan. As measured by the changes in the holdings of the Rupee securities of the Reserve Bank and from the balances of the Central Government, the extent of deficit financing amounted to the exceptionally large figure of Rs. 416 crores, which is almost twice the previous year's deficit.

By reason of the special stress on selective credit control and, in particular, the insistence, in August last, of the Governor of the Reserve Bank of India on the total advances being brought down by the banks to a level around Rs. 800 crores by the middle of October, i.e. the end of the 1956-57 busy season, the increase in scheduled bank credit in 1957 amounted to only Rs. 74 crores (up to the end of November), as compared to Rs. 165 crores for the same period in the previous year. (The increase in scheduled bank credit even in 1955 was higher at around Rs. 90 crores). As against this, or perhaps because of this partly, and partly because of the crediting to the Government's account with the State Bank of the sale proceeds of P.L. 480 wheat, there was a sharp rise in the resources of scheduled banks as a whole. Thus, both demand and time liabilities registered impressively higher increases at Rs. 66 crores and Rs. 199 crores, or a total of Rs. 265 crores, as against increases of only Rs. 35 crores, Rs. 40 crores and Rs. 75 crores, respectively, over the corresponding period of 1956. Thanks to this comfortable position, not only were the cash and balances of these banks with the Reserve Bank at Rs. 57 crores, higher at the end of 1957 (despite subscriptions to Central Government loans twice over) than at the end of 1956—actually, at the end of 1956, there was a net decline of Rs. 12 crores, so that the position at the end of 1957 must be considered as an improvement to the tune of Rs. 69 crores—but the borrowings by the scheduled banks from the Reserve Bank also dropped from Rs. 58 crores at the end of 1956 to Rs. 16 crores at the end of November, 1957. The same reason may be attributed to the increase in the investment portfolio of these banks from Rs. 364 crores at the end of 1956 to as much as Rs. 409 crores at the end of November, 1957. This is, however, not brought out equally vividly by the variation in the percentage of investment to liabilities of these banks, because of the sharp rise in deposits referred to above. The following table indicates the distribution of assets of the scheduled banks at the end of November:

(Rs. in crores)

End of November	Deposits	Advances	Investments
1954	.. Rs. 925	Rs. 519 (56)	Rs. 350 (38)
1955	.. „ 1,021	„ 601 (58.9)	„ 394 (38.7)
1956	.. „ 1,095	„ 766 (69.9)	„ 365 (33.3)
1957	.. „ 1,312	„ 840 (61.7)	„ 409 (30.01)

Note: Figures in brackets indicate percentage to total liabilities.

From the disposition of assets as above, it is evident that the net profits of banks during the year 1957 would be generally lower than in 1956. Due to larger deposits, especially time deposits, recording an abnormally sharp increase, and also involving a higher rate of interest payment by the banks, and lower advances, thanks to import controls and the selective credit policy of the Reserve Bank, coupled with higher pay and D.A. to bank staff, the tempo of outgo was more

MONEY SUPPLY IN INDIA

(Lakhs of rupees.)

Last Friday	Money supply with the public	Total currency with the public	Deposit money with the public: Total	Demand liabilities of banks	Other deposits with Reserve Bank†	Total variations in money supply
(1)	(2)=(3)+(4)	(3)	(4)	(5)	(6)	(7)
1952-53 ..	1,764,71	1,199,25	565,46	548,95	16,51	—39,08
1954-55 ..	1,920,63	1,311,77	608,86	599,16	9,71	+126,65
1955-56 .	2,184,32	1,505,09	679,23	667,22	12,01	+263,69
1956-57 ..	2,312,89	1,556,50	756,39	744,74	11,65	+128,57
September 1956 ..	2,109,41	1,435,95	673,46	662,92	10,54	—25,51
October „ ..	2,123,00	1,442,52	680,48	669,64	10,84	+13,59
November „ ..	2,151,46	1,462,01	689,45	677,99	11,46	+28,46
December „ ..	2,178,65	1,485,34	693,31	681,35	11,96	+27,19
January 1957 ..	2,220,47	1,509,90	711,57	724,46	10,77	+42,82
February „ ..	2,264,55	1,528,31	736,24	744,74	11,78	+43,08
March „ ..	2,312,89	1,556,50	756,39	763,43	11,65	+48,34
April „ ..	2,362,37	1,586,44	775,93	762,01	12,51	+49,48
May „ ..	2,381,99	1,596,42	785,55	672,79	23,55	+19,62
June „ ..	2,344,04	1,562,85	781,19	758,55	22,64	—37,95
July „ ..	2,310,72*	1,521,14*	789,58*	767,69*	21,89	+33,39*
August „ ..	2,242,38*	1,490,02*	752,35*	740,93*	11,42	—68,34*
September „ ..	2,248,42*	1,490,63*	757,79*	744,98*	12,81	+6,04*

* Provisional.
† Excluding balances held on I.M.F. Account No. 1.

Source: Monthly Bulletin of Reserve Bank.

than the pace of increase on the receipts side of the banks.

Seasonal variations in money supply during 1957 are of special significance, as the following table indicates:

Period	Increase (+) or Decrease (—)	Net variations for the whole year
Busy Season:		
29-10-55 to 11-5-56	+264	for the year 1956 : Rs. 149
27-10-56 to 10-5-57	+260	-do- 1957 : Rs. 110
27-10-56 to 30-11-56	+ 26	
28-9-57 to 29-11-57	+ 17	
Slack Season:		
12-5-56 to 26-10-56	—127	
11-5-57 to 27-9-57	—139	

Thus, the contraction in the latest slack season namely the one preceding the current busy season, has been as much as Rs. 96 crores, which is the largest for the past five years. Presumably this has been in response to the call of the Reserve Bank Governor to bring down the total advances referred to above.

The pattern of interest rates during the year was influenced by the credit policy of the government which, in turn, was determined by the requirements of the Plan. The problem before the monetary authorities was not one of merely raising or lowering the interest rates but of "opening an integrated structure which takes into account diversified needs of the economy". Accordingly, although the Bank Rate has been 4 per cent, the Reserve Bank has been giving accommodation to apex co-operative banks and to certain important small-scale industries, such as handloom weaving at 2 per cent below the bank rate. Hitherto, these concessions in interest rates have been available only for seasonal loans and loans of a short-turn nature, but it is now proposed to extend this facility even to medium-term credits. It is, for this purpose, in fact, that the Refinance Corporation has been set up.

Money rates during the period under review remained firm. An extra element of competition for deposits was introduced during the year, because of the increase in the U.K. Bank Rate which led to the exchange banks in India relying more on the Indian money market for their resources.

There was no spectacular increase in the number of banks for obvious reasons. The total number of scheduled banks rose to 91 with the inclusion of only 2 more banks in the schedule. A gratifying feature during the year under review was that there was no major bank failure although the strict inspection by the Reserve Bank resulted in 28 small banks being refused licences to carry on banking. However, there was an increase in the number of branches of scheduled banks by as many as 145. Although this represents a faster rate of increase in branch banking, it should be noted that the bulk of the increase was accounted for by the State Bank alone; the Big Five accounting for only 9 branches and all the remaining scheduled banks together making up only 68. The exchange banks did not at all figure in this process of expansion. Talking of expansion of banking, one cannot but draw pointed attention to the fact that as against the 400 branches which the State Bank of India is required to establish within 5 years since its inception, it has only been able to open 106 branches so far, which gives an average of less than 45 per year. There is no reason why the State Bank should not open branches at a faster pace than this, especially as the State Bank is insured against losses on unremunerative branches as a result of the creation of a special fund namely the Integration and Development Fund, a fund from which it can reimburse itself for losses on this account.

The Government of India entered the capital market in 1957 twice in the same year, once for Rs. 100 crores in August and a second time, early last month (December, 1957), for Rs. 30 crores. The total subscription to the first loan was Rs. 105.97 crores, including conversions to the tune of Rs. 44.99 crores. The second loan was floated a few weeks ago, taking advantage of the delay in the pressure of the seasonal demand

INDIA'S OVERALL BALANCE OF PAYMENTS

(Rupees in Crores)

	April-June 1956	July-Sept. 1956	Oct.-Dec. 1956	Jan.-March 1957	April-June 1957†
Imports c.i.f.					
(a) Private	196.1	195.5	209.6	194.7	201.0
(b) Government	34.1	51.1	84.4	116.0	122.1
Total	230.2	246.6	294.0	305.7	323.1
Exports f.o.b.	153.5	134.8	171.5	177.2	139.8
Trade Balance	—76.7	—111.8	—122.5	—128.5	—183.3
Invisibles (Net)	+22.6	+22.1	+30.1	+32.4	+28.6
Official Donations	+9.6	+8.3	+7.6	+14.3	+5.0
Current Account (Net)	—44.5	—81.4	—84.8	—81.8	—149.7
Errors and Omissions	—7.1	+17.7	+2.2	—17.4	—7.7
Official Loans	+4.6	+3.3	+10.9	+37.6	+9.7
Other Capital Transactions (Net) ..	—13.2	—8.9	—15.0	+59.4	+77.5
Movement in foreign exchange Reserves Increase (+) Decrease (—) ..	—60.2	—69.3	—87.3	—2.2	—70.2

† For convenience transactions relating to repatriation of Lend-Lease Silver of Rs. 64.8 crores have been excluded from these.

for funds and the fairly comfortable position in the money market. Besides the Union Government, two other State Governments — Mysore and Bombay — also entered the market to raise Rs. 9 crores. All the other States refrained from entering the market on the advice of the Finance Minister, being content to receive 66.2/3 per cent of the collection from small savings offered by him (Finance Minister). In the result, the total State borrowing at Rs. 9 crores in 1957 compared with Rs. 64 crores raised last year by as many as 15 States. In the light of the response to the small savings drive in spite of all attempts at making the scheme attractive, such as an increase in the rate of interest offered and the raising of the exemption limits for individual subscription, it is not improbable that the States which did not enter the capital market must now be having second thoughts on their decision not to enter the capital market. Be that as it may, this unsatisfactory response to the small savings movement is easily explained. In the first place, the rates offered by the banks are relatively more attractive than those offered by the small savings scheme. Then, there has been a sharp rise in the cost of living which has narrowed down the margin of savings. Also, though only of psychological impact yet, owing to the reducing of the minimum level of income at which income-tax is attracted, the middle class people who used to be the traditional supporters of the small savings scheme may be reluctant to extend their support to the expected extent. (The full effects of the latter will, however, be obvious only next year.)

Finally, for a few words about capital issues during the year. By and large, the capital issues market during the year under review was dull and featureless. It could not be otherwise, what with the penal taxation imposed in the last Central Budget and the lack of a clear and categorical policy enunciation about the role of the private sector by the Government of India. To some extent, the restriction on imports and the insistence on deferred payments in regard to imports of plant and machinery also came in the way of new flotations by industrialists and business men. In consequence, new floatations were of the aggregate value of hardly Rs. 20 crores as against nearly Rs. 45 crores in 1956. Needless to add, the big floatations were few and far between. The more notable among these were: Indian Iron and Steel Co., Indian Aluminium Co., Alkali and Chemical Corporation, Dunlop Rubber Co., Ashok Leyland, Gopal Papers, Phillips India, National Rubber Co., Great Eastern Shipping, Gokak Mills, Aluminium Industries, and Amar Dye Chemicals etc. Another feature of capital issues during 1957 was that most of these issues came from established concerns. To a preponderating extent the new issues consisted of equities, as in the previous year. The established concerns were, of course, able to issue their shares at a premium, subject, as before, to Government's prior approval.

Transport

IT seems somewhat surprising that, even after realising fully well that inadequacy of transport facilities would frustrate all other efforts at development, the Government has done little to formulate an integrated transport policy, that is a policy covering the entire gamut of the nation's transport needs — railways, road transport, shipping, inland waterways, and aviation. There is complete unanimity now, among officials and non-officials alike, that the country should do its utmost to "catch up with the arrears of development which have accumulated over decades" in this field. Judged by the relevant indices in this behalf, it is seen India's transport development stands woefully low, when compared to other countries. Barring the railways, it has been noted, India does not stand to gain by comparison regarding other means of transport, even with her neighbouring countries. All that the Government has done so far to co-ordinate the solution of problems is to put forward a proposal to set up a Road and Inland Water Transport Advisory Committee, besides renaming the present Transport Advisory Council as the "Transport Development Council." This is clearly not enough, considering the magnitude of the transport problems of this country and the prevailing bottlenecks, and to spotlight this is the purpose of the following brief study of the various means of transport in the country.

To take the railways, which is our largest public sector undertaking, first. The progress of Indian railways since its inception a hundred and odd years ago has been more or less satisfactory. Both the passenger traffic and the goods traffic have increased tremendously and this trend has been particularly noticeable since our independence. Thus, the daily average of the passenger coach-vehicle miles has increased from 33.6 lakhs in 1947-48 to 49.8 lakhs in 1956-57, showing a rise of 48 per cent over the 10 years — (figures relate to B.G. and M.G. only). Similarly, goods traffic too has grown enormously, the increases being especially marked during the last three or four years, which is undoubtedly an evidence of India's economic progress. The following table shows the details of goods traffic on Indian railways:

Year	Traffic Carried (million)	Index Increase Base : 1947-48 : 100
1947-48	69.8	100
1950-51 (Pre-Plan) .	91.4	131
1951-52 (First Plan) .	96.7	139
1952-53 („ „) .	97.1	139
1953-54 („ „) .	98.1	140
1954-55 („ „) .	105.8	152
1955-56 („ „) .	114.1	163
1956-57 (2nd Plan) .	126.9 (estimated)	181

Impressive though this performance is, absolutely, it is by no means so when viewed 'vis-a-vis' the rapidly rising needs of our expanding economy. It is, therefore, a great pity that even the modest plan prepared by the Railways of Rs. 1,425 crores at first has had to be scaled down to Rs. 1,125 crores. With this revised outlay, the railways will be able to carry just about 162 million tons at the end of the second Plan period, as against 180.8 million tons they were expected to carry under the original Plan. When it is feared that the transport requirements may exceed even the original estimate (of 180.8 million tons), the resultant transport shortages are bound to be extremely acute. Thus, according to one estimate, by 1960-61, our transport facilities would fall short of as much as 33 million tons per year in respect of freight and of 1.4 lakh per day in respect of passengers! The Railway Minister himself confessed, whilst replying to the debate on the Railways' estimate, that even as it was, there was overcrowding which, instead of lessening, would get worse; and so, to remedy this, he suggested reducing the number of dining cars and air-conditioned coaches. Thus, there exists a sort of a wide gap between the demand for, and the supply of, railway transport facilities, which has to be filled by alternative modes of transport, and that which lends itself best for the purpose is road transport admittedly.

Regarding road transport, it is expected that, by the end of the second Five-Year Plan, the mileage of metalled roads in the country would go up to 144,000. At the end of the first Plan, the total mileage was 1,22,000. The second Five-Year Plan envisaged an outlay of Rs. 82 crores on road development, or an average of Rs. 16.40 crores a year. But the budget estimates for 1957-58 provide only Rs. 13-14 crores, which is less than the Plan outlay. Clearly this is quite inadequate to meet even the revised Plan needs. Hence the allocation for road construction should be revised upwards. Again, the number of motor vehicles to be produced every year between now and 1960-61 has been fixed by the Planning Commission at 40,000 vehicles. This too is on the low side and needs an upward revision. Apart from the number of vehicles, the real problem of motor transport relates to the policy of the Government. For example, on the question of nationalisation of goods transport, which lags hopelessly behind the demand for it, the Government is not still prepared to give a firm assurance. Only a categorical anti-nationalisation assurance can stimulate fresh investment in this field without which our transport bottlenecks are destined to last indefinitely. It is necessary to add here that the present moratorium on nationalisation of goods transport lasts only up to the end of the Second Five-Year Plan. In other words, one does not know what will happen to goods transport after three or four years. Surely, with such uncertainty, no private operator can be expected to venture into this field on any big scale. Not until the Government is prepared to reorientate its nationalisation policy in regard to road transport and revise its licencing procedure and taxation policies suitably will the transport bottleneck in this country disappear.

To turn now from land to water transport, both overseas and inland. It is claimed that, for Indian shipping, the year 1957 has been a historic year, in that it opened up new vistas for shipping. In the pre-independence days, as everyone knows, Indian shipping and shipbuilding were deliberately neglected. It is mainly during the last decade that we have achieved some notable progress in this direction. Indian tonnage at the beginning of the first Plan period was about 390,000 g.r.t. That Plan fixed a target of 215,000 additional tonnage, after allowing for obsolescence to the extent of about 60,000 tons. The second Five-Year Plan has proposed the addition of another 300,000 tons to this, so that a target of a little over 900,000 tons may be reached by 1960-61. Even after the attainment of this target, Indian bottoms are expected to carry no more than 10 to 15 per cent of the country's overseas trade and only about 50 per cent of the trade with adjacent countries! At the moment, India's tonnage in the overseas sector and the coastal sector is estimated to be

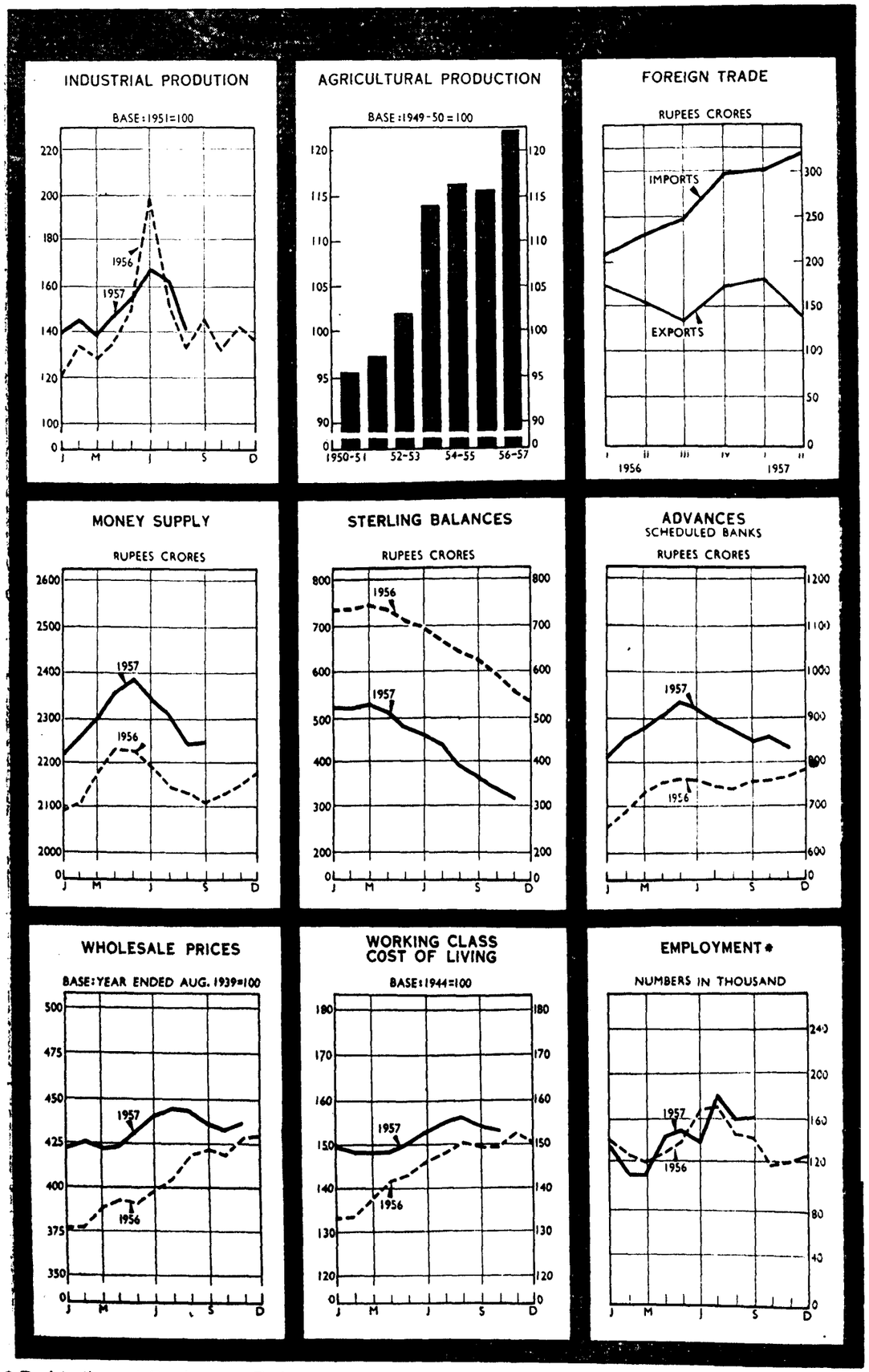
331,000 g.r.t. and 240,000 g.r.t. respectively, as against the targets of 500,000 tons and 412,000 tons g.r.t. respectively. This position, especially in regard to coastal tonnage, is very disappointing in view of the vast coastline which nature has provided us. However, with the exemption of Wealth Tax and the series of concessions or reliefs, including the establishment of a non-lapsable Shipping Development Fund to provide rupee resource for financing further tonnage, the proposal to charge a uniform rate of 3 per cent, as interest to all fresh loans to shipping companies, etc., Indian shipping has reasons to expect a better and brighter future.

Inland water transport was, more or less, a neglected child during the regime of the British, but, since independence, more especially, with the commencement of the second Plan, it has begun to receive special attention, as witness the recent establishment of the Ganga-Brahmaputra Board and the proposal to persuade the Governments of Andhra Pradesh, Madras, and Kerala to set up separate boards in each one of these States and also to devise ways and means to co-ordinate their activities. Also of interest in this context is the reported decision of the Government of India of its intention to pursue the question of improving the navigability of the Buckingham Canal — one of the important waterways, 150 miles of which lies in the Andhra State and 60 miles in the State of Madras — and to suggest to these two Governments to conduct a joint traffic survey, as the first step. The efforts to be made during the second Plan period, modest though they are, considering the number of big rivers we have in India, may yet mark the beginnings of an ambitious scheme to make these waterways a major means of transport in the country, thereby effectively supplementing the others.

Today, when people have become more time-conscious than ever before, air transport — the fastest of all modes of transport — occupies a vital place. As in regard to other forms of transport, the development of air transport also has made remarkable progress, both in domestic and international services only since 1947. Our external services, which were confined only to Burma and Ceylon in 1949, have now become more or less global. The table below shows the progress of air transport between the years 1949 and 1955:

Year	Miles flown	Passenger Nos.	Freight lbs.	Mail lbs.
1949 .	9,361,673	254,960	5,647,562	1,405,073
1955 .	21,266,514	468,894	98,199,645	11,478,091

Thus, it will be seen that, since 1949, our passenger traffic has increased by about 84 per cent, cargo loads by 17 times, mail loads by more than 8 times, and miles flown by more than 127 per cent. Opening of more new routes, new aerodromes, training of technical personnel and other allied problems have also been receiving increasing attention lately. This youngest entrant to the world of transport has already begun to play a notable role and the present pace of development ought to augur well for its future.



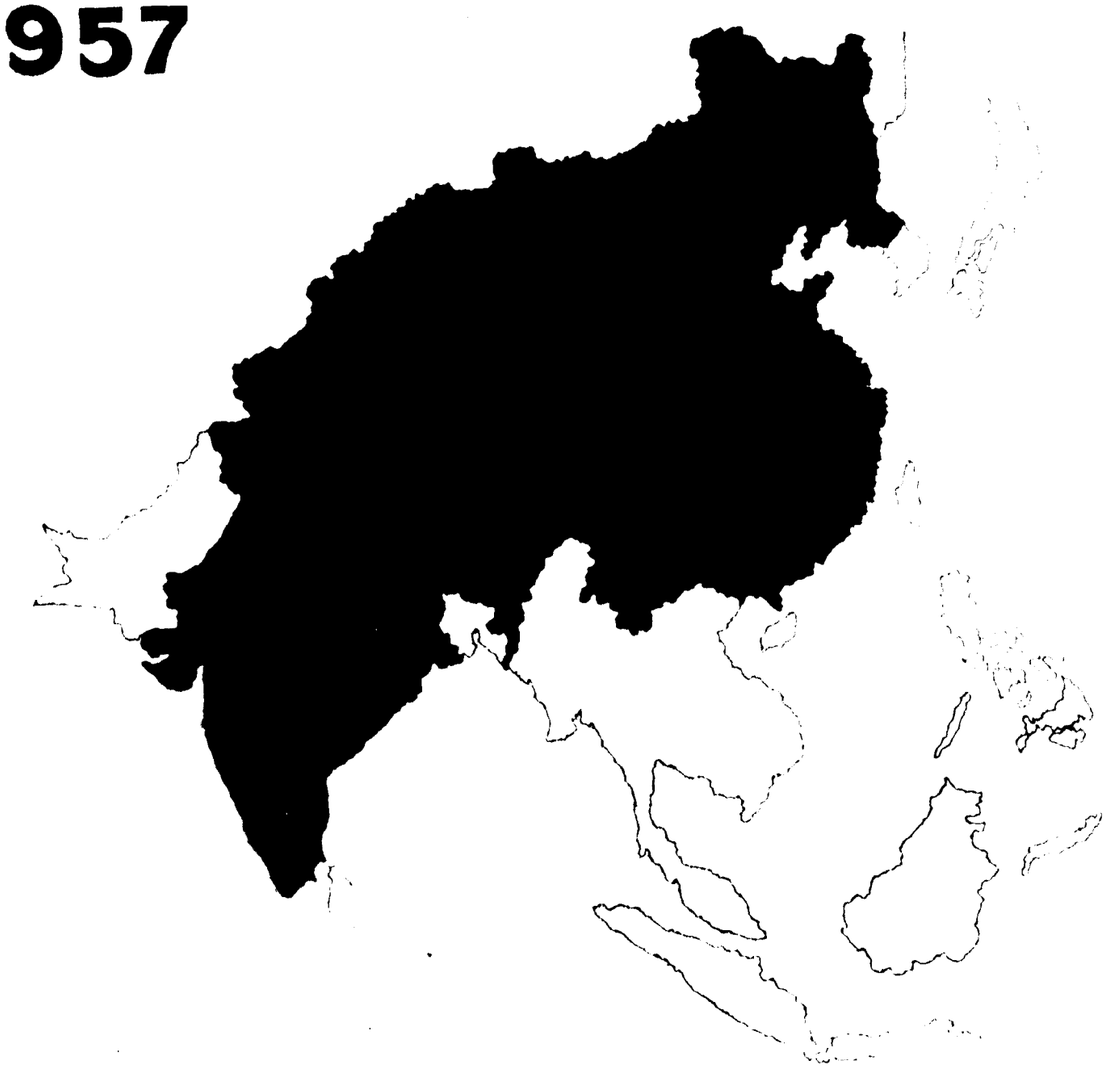
* Registrations at Employment Exchanges.

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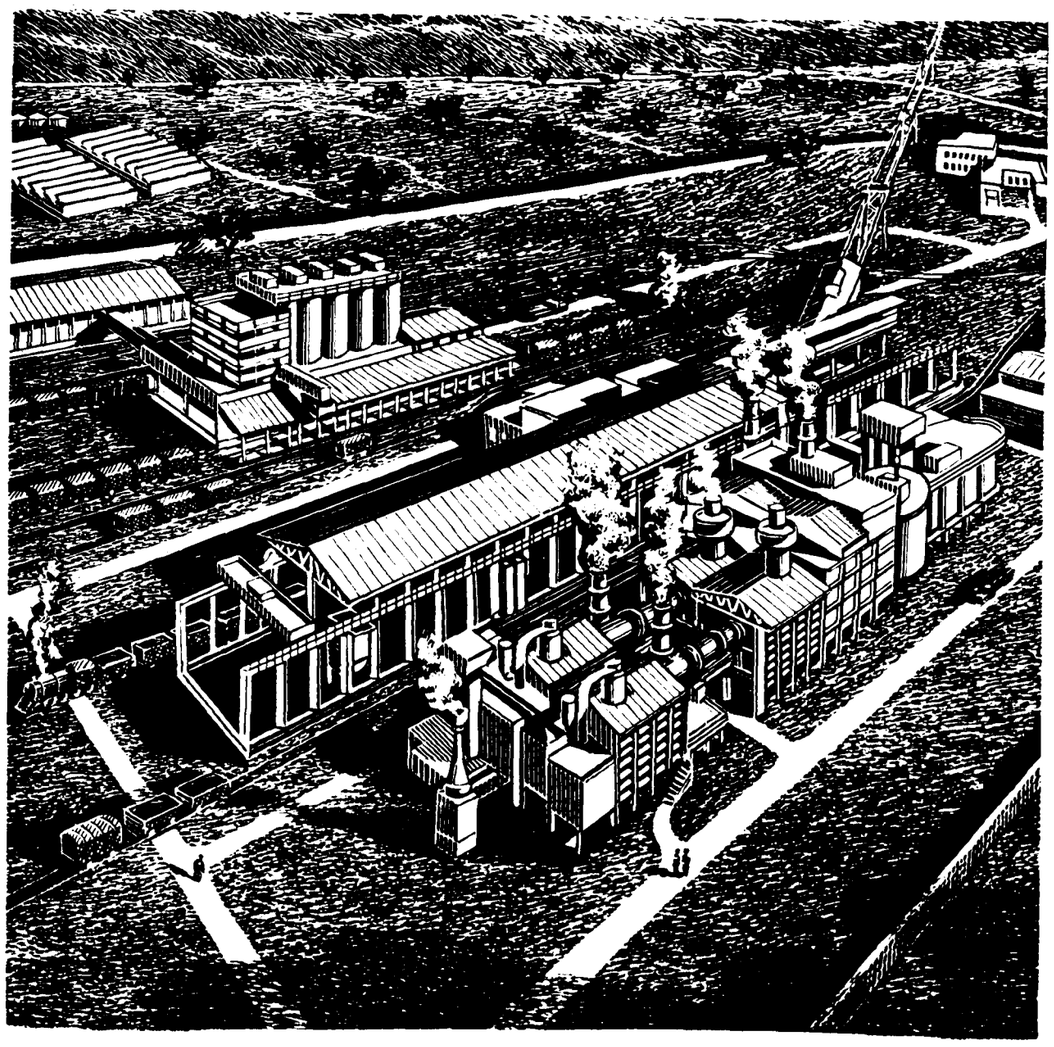
ANNUAL NUMBER 1957



INDIA AND CHINA : 1947-56
AND INDIA IN 1957

A DECADE STUDY IN CONTRAST

UPEES 7·50



ACC's new cement plant
at Mancherial (Andhra Pradesh)

now under construction to help India's economic growth under the Second Five-Year Plan

The ACC is going ahead with the construction of its new cement factory at Mancherial in Andhra Pradesh. When the first unit of this factory is completed in the third quarter of 1958, 1.65 lakh tons of cement will be added to the ACC's production—bringing its total capacity to 35.02 lakh tons. By the end of 1961, the ACC hopes to expand its total capacity to the huge total of 51.33 lakh tons.

Much of the cement-making machinery that will go into the erection of the Mancherial factory is being fabricated in the ACC's own workshops.

All this is part of the ACC's planned expansion programme, a programme designed to help meet the unprecedented construction needs of a great country's rapid economic growth

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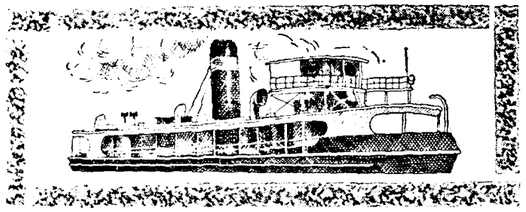
Parry's
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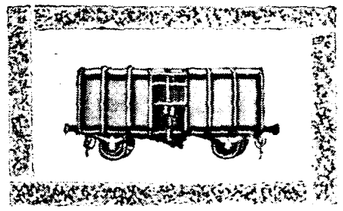
- Sugar
- Carbonic Acid Gas
- Industrial Alcohol
- Heavy Chemicals
- Fertilisers
- Engineering
- Confectionery
- Pharmaceuticals
- Ceramics
- Fine Chemicals
- Essences
- Food Colours
- Packaged Consumer Goods
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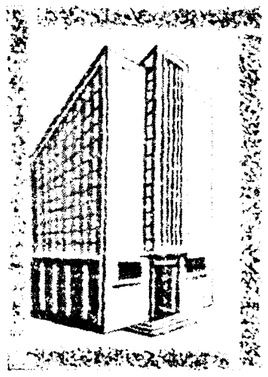
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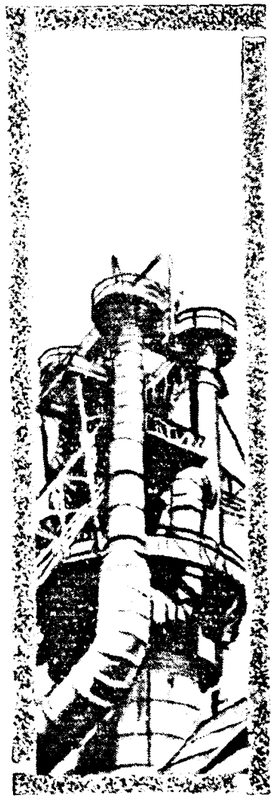
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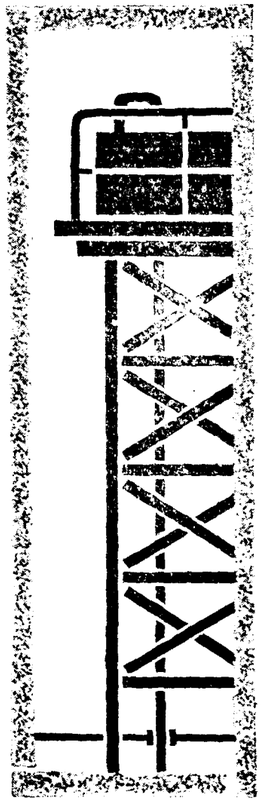
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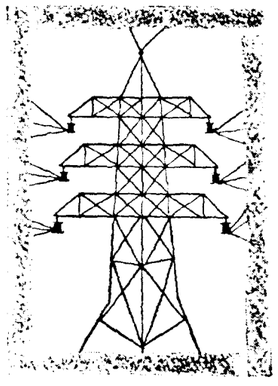










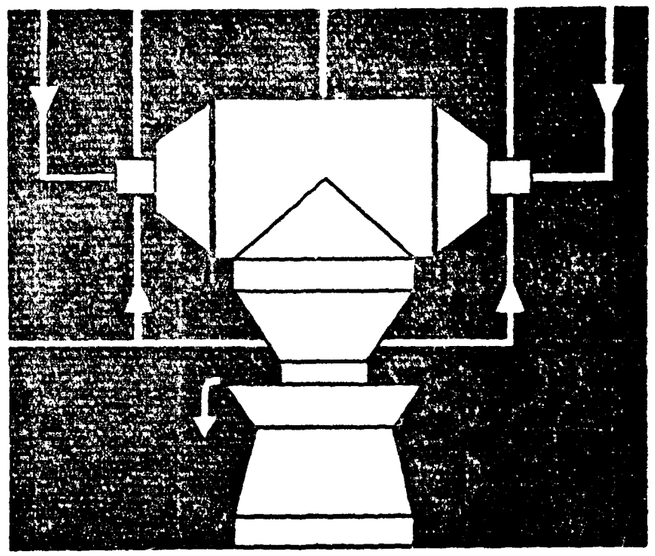


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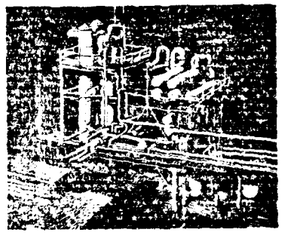
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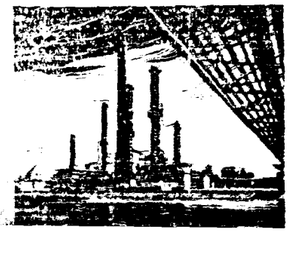


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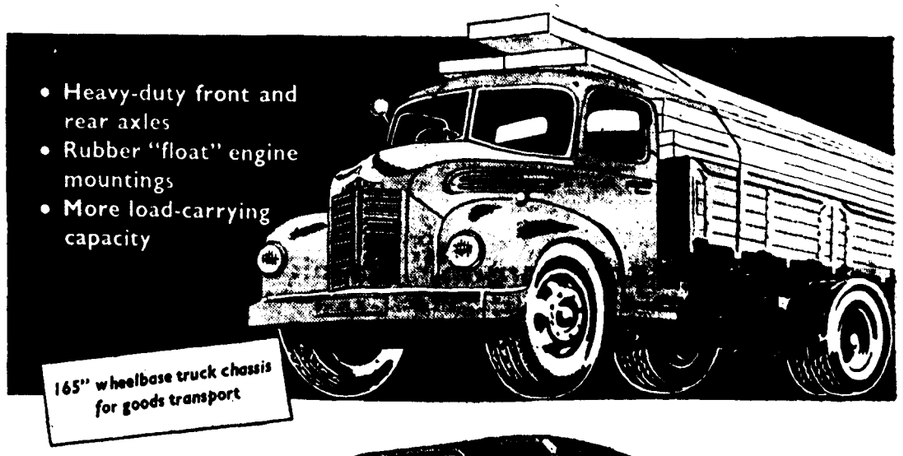
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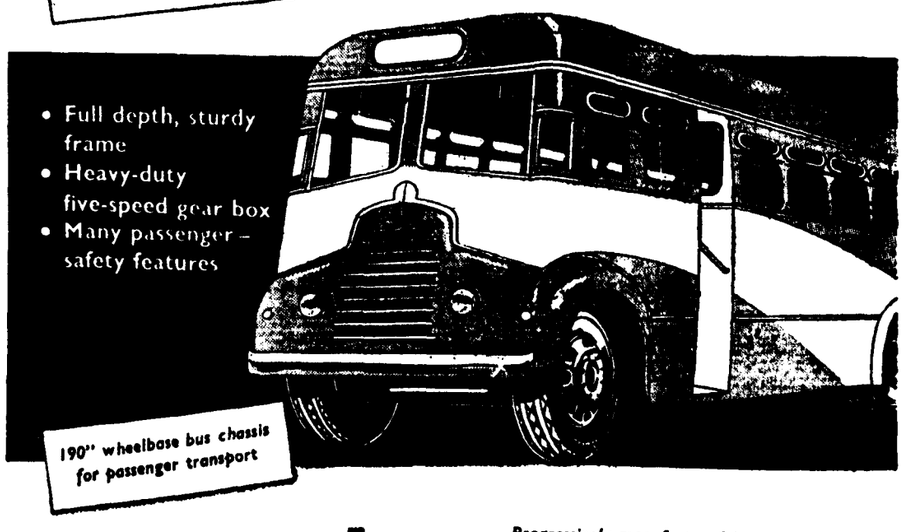
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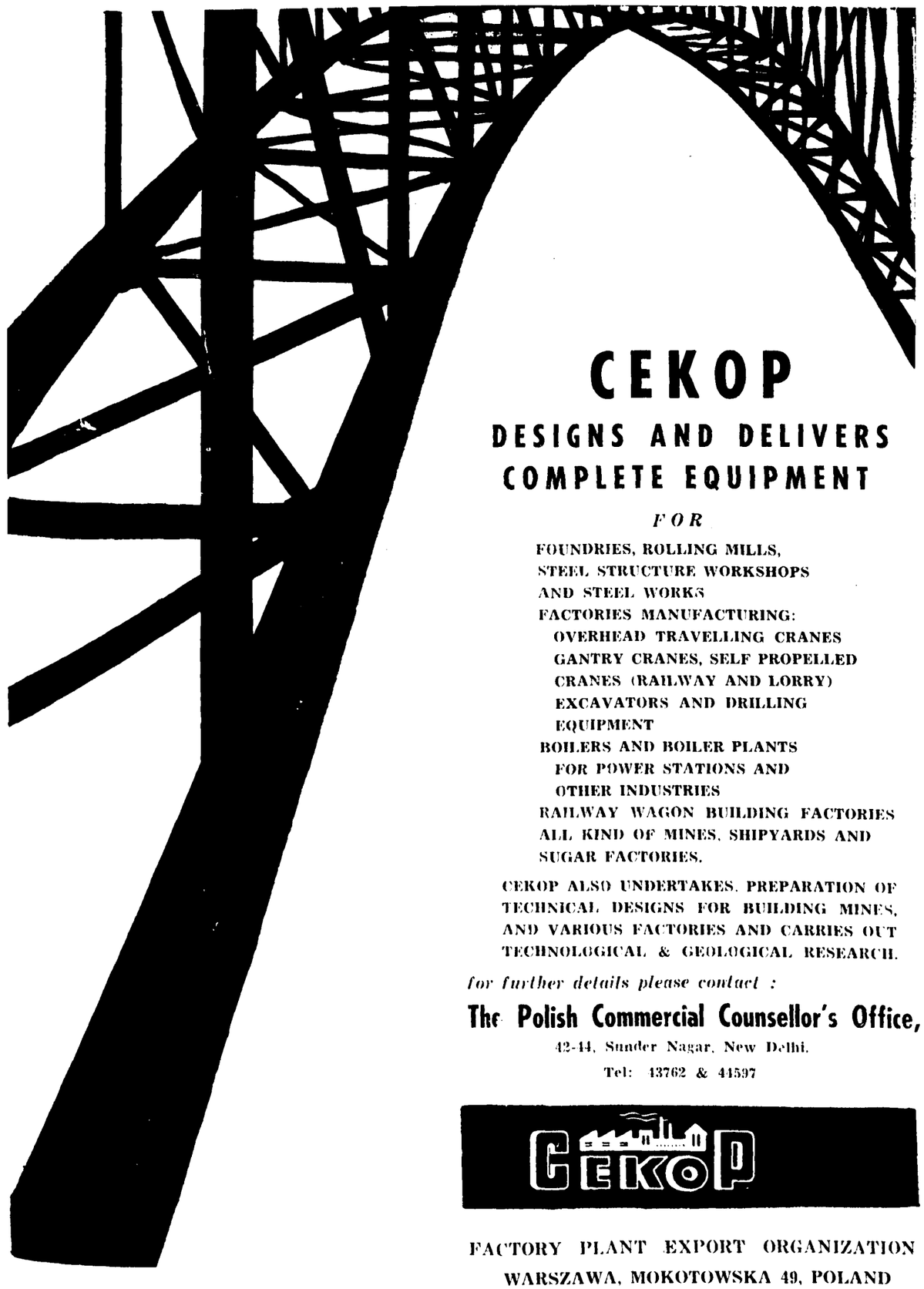


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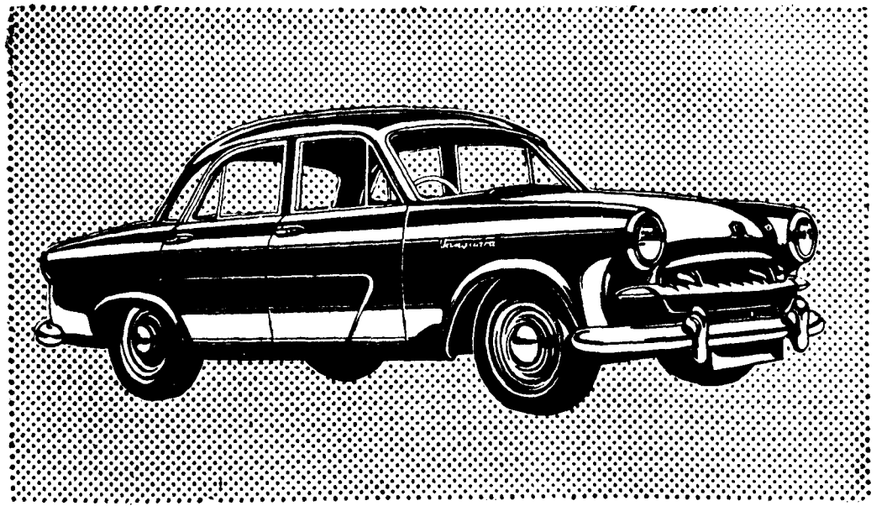
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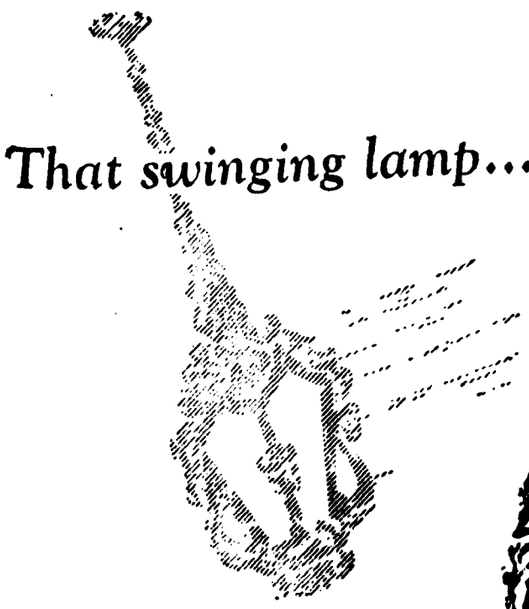
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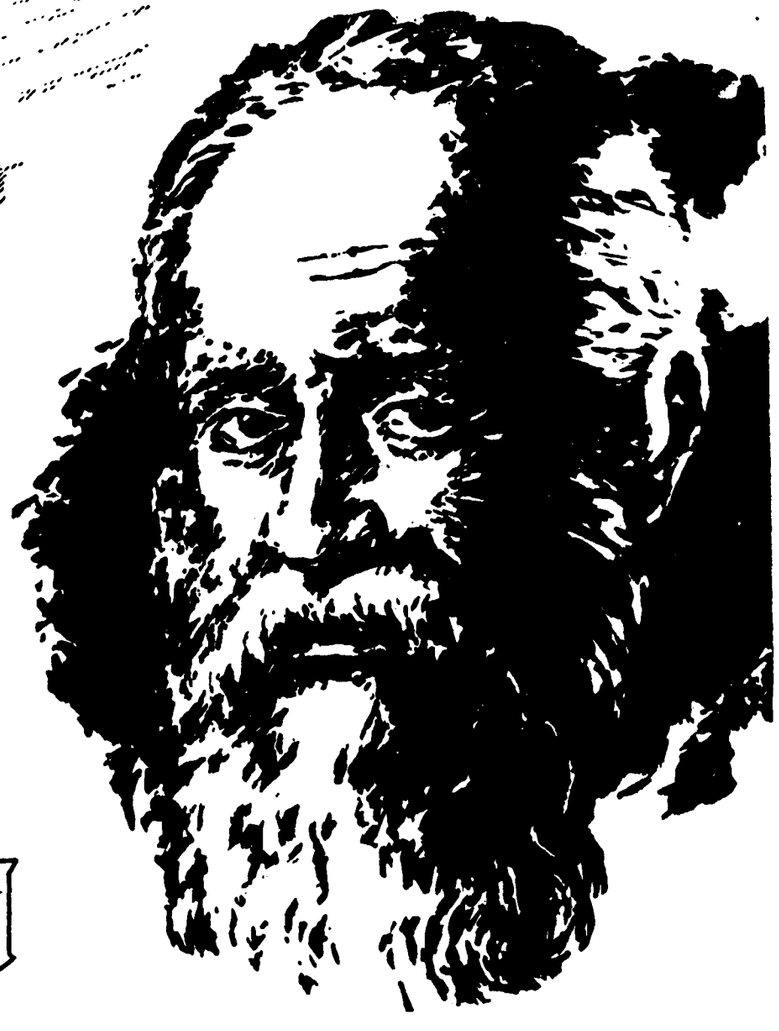
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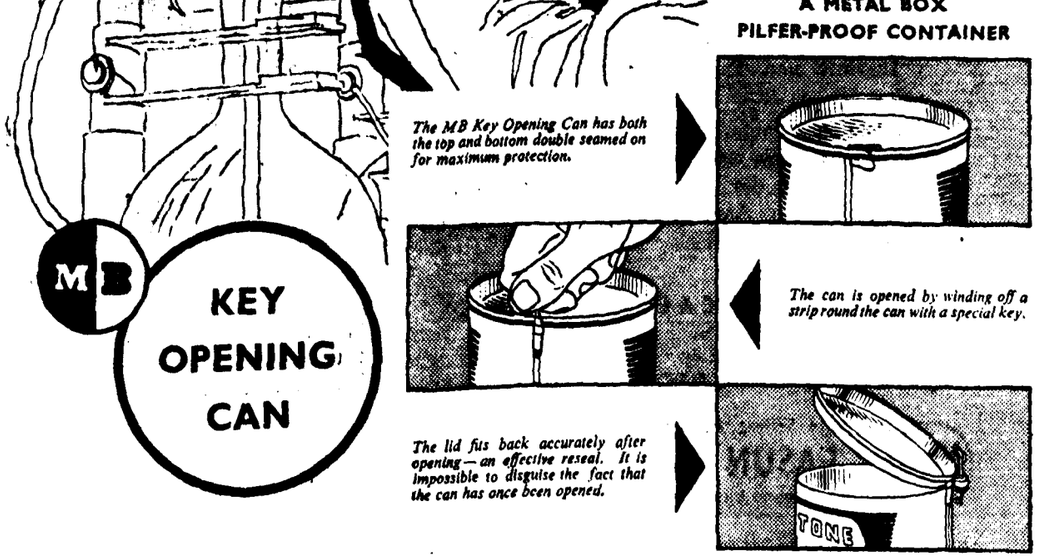
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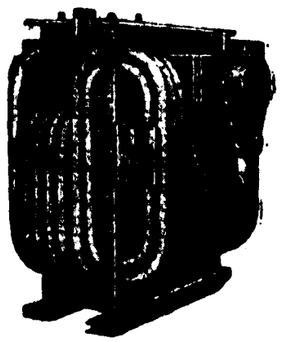
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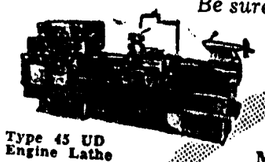
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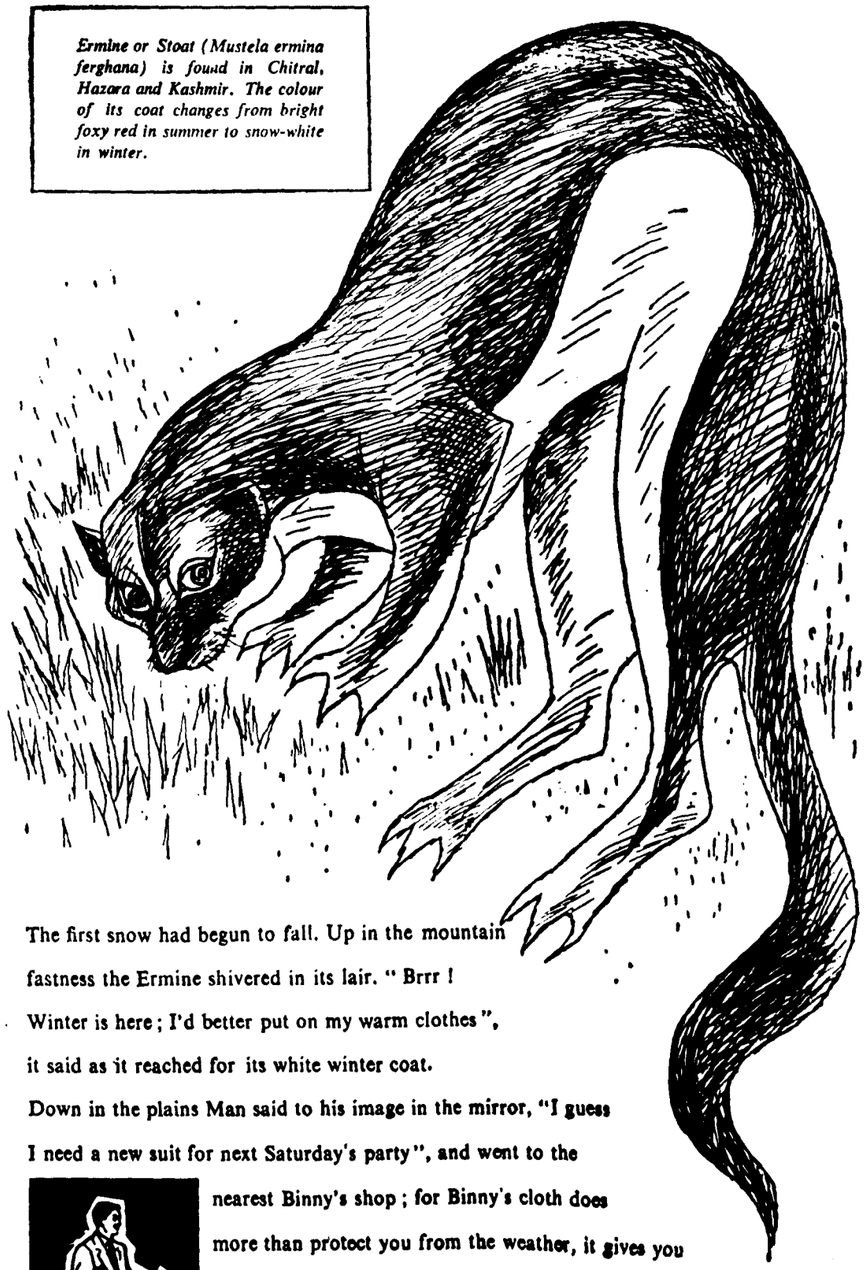
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INDIA AND CHINA 1947-57

"Real Swaraj will come not by the acquisition of authority by a few but by the acquisition of the capacity by all to resist authority when it is abused. In other words, Swaraj is to be obtained by educating the masses to a sense of their capacity to regulate and control authority."

—MAHATMA GANDHI
Young India,
January 29, 1925.

"The means by which Providence raises a nation to greatness are the virtues infused into great men."

—EDMUND BURKE'S inscription on CHATHAM'S Monument in the City of London.

For it so falls out
That what we have we prize not to the worth
Whiles we enjoy it, but being lack'd and lost,
Why, then we rack the value, then we find
The virtue that possession would not show us
Whiles it was ours.

—WILLIAM SHAKESPEARE
Much Ado About Nothing

Farthest from him is best
Whom reason hath equalled, force hath made supreme
Above his equals. Farewell happy fields
Where joy for ever dwells: Hail horrors, hail
Infernal world, and thou profoundest Hell
Receive thy new possessor: one who brings
A mind not to be changed by place or time.
The mind is its own place, and in it self
Can make a Heav'n of Hell, a Hell of Heav'n.

—JOHN MILTON
Paradise Lost

Preface

THE theme in 'The Eastern Economist's' Annual Number 1957 is "India and China" — a theme so full of historical romance in its individual stories, and so full of topical interest in its present comparative context, that it makes demands upon knowledge and organisation which 'The Eastern Economist' must admit, frankly, it does not possess. There is even more journalistic daring in this Annual Number than there was last year when an attempt was made to describe India in 1975. But there is at least one present advantage. The future has no signposts; the past has them in abundance. A great, even if not always glorious, range of facts can be drawn from the deep wells of historical literature which have, both in the East and the West, illuminated the dynamic record of both countries. The word 'dynamic', applied to countries which have had stagnating economies for long periods, is used advisedly. Both countries are essentially dynamic, at least in the sense in which dynamism should be most highly prized. Both India and China have given profound original life to philosophical and artistic systems. In the valley of the Yellow River in China, and in the Gangetic Plain and elsewhere in India, there have grown up separately great intellectual societies which — again separately — have stumbled on some of the greatest truths of human life and its living. Much of that brilliant and ancient story may not seem to be relevant in the context of the current Indian and Chinese revolutions which are concerned, perhaps, with dynamism of a somewhat different kind. But the essence of this narrative is the link between the dynamism of today and the dynamism of the centuries that have gone. The present is truly a child of the past, even though, in the fervour of this revolutionary age, the future might appear to depart rapidly from the present, and we may look as though we were being born anew and different.

THE THEME

The central theme of both the political and cultural essays in this Annual Number is the same. It is that the force of tradition in India, and the force of a different tradition in China, are far more important elements in the total explanation of things as they are than anything that has actually happened in the age of the revolutions through which most of us have lived. Because the Indian and the Chinese traditions have been made to look alike — largely because of the absence of armed conflict across the mighty mountain barrier which separates our countries — superficial observers have too often assumed that the pattern of thought and action in the two countries was similar and, in a sense, even the same. This is the opposite of the truth. As the great currents of history have unfolded themselves, the central elements in India and China have grouped themselves round two or three central ideas which are basically opposed. There have, it is true, been, betwixt and between, many elements in which the opposing currents have seemed to mix, with each country borrowing a little from the other. But even the deepest impress of all — Indian Buddhism, our greatest gift to the Chinese people — has not entered deep into the historical pattern of Chinese living. It is in this contrast between the central prime movers in the great dynamic periods of their respective countries that this story finds its best expression.

THE PATTERN

Broadly, the currents of difference are threefold. The Indian people from the earliest times and, perhaps even before the Great Buddha and Ashoka, were essentially a tolerant, liberty-loving and non-violent people. There has, it is true, been brutality on a significant scale which has marred the grand stamp of pacifism, borne down the years on the face of the Indian subcontinent. But the picture of tolerance rises far above its denial. With tolerance, there has necessarily been a broad decentralisation of authority, which is the second great mark of the Indian heritage. By contrast, China has been militant from almost the earliest times. Perhaps, because of a border consciousness, which has always bred insecurity, she has worn a military and militant mood, and pursued a pattern of centralisation which has no Indian counterpart. Not unlike the great Roman Empire, China has had many Caesars. Indeed, one might say Caesarism as a creed is more marked in China from Shih Huang-ti in the third century B.C. to Mao Tse-tung in our time than it was in the Roman Empire. Not, indeed, again that China like Rome did not have her Marcus Aurelius in the form of the Han Emperor Hsiao-wen-ti. But her Marcus Aurelius was removed from the Chinese tradition almost as much as the Moghul and British rulers in India were apart from our own. The persistent culture of India is a Hindu, tolerant and religious culture; the culture of China is set in a seemingly ethical, but non-religious mould in which Caeserism and fierce regimentation have found congenial soil in which to throw their dangerous roots.

In the economic section, which it is hoped is as objective as it can be made, it will be seen that there are many aspects of economic life in which contemporary China has passed Indian performance. It cannot be denied that discipline has existed in much greater degree there, even when it is implemented with force. This is no more than to say that Caeserism and centralisation are in the short period more powerful engines of economic power than decentralisation and democracy. In the longer period the fact that democracy has done so well in other countries of the world should give us courage to persevere in a course which is as true to our traditions as it has been successful in some areas of our national life.

This story is an objective review in the sense that it assesses without bias the vast, and even oppressive, historical material, which passes under review. But its conclusions are moral as well as balanced. It is argued not only that we have been true to our traditions in choosing our own forms of political and social thought, but that we would have injured ourselves morally had we chosen the Chinese way.

DEDICATION

As usual, this Annual Number is dedicated to the Indian people. In the last analysis it is they who have to choose between the systems of thought presented by our Constitution and that of the People's Republic of China. No one is India — not even the Communist Party of India—can doubt that a choice in favour of the Chinese form will be a denial of our past. There must, however, be many in a "have-not" society who will not regret a choice on that account. But "The Eastern Economist" believes, with a passion derived in part, one hopes, from a reading of our heritage that the great majority of citizens in India do not wish to make the change. Even if they did, this would not alter the validity of the moral challenges in the observations here made. With that we can rest well content. **Satyameva Jayate!**

The Indian Revolution: 1947 to ?

OUT OF TRADITION?

IT is time to consider in what respect the Indian Revolution, ushered in by Independence on August 15, 1947, fulfils the basic elements in Indian tradition to which reference has been made. It will be remembered that these basic elements were conceived to be three. Firstly, an outlook of non-violence with its roots in Hindu tolerance; secondly, in practical implementation, a decentralised outlook with an emphasis on regional, and even personal, authority. Finally, since care for the individual obviously involves some meeting of his material needs, an approach to economic affairs conceived humanely and democratically. To what extent then has the Indian Revolution made for more democracy, larger decentralisation and an effective improvement in the base of opportunity and welfare for all classes in the country?

In its barest terms, the Indian Revolution consisted of a transfer of authority from what might be called comprehensively the managerial class, particularly in the top ranks of the Civil Service, and the business classes to political representatives of the people. After the Indian Constitution was introduced in January 1950, there can be no doubt that the basis of sovereignty was widened as far as it could possibly be by the grant of adult suffrage. In that sense of influence, though not of power, decentralisation in the Indian Revolution is almost complete. On the other hand, and partly because we live in the Gandhian Age and in the time of some heroes of the Indian Revolution, there has been an emotional and, in some sense even factual, withdrawal of power from the people to a few central figures in the Executive Government. This is not a legal consequence of the Constitution, but it remains, nevertheless, a solid fact to the extent that those who now exercise power particularly in New Delhi are far fewer than they were in 1947. One might thus argue that what has been gained by adult suffrage has been greatly limited by the tremendous concentration of power in the Indian Central Executive. On the whole, one might be tempted to say that this is a transitory thing, but, in the meanwhile, it has one interesting consequence.

To the extent that centralisation now exists in the political apparatus of the Congress party, and to the extent that the Prime Minister commands the overwhelming emotional loyalty of the Indian people, there is at work in the Age of Revolution a force which is clearly contrary to Indian tradition, conceived in a decentralising and delegating role. In this respect, India may not at this time be running true to tradition. Indeed, it is very likely that in the age of every revolution there is a departure from "normal" tradition. The example of the United States in the time of George Washington is one which is full of interest. For about 15 years after 1789 the American State in the hands particularly of Alexander Hamilton (who operated with the support of George Washington until his death in 1799) had a degree of centralisation contrary to its own genius and, indeed, directly opposed to the philosophy which for 150 years thereafter has proved effectively its own. In much the same sense, India in the age of her revolution has evolved a pattern of political and economic thinking which, while incorporating much that is traditional, has the stamp of the mind of the leading hero of the Revolution perhaps more than the long tradition that preceded it.

THE SOCIALISTIC PATTERN OF SOCIETY

It has been said that this over-centralisation is best seen in the operation of the Socialistic Pattern of Society introduced, at least verbally, by the Avadi Resolution of the Congress in December 1954. This is not, however, wholly true; for as an objective the raising of the low-income brackets and the extension of the range of opportunities in the Socialistic Pattern of Society is a decentralising, and not a centralising, operation. It is only when it comes to the implementation of the socialistic pattern by a deliberate expansion of the public sector — and then only when the public sector is controlled by very few — that contradiction with our tradition ensues. There is, indeed, no reason why an expanding public sector should not be consistent with a widespread dispersal of authority, such, for example, as would arise if State Governments and 'local bodies' and municipal corporations were the instruments of operation. It is not unlikely, of course, that in time this will come about. The genius of the Indian people is likely to express itself, as the Age of the Revolution recedes, in a greater element of delegation than now seems probable.

THE "WOBBLE" IN THE "LINE"

In the sense that the Age of the Revolution embodies a philosophy which is not entirely akin to that of the great Indian tradition of decentralisation, one might say that there is a "wobble" in the movement of our political progress. If one uses a phrase of an applied mathematician, one might say that our path at present is the resultant of two components, one of which is the long Indian tradition of decentralisation and the other, the mind of the leading hero of the Indian Revolution. This has caused, in a metaphor rather more dynamic, the Indian top to keep spinning away a little from its axis with a movement sometimes closer, sometimes further; but still with an axis of tradition, which keeps it from falling too far out of its historical moorings.

This "wobble" in democratic systems is not merely to be accepted. It is itself a measure of the volume of democracy in a society. Every democracy in a sense implies a permanent revolution, since there are no fixed principles, as the sovereign people may at any time choose alternative parties or alternative principles in the operation of policy. In that sense, the Indian Revolution — irrespective of its achievements of the present times which are discussed more fully in Part 'B' in which economic performance in the last decade is described — will not run entirely true to tradition or entirely true to the ruling spirit of the time. This contrast with Communist countries is central, because sovereignty there resides with an unchanging party or, if one chooses to oversimplify, with a revealed book. Our Revolution is permanent and unending; the Chinese Revolution which began in 1949 is already closed.

The Chinese Revolution: 1949-1956

IT has already been indicated that the Indian Revolution which came relatively peacefully, notwithstanding the bloodiness of Partition, was a process by which influence, though not power, was transferred to the Indian people. The Chinese Revolution, which came after a ruinous Civil War, culminated in a dictatorship. The Communist Party, which was the instrument truly of liberation from Civil War came to power in a form which had the consent of the Chinese people at that time, but it cannot be said that it was a process by which sovereign decisions vested in the people. More and more as the Revolution has proceeded, one



Mohandas Karamchand Gandhi
(October 2, 1869 — January 30, 1948)



Mao Tse-tung

(1893 —)

recognises that the people in China have had to sign on the Party dotted line. True to Marxist prescription, what the Chinese people have got is at best a dictatorship of the proletariat.

This is, however, no substantial departure from the great Chinese tradition to which reference has already been made. In that sense, the Chinese revolution was in the strict line of the Chinese tradition, which, as has been indicated previously, has been in outlook totalitarian and centralised. The interesting fact about the Chinese revolution is not that it has run so true to its own tradition, but that it has managed to do so while basing its entire philosophy of both political and economic affairs on a purely Western apparatus of thought.

THE MARXIST GOSPEL

It is one of the supreme accidents of world history that Chinese tradition and the gospel of Karl Marx plus Stalinism plus Leninism should be so closely allied in detail; in other words that Karl Marx should be so completely in tune with the Chinese tradition down the centuries. In it, incidentally, one of the tremendous errors of Karl Marx stands exposed. Marx himself believed that his classless society, conceived by a truly socialist revolutionary party, would come first in a highly industrialised country. He was wrong to some extent in the USSR. He was totally wrong in China. The framework of totalitarianism was more easily grafted on to the totalitarian Chinese mind than even on to the German people, amongst whom Karl Marx had prophesied Communism would first appear.

NO "WOBBLE"

Because the Marxist gospel and Chinese tradition are so closely linked with one another, there is no "wobble" in the Chinese revolution, similar to that we have noted in our own. This is because the two components of the revolution — past tradition and current thinking in the Age of the Revolution — have run so close that there is really no departure in the forms of government or in the comprehensive elimination of decentralisation; there is no "resultant" different from the traditional line as there is in the Indian case. For the same reason, there is no permanent revolution in the People's Republic of China. The mind of the Revolution has been made the mind of the nation by the systematic elimination of opponents so that today both the political and economic appartus are so firmly grounded in every State of the country that a major adjustment of policy through the expression of the will of the people is no longer possible. The "blooming of a hundred flowers" is reserved for those within the circle of the converted. In his classic speech of February 27, 1957, Mao Tse-tung said this with brutal frankness:

"Ours is a people's democratic dictatorship, led by the working class and based on the worker-peasant alliance. What is this dictatorship for? Its first function is to suppress the reactionary classes and elements and those exploiters in the country who range themselves against the socialist revolution, to suppress all those who try to wreck our socialist construction; that is to say, to solve the contradictions between ourselves and the enemy within the country — for instance, to arrest, try and sentence certain counter-revolutionaries, and for a specified period of time deprive landlords and bureaucrat-capitalists of their right to vote and freedom of speech — all this comes within the scope of our dictatorship. To maintain law and order and safeguard the interests of the people, it is likewise necessary to exercise dictatorship over robbers, swindlers, murderers, arsonists, hooligans and other scoundrels who seriously disrupt social order...." In that sense the Chinese revolution has been closed; perhaps, 1956, when centralisation was extended greatly over economic affairs, particularly by the expansion of collectives in agriculture, and when the elimination of most of the private sector in industry became a decree of the land, should be set out as the last year of experimentation.

There may be some who will see in this a clear picture of a ruthlessly logical system, with a tyrannical consistency in thought and action, a high degree of revolutionary perfection such as India can never dream to achieve and such, indeed, as India's Constitution is designed to prevent from achieving. Before passing a judgment on the choice, which Indian citizens should make, one needs to dwell on the external perspectives which have followed in the wake of both the revolutions.

India and the West

IN the articles which have preceded, it has been argued that an element of democratic thinking with emphasis on the worth of the individual and a deep tolerance has run through Indian tradition, even though at times there were large areas of the country where there has been authoritarian government. It has been argued that it is largely as a result of this tradition that India was "prepared" for democracy, and it was natural that the Indian Revolution should contain democratic elements of the Indian tradition as one of its most powerful components. It is natural in the same sense that India should find her major partners in those nations which share a like faith; these are, broadly, the democratic nations of the West. One would expect that our foreign policy would have tended to recognise the force of this alliance in everything except the use of military methods which are inconsistent with the Gandhian tradition.

HOW CLOSE, HOW FAR?

The question then arises as to how close or how far is the outlook of our policies to those of the leading Western democracies, particularly the United States and the United Kingdom. In theory our policies should be close; but in practice some of our major differences in the last ten years have been with these two countries. There is no doubt that some of these differences have sprung from two issues on which national consciousness in India is deeply alive. The first of these is Kashmir, the second is Goa. On Kashmir, there is an element which comes from Partition which, in a sense, derives from the fact that the Free World can take an "outside" view; whereas this appears to us a "heart and soul" affair. Goa incorporates differences which are substantially historical and spring from a much larger field. Across the seeming unity of philosophy enshrined in the Indian tradition and in the democratic experiments in the great nations are two major obstacles which derive from the last two centuries. They may be separated as Colour and Colonialism, but are essentially the same expression of the anger of the coloured subject peoples with the Western nations who, in the 19th century, rode roughshod over the people of this area; and by colonialism deprived them of a sense of national pride in the building of their countries. The carryover from Colonialism and Colour is so deep in the short period that, over many countries in Asia and Africa, it has over-powered the natural affinity which should lie between peace-loving and democratic peoples in the East and the great Western democracies.

THE BANDUNG IDEA

For this reason, there is nothing improper in the departure from alliances with the Western nations on

issues connected with the raising of prestige and dignity of Eastern peoples. The Bandung idea which incorporates this as a central philosophy is a continuing and permanent attack on Western perspective, which, for the last two hundred years, has deemed that all important events were taking place in the great capitals of Western Europe and the United States. The Bandung idea is, in part, a literature of revolt, but it is a wholesome attempt to correct the distortion of history which has arisen because of the subjection of Eastern nations throughout the 19th century. It is wholly right and proper that India should appear closely involved in the Afro-Asian group, and use the Bandung idea as a corrective for the mistakes which Western nations have made in their reading of the world as essentially an ordering of affairs by the minds of Western statesmen or, failing a just ordering by their minds, the use of force in a manner which was once called Gunboat diplomacy. But though the Bandung idea is right even when it runs across the main line between the democracies and Communism (and this includes elevating China to an important place) it is an idea which needs to be watched, lest it should outrun the balanced interest of these countries. In its criticism of the West the Bandung idea has one limitation that it tends to set itself against the Western democracies, and to import more than a good reading of history justifies, a neutral and non-critical role of the Union of Soviet Socialist Republics, and particularly the doctrine of Satellitism as operated from the Kremlin. Sometimes Satellitism has had the effect of injuring many minor States, notably, Hungary and Poland, in their efforts at national self expression. Many Asian countries, including India, failed at the time of the Hungarian uprising to recognise that the criticism of the Soviet Union in an aggressive role should be great as that of Western democracies when they err.

Outside the Bandung idea, we have differences with some Western countries which we do not have with others. For example, we differ substantially from the United States on the placing of China in the United Nations. Here we are operating on a basis of broad principle not against the Western world, but against the decision of a single power, the United States, which opposes its entry. We enjoy, in this respect, the support of the United Kingdom and Canada although we do not enjoy the support of other nations in the Commonwealth. Again, in the nations grouped in the Commonwealth, we have a broad pattern of affinity, political and economic, and partnership which is assisted by day-to-day consultations which we do not enjoy with the USSR or the United States. In a sense, therefore, there are issues of policy which cut across both our affinities and our differences with the Western world.

To sum up, one might say that India's foreign policy, in its purely political context, has two elements which reflect the great historical tradition of the country. India is peace-loving and is set against military methods. She tends to use her good offices peacefully to provide agreement amongst nations. On the other hand, she has substantial differences with Western democracies, who should be her natural partners in outlook. This arises largely from the biased view of Eastern peoples which has grown up in the West; the corrective is enshrined in the Bandung idea. All this involves no conflict with our traditional position. What seems to involve a fall from our Gandhian ideals is the relatively light manner in which we have treated Communism as it is expressed aggressively from the Kremlin, particularly in respect of Hungary, where a major moral battle has been lost. But, all in all, one can look upon India's relations with the West in the last ten years as being based substantially on our best traditions, except where we have sought uncritical friendships with the Communist world.

China and the East

JUST as tradition and the basic philosophy of the Indian Constitution would suggest a partnership between India and the great democracies of the West, so China's tradition and her constitution, based upon Marxian faith, should imply a deep alliance with the Union of Soviet Socialist Republics. Are there any qualifications, such as in the Indian case, to prevent this alliance from being the dominant element in Chinese foreign policy? It is argued, for a variety of reasons, that there are no such qualifications, and the Sino-Russian axis remains, and is likely to remain, the dominant element in China's foreign policy for a very long time to come.

THE FORCE OF A GOSPEL

In the first place there is the force of the Marxian gospel. Unlike the democratic faith which assumes and, indeed, requires, differences in order that there should be democratic persuasion between members of the democratic community, the Marxian line has no such measure of dispersion. Even after the "cult of personality" was destroyed, and a liberalising process looked as though it were under way, it was shown in Poland and Hungary how limited was the operation of liberty in the Communist World. The fact that China is too large and powerful for pressure of the "satellite" kind to be exerted on Peking by Moscow does not alter the point that the fanatical acceptance of the Marxian gospel has prevented the Chinese leaders from even wishing to break away in any material respect from the interpretation of Marxist-Leninist philosophy which, from time to time, emerges from the citadels of the Kremlin. In other words, the democratic dispersion of ideas cannot operate to dislodge China from the Soviet Union.

THE INERTNESS OF RUSSIAN COLONIALISM

More remarkable in a sense is the inertness of the Chinese people on historical colonialism of the Soviet Union in Outer Mongolia, Manchuria and on the Manchurian railway. It is being quickly forgotten that Harbin was a completely Russian city. The far-sighted treaty between the Soviet Union and China by which the Manchurian railway was returned and Port Arthur placed under the Chinese flag obliterated from the Chinese mind the memory of Soviet colonialism while it became all the more aware of American imperialism symbolised in the Korean War. Thus the colonial impact tends to attach China to the Soviet Union by the curious process of repulsion from the United States.

THE PROBLEM OF SECURITY

The need for security, conceived largely as a psychological fear of American support for Chiang Kai-shek on Formosa, has also been a major factor in a military treaty with the Soviet Union which implies that in the event of an attack on either country each will go to the other's help. The People's Republic of China is now almost completely dependent on the Soviet Union for all major imported armaments; Russian military missions have been training over the last five years Chinese soldiers in their use. At the same time all technical knowledge in the air and training of pilots, using some of the fastest aircraft in the world, has been undertaken by the Soviet Union. A feeling of intense collaboration in military measures with no major issues of difference has, therefore, linked the two great partners in the Communist World and military strategy has been unified so that defence policies are jointly conceived.

EXTERNAL ASSISTANCE

No less important is the economic component. The Sino-Soviet treaty of friendship, alliance, and mutual assistance of February 14, 1950 which transferred the Chinese Eastern Railway and the naval base at Port Arthur to China also granted to China credits of $300 million. This amount was increased by the Economic Aid agreement of September 1953 which provided financial and technical assistance for 141 enterprises. On October 12, 1954 an increase of $100 million in the original loan was announced and further long-term credits amounting to $130 million were provided for 15 additional industrial projects. It is estimated today that the Soviet Union has sent 15,000 technicians and military, economic and administrative advisers to China. The depth of the economic penetration of the Soviet Union in Chinese rule is as great as the penetration of Russian thought in the highest counsels of the Communist Party.

THE ECONOMIC IMPERATIVE

It is obvious, in economic and military terms alone, that the People's Republic of China, set now on a campaign of heavy industry, cannot waver in its alliance towards the Soviet Union. Nor can it be said that any action taken by the Free World—least of all the action described as military containment—is designed to remove any attachment which China has to the Soviet Union. Both military and economic imperatives decree a growth in friendship, an association between the two countries. Neither Colonialism nor the Bandung idea stands across this enduring bond.

MAO AND MOSCOW

For all these reasons, there is nothing surprising in the subsidiary role which Mao Tse-tung has taken in recent statements in regard to Chinese relations with the Soviet Union. Those superficial observers, who argued that Mao Tse-tung was necessarily the senior High Priest of the Marxian gospel, had not estimated the extent to which emotionally, militarily and economically the People's Republic of China is now integrated with the Soviet Union. On Hungary, when the test of loyalty was called, it was soon seen how abjectly China accepted the Moscow line. If it has been an aim of Indian policy to detach China from too close an association with a great European power—via Bandung and Indo-Chinese friendship association and the like—that policy is singularly naive. There can be no doubt at the present time that China's bonds with the U.S.S.R., unlike India's with the West, are made of hoops of steel which cannot now be broken. This does not imply that India should be anything but friendly and helpful to the People's Republic. That should be our traditional outlook towards all countries. It does imply, however, that we do not need to lean over backwards to please.

This Picture and That: Which Choice?

UP to this point, few moral judgments have been made. The citizen of India has not been asked to make his choice between a policy which fits into a peace-loving and non-aggressive tradition, such as our own, or a militant and aggressive faith, such as is implied in the People's Republic of China. This choice has also been separated from its economic component which is discussed in detail in Part 'B'. Here the choice is between the exercise of peaceful and benevolent explanation of one's ideas and an enforcement by rigid regimentation and by the liquidation of opposition.

There are some poor readers of the canvas of Indian history who would see the reverse in the years over which this description has lightly passed, namely, the years of India's most vigorous expansions overseas. It is appropriate that there should be recorded at once the assessment of a leading historian, Prof. G. B. Sansom, who sums up the Indian story in this respect in a judgment which is fiercely objective and should be final in dispelling disbelief. "There are good reasons", says Prof. Sansom, "to justify the expansion of Indian empires in the past, particularly where it resulted in conferring the benefits of Indian culture upon backward countries. Its method was not always in keeping with the principle of ahimsa or non-violence, which is sometimes said to have been a controlling factor in Indian history. Apart from a long record of internal wars fought for the expansion of individual states within the Indian sub-continent, the colonizing activities of Indian peoples, which from the beginning of our era extended to Burma, Indo-China, Malaya and Indonesia, were sometimes assisted by the force of arms. It must, however, be admitted that in general the expansion of India was peaceful and gradual. It was fostered less by the ambition of princes than by the slow permeation of Indian ideas and customs through the influence of Indian traders and the effort of Indian missionaries, neither of whom had any persistent military or even political support from India."

By the same token, the same historian gives a verdict on China which should be read alongside. "As for China, the overseas expeditions of the king emperors did not manifest a determined spirit of imperialism such as was displayed under previous dynasties. They were, however, by no means free from an aggressive character. Soldiers were landed in distant parts of Asia where a good deal of fighting and destruction took place. They ranged as far as the Persian Gulf and the Somali coast, exacting submission and tribute from rulers great and small. They even carried off to China in 1410 a king of Ceylon who had offended them. Perhaps in the light of subsequent history the most interesting episode is the attack delivered upon the port of Calicut in Southern India."

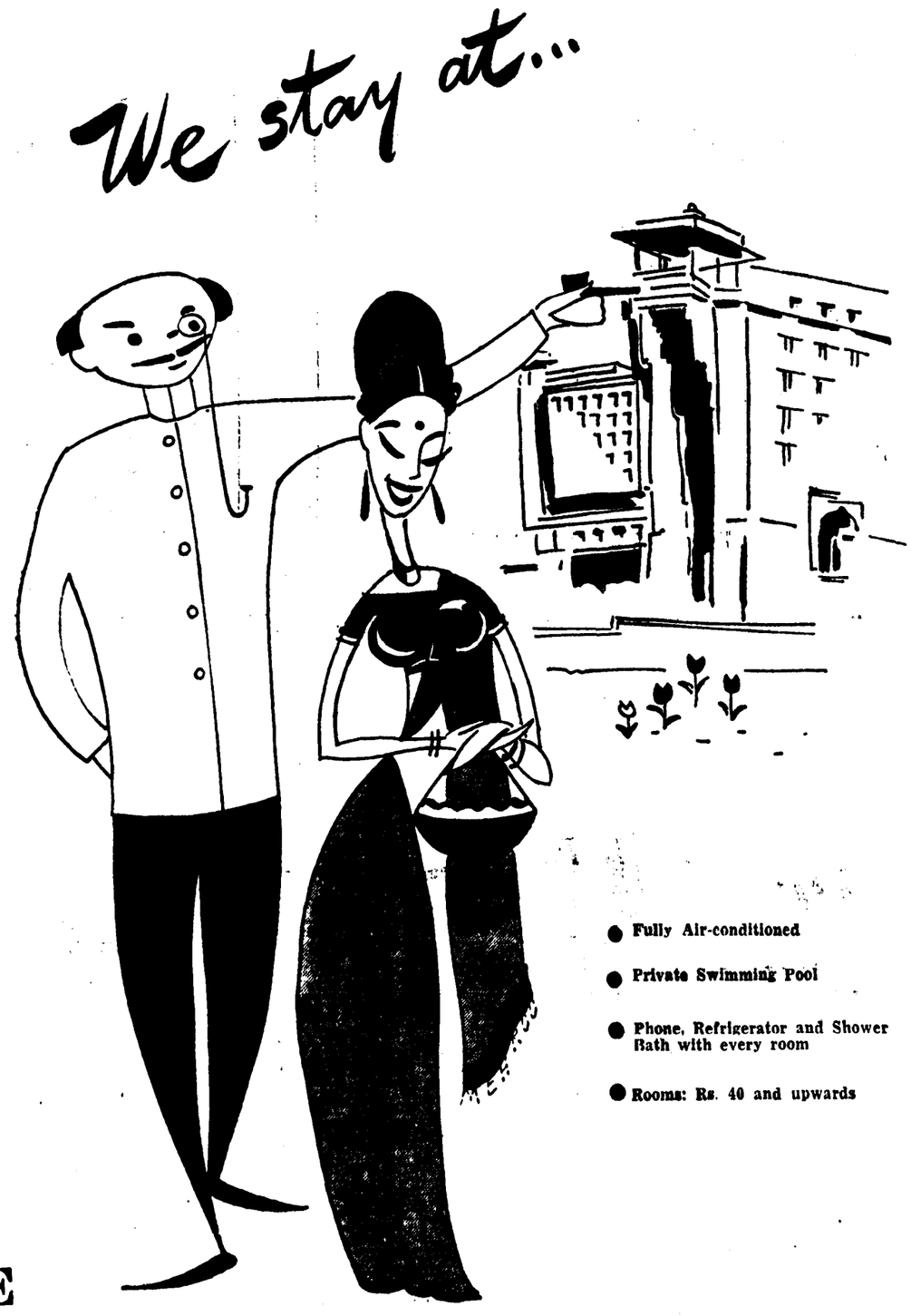
PEACE HATH ITS VICTORIES

'The Eastern Economist' believes that these judgments present in a compressed form the broad truths

in regard to the peaceful character of Indian expansion, and the aggressive character of its Chinese counterpart. Not, indeed, that India always yielded to China although her methods were almost always peaceful. Everywhere except in Indo-China, the Indian spirit has left the marks of democratic victory in language as well as in beautiful stone.

In a sense the choice as to whether we should, at this moment, choose the democratic and peaceful Indian tradition or one aggressive and militant is an issue of national pride. It would be difficult to find a citizen of India who knows his own past who can make the choice to depart from the principles of the Indian Constitution. In that sense, the judgment is not entirely a moral one; the dice are loaded in India's favour.

Nevertheless it is right that the moral issue should be posed. Do we desire a system of intense centralisation, such as China has at present instituted? Do we desire the elimination of the private sector in the belief that it subverts the philosophy of the Welfare State? Do we desire free international relationships or a closing of our bonds with most countries of the world in order to obtain a rigid and, in the last analysis subordinate role in the Communist comity of nations? Whatever one's choice, there can be no question that such a choice would injure the great moral prestige in the world which India as the inheritor of the great messages of Ashoka and Mahatma Gandhi has obtained. To the extent that those messages are based upon a moral law, which is universally recognised, a departure from them will be a departure from moral law. 'The Eastern Economist' does not believe that, outside the Communist Party of India, there is any Indian worth his salt who will make an adverse choice. And for those who make such a decision with conviction, one might say that in them India's salt has lost its savour.



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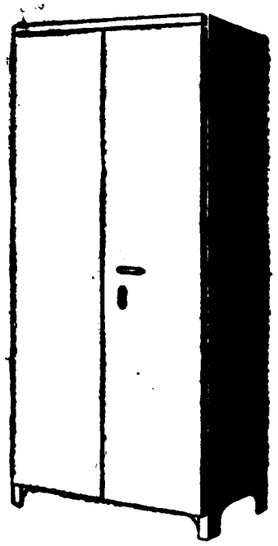
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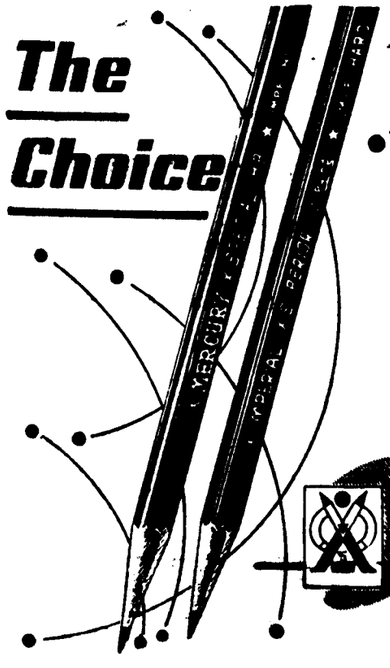
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PART B

AN ECONOMIC REVIEW

India and China: An Economic Assessment

Introduction

IN this economic review an attempt has been made looking both before and after, to place the Indian and Chinese economies on a basis of comparison. It is a very imperfect attempt as, indeed, it must be, even if statistics in every case were available in absolute terms. For one thing, the resources of the countries are very different, although quite frequently they are assumed to be similar. An important element in this report deals with differences in particular elements of resources. In potential resources the picture might, conceivably, be better but here, again, almost nobody knows in detail what the great expanses of the Indian Union and People's Republic of China contain. They may, or they may not, be very rich economies. On the other hand, they are both oppressed by population problems which look similar, but, in fact, are not. China has much the more difficult population problem, not only because its base at 600 million people is larger than India's by nearly 50 per cent, but also because her rate of population growth at perhaps near 2 per cent is 50 per cent more than India's. Fifty years from now — and we are looking at the end of the century — Chinese population will have risen far more steeply than our own; conceivably China will have double India's population.

RATES OF PER CAPITA PROGRESS

This population comparison gives perspective to rates of economic progress. It is not enough that China should in total production terms do as well as India, or even 50 per cent better. Unless her per capita income continues to rise as steeply as India's, she will not be able to maintain equal progress. Put otherwise, because of her population, total real national income in China should rise at the rate of nearly 50 per cent more than in India if the two countries are to keep level. In other words, the bare production figures are very misleading, because total production has to serve a purpose, namely, that of raising the standard of living. Unless China can do substantially better than the Indian Union — may be by 50 per cent in total production — it is doubtful if in per capita terms she can ever win the economic race. The dice are loaded against her; not against us.

PRICE OF CHINESE PERFORMANCE

There is no doubt that, in the vigour of her investment programmes — more than double, it would appear, of the Indian Union's investment — the rulers of China are making a determined and, in a sense, a passionate attack upon the overwhelming problems with which they are faced. Those of us who know the difficulties against which they are working, partly because we have them in similar measure ourselves, cannot withhold admiration for the tremendous imagination and superb organisation which has been thrown into the battle. Some of the results, as the figures in production and improvement in transport indicate, are impressive, well beyond our own. On the other hand, these are still not in total terms adequate to bridge the come in all of something near 30 per cent from some of the lowest income groups under one head or another is a cruel burden on the Chinese people in this generation, which the Indian people are not called upon to shoulder. It is not enough to give admiration for China's tremendous achievement; one needs to ask whether the output is worthy of the price. Almost certainly an Indian audience, reviewing the figures which have been set out in this review will decide that the present price has been too great.

THE PROBLEM OF SYSTEMS

As the story is told, there is seen more and more the impersonal elements, namely, the old and tiresome economic co-ordinates which decree the rate of economic development — the level of capital formation, the level of net investment, the rate of productivity on the land and in factories, and finally, the method of financial investment including deficit financing with possible inflation. All in all, one can stand back and look on both stories and see that the impersonal elements have been differently conceived, but have yet worked in similar grooves. There is no miracle about China's progress. It is doubtful if the Indian people would even have accepted the Chinese way in its spectacular regimentation or its cruel taxation. It is equally doubtful if the Chinese people could ever, in view of their past history, have dreamt of a level of agricultural taxation such as that which in the liberal atmosphere in India is deemed appropriate. On the whole, the impersonal elements are different as they are explained by the differences in behaviour in the economies.

Practically the most important judgment that can be made is that neither economic system can change its course substantially, and adopt the economic norms of capital formation or investment which belong to the other country. There is, therefore, little point in a detailed comparison in absolute terms and what these countries have done in terms of investment and output. There is, perhaps, only one comparison in which one can look beyond these figures and to the future of these great countries which between them by the end of the century will probably contain half the population of the world. This is in respect of productivity, not total production, both in agriculture and industry. A major portion of this economic report deals with the problem of Chinese agriculture in terms of productivity per acre. Here it is shown that the spectacular results which Chinese production claims are almost of no account in changing the terrible tiredness of Chinese soil. We too, are afflicted with this disease. But in the last seven years Indian productivity has risen significantly changing the age-old disease into what looks like a great element invested with the hope of future progress.

Thus it comes about that while looking at these two economies — pitiful in their poverty and wonderful in the passion with which poverty is proposed to be erased — one can draw few comparative conclusions, though

to work their way apart and perhaps twenty-five years from now we may have a record on what, in fact, they have meant in the conditions which have obtained in this critical period in Asian history. For the present all that we can say is that we see as through a glass darkly and the best thing, perhaps, is that both systems should be allowed to run their course. There should be no attempt now or in the immediate future to turn one system into the other because, in fact, these great turnings are not now possible. The Chinese people will never accept the Indian method of wide decentralisation and local initiative. Thus the minds of the nations are set apart, and their economies must move in settled grooves. Nevertheless, there is room here and there for experience to be shared and there should be as there has been down the years, a free communion of the ideas, across the mighty mountains which still separate our economic systems, as they provide our political and social worlds.

This economic report will have been well worthwhile if it shows in an appropriate perspective how in separate terms the two economic systems at present stand; how they stood ten years ago; how they are likely to look five years from now. If they can also give the Indian people some assurance that the way they have chosen is, in the light of the facts presented, one on which there need be no regrets, the writing of this economic report will have been its own reward.

National Income Figures

AN exact comparison of the level of living in India and China is made extremely difficult by the wide gap in statistical information in regard to China. Precise estimates of India's national income are available for the period 1948-49 to 1955-56, and certain reliable unofficial estimates are available for earlier years. No official estimate of China's national income can be had for any period. The comparison has perforce to be based on non-official estimates only.

Income estimates for the last two decades indicate that per capita income in India has always been higher than that in China. Between 1936 and 1946, China's national income registered a decline of 9.2 per cent; between 1931 and 1942, India's national income in real terms rose by 7 per cent. Even though these non-official estimates relate to different periods in time, they do help to indicate the manner in which the two economies have grown in the war and post-war days.

An illustration of China's pitifully low standard of living as compared with India is available from the estimates prepared by the Statistics Division of the United Nations for the years 1946 and 1949. It has been estimated by the U.N. experts that, in 1946, per capita income in China at U.S. $23.13 (about Rs. 110) was nearly half of the per capita income in India at U.S. $42.61 (about Rs. 202). Three years later in 1949, the comparable figures were U.S.$27 for China and U.S.$57 for India. The rates of growth indicated by these figures during the period 1946-49 show that the level of living in India improved at almost double the rate in China. These estimates also highlight the fact that the standard of living in China on the eve of the establishment of the Chinese People's Republic was less than half of that in India.

Colin Clark's estimates of per capita income in terms of Oriental Units also endorse the above thesis. Defining the Oriental Unit as "the quantity of goods or services exchangable directly or indirectly for one rupee in India in 1948-49", Colin Clark has placed India in the real income group of 150-200 oriental units per head. Iran, Pakistan and Thailand also lie in the same group but they rank lower than India. China is placed in the group of countries which claim real income per head of less than 100 O.U. China stands above Indo-china and Yemen but below Afghanistan. These estimates refer to the year 1950.

Even though no official estimates of national income to China are available, some indications in regard to agricultural and industrial output since 1949 are available from Chinese publications. Table I below taken from "Report on Fulfilment of the National Economic Plan of the People's Republic of China in 1955" shows the manner in which the major sectors of the economy have moved since the Communists took over. The figures show the gross output of industry, handicrafts, agriculture and rural subsidiary occupations in terms of 1952 prices. The gross value of industrial output is valued at 44.7 billion yuan in 1955 as against 10.7 billion yuan in 1949. Similarly, the gross value of the agricultural sector is valued at 55.5 billion yuan in 1955 as against 32.6 billion yuan in 1949. If true, these figures show a splendid record of achievement.

Tentative estimates of Communist China's national income, investment and consumption have been made by Yuan-Li Wu, associates professor of Economics, Marquette University. These estimates are set out in Table II. Based on Po I po's reports to the eighth Congress of the Chinese Communist Party in September

TABLE I
TOTAL OUTPUT VALUE OF INDUSTRY IN CHINA ACCORDING TO ECONOMIC SECTORS
(Calculated in terms of constant prices of 1952)

	Absolute Figures (in million yuan)					Percentages				
	1949	1952	1953	1954	1955	1949	1952	1953	1954	1955
Total ..	**14,018**	**34,326**	**44,696**	**51,975**	**54,871**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
State Enterprises ..	3,683	14,258	19,239	24,488	28,142	26.3	41.5	43.1	47.1	51.3
Co-operatives ..	65	1,109	1,702	2,454	3,453	0.4	3.2	3.8	4.7	6.3
Joint State-Private Enterprises ..	220	1,367	2,013	5,086	7,188	1.6	4.0	4.5	9.8	13.1
Private Enterprises ..	6,828	10,526	13,109	10,341	7,266	48.7	30.7	29.3	19.9	13.2
Individual Handicrafts ..	3,222	7,066	8,633	9,606	8,822	23.0	20.6	19.3	18.5	16.1

Notes: 1. The output value of co operatives includes that of the processing factories of supply and marketing co-operatives and consumers' co-operatives, and of handicraft producers' co-operatives.
2. The output value of individual handicrafts includes that of handicraftsmen's supply and marketing co-operatives and handicraftsmen's supply and marketing teams.

Source: "Report on Fulfilment of the National Economic Plan of the People's Republic of China in 1955."



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TABLE II

TENTATIVE ESTIMATES OF COMMUNIST CHINA'S NATIONAL INCOME INVESTMENT AND CONSUMPTION

(In billion yuan)

	1952	1953	1954	1955	1956 (Plan)
National Income1	59.13	73.25	76.02	92.01	97.58
Investment1	9.28	13.40	16.42	18.86	22.25
Investment in Fixed Assets under the first Five-Year Plan2	3.71	6.51	7.50	8.63	14.00
Other3	5.57	6.89	8.92	10.23	8.25
Consumption3	49.85	59.85	59.60	73.15	75.33

1 Estimates based on Po I-p's's report to the C.C.P. 8th Congress, September 18, 1956, in which the percentage figures referred to in the text were given.
2 National Bureau of Statistics, Bulletin on Summary of National Economic, Cultural and Educational Statistics for 1949-54; and Communique, June 14, 1956.
3 Residuals.

1956, they reflect the optimism displayed by the Chinese statistics. The figures are of a preliminary character and shall have to be revised if and when more statistical data are made known.

It is clear from these figures that national income in China took a great stride forward in 1955 when it rose to 92.01 billion yuan from 76.02 billion yuan in 1954. That shows a rise of nearly 21 per cent in one single year. On converting these figures into Indian Rupees by considering a yuan equivalent to two rupees, we find that per capita income in 1955 was Rs. 256; in 1956, it rose to Rs. 304. In 1955, therefore, China overtook the Indian Union in terms of per capita income. This apparent gain needs to be qualified by the fact that the official index of general wholesale prices which is employed to deflate the money incomes does not reflect the true course of prices. Based on "controlled prices", it takes a uniformly stable trend. The table below brings out this fact very clearly:

TABLE III

CHINA: PRICE AND COST OF LIVING INDICES (1953-56)
(1952 = 100)

	1953	1954	1955	1956
National wholesale price index	98.7	99.1	99.7	99.2
Retail price index in eight major cities	103.7	104.1	105.5	105.8
Cost of living for workers and employees in twelve major cities	105.6	106.9	107.3	107.1

'The Eastern Economist' believes that Prof. Yuan-Li Wu's estimates err grievously on the liberal side. As a matter of fact, they do not correspond exactly to the figures given by Po-I-Po, Chairman of the National Economic Commission, in a speech at the 8th National Congress of the Communist Party of China. Here is what Po-I-Po said about the increase in China's national income in the four years from 1953 to 1956: "Thanks to the development of industrial and agricultural production and the rise in the labour productivity, our national income (net value of production) increased by 43.8 per cent averaging 9.5 per cent every year". Prof. Yuan-Li Wu's estimates on the other hand show a rise of 65 per cent in national income in 1956 with 1952 as base. This indeed is a serious error.

Assuming Prof. Yuan-Li Wu's estimates for 1952 as correct, national income figures for 1953 to 1956 have been re-computed in the light of the above quotation from Po-I-Po's speech. These computations are set out in Table IV below.

TABLE IV.

'THE E.E.' ESTIMATES OF COMMUNIST CHINA'S NATIONAL INCOME, INVESTMENT AND CONSUMPTION
(In billion yuan)

Year	National Income	Investment	Consumption
1952	59.13	9.04	50.09
1953	67.95	12.43	55.52
1954	69.91	15.10	54.81
1955	81.07	16.62	64.45
1956	85.03	19.39	65.64

The national income of China for 1956 in this way works out to 85.03 billion yuan and not 97.58 billion yuan as Prof. Yuan-Li Wu's estimates show.

Figures of gross capital formation given by Po-I-Po and set out in Table V below show a steady rise from 15.7 per cent in 1952 to 22.8 per cent in 1956. These figures are without doubt extremely high, but for comparison with Indian figures, they need to be converted into "net" figures.

TABLE V.

THE PROPORTION OF ACCUMULATION IN NATIONAL INCOME IN CHINA

	Per Cent
1952	15.7
1953	18.3
1954	21.6
1955	20.5
1956	22.8

In Table VI figures of total investment in terms of rupees as well as in terms of percentage of national income in the base period are set out. It is clear that the rate of capital formation in China has been nearly 50 per cent higher in the first Plan and will be about 40 per cent higher in the second Five-Year Plan. On per capita basis, investment in China in the first Plan was Rs. 122 as against Rs. 99 in India and the proposed investment in China's second Five-Year Plan works out to Rs. 184 as compared to Rs. 149 in India.

The impact of this high rate of capital formation is to reduce consumption levels in Communist China significantly. If in 1956, per capita income was estimated at Rs. 275, consumption was reduced to Rs. 212 only. On this basis, even though China seemed to have caught up with India in per capita income terms, the consumption level still lagged significantly behind.

THE INTERNATIONAL SCALE

The Statistics Division of the United Nations has estimated national income on per capita basis for nearly 55 countries for the years 1952 to 1954. These results are set out on p. 41. In that table Prof. Yuan-Li Wu's liberal estimates for 1952 to 1954 have been utilised.

According to these estimates, China still remains one of the most backward nations of the world. The gap between China and other advanced industrialised nations of the world looks extremely wide. Against per capita income of $1870 in the United States and $1310 in Canada, the figure of China at $50 looks extremely low. These figures reveal the huge effort that is required to bridge the gap between the standard of living in the advanced countries and the backward ones.

TABLE VI.

TOTAL AND PER CAPITA INVESTMENT AND RATE OF CAPITAL FORMATION IN INDIA AND CHINA

	India's-FFYP (1951-56) realized net investment	(1956-1961) India's SFYP proposed net investment	China (1952-57) estimated net investment	China (1958-62) estimated net investment
1. Total investment	Rs. 35,000 m.	Rs. 61,000 m.	Rs. 70,714 m.	Rs. 114,905 m.
(a) Public	17,500 m.(50%)	38,000 m.(62%)		
(b) Private	17,500 m.(50%)	23,000 m.(38%)	N.A.	N.A.
2. Per Capita investment during the Plan period	Rs. 99	Rs. 149	Rs. 122	Rs. 184
3. Capital formation as percentage of national income in the base period	7.7%	10.4%	10.5%	14.4%

Growth in Population

BOTH India and China are giants in so far as population is concerned. India's population was estimated at 357 millions in the 1951 census. China also had a census in 1953, according to which, total population excluding Taiwan and the overseas Chinese, was estimated at 583 millions. These vast numbers pose grave problems for both India and China.

In the case of the Indian Union, decade by decade figures of population are available because censuses have been taken at intervals of 10 years. An estimate by the National Planning Association in a recent publication on "Regional Economic Development and Nuclear Power in India" shows that during the last decade the growth in India's population was around 1.25 per cent per year. If births and deaths were both reduced to 50 per cent of the current level, the Indian population might rise to 562 millions in 1981. If, on the other hand, both these rates were to remain unchanged the calculations indicate a population of about 682 millions by 1981. These estimates are illustrated on page 151.

It is very difficult to determine the rate of growth in China's annual population. As a matter of fact, the population total revealed by the 1953 census came as a big surprise. Sometime in the middle of June 1950, Chou En-lai, while speaking to the People's Political Consultative Conference, had stated that "according to the most trustworthy investigations the population of liberated China totals 488 millions." How could Chinese population then rise by 100 millions in 3 years? That is a question which has remained unanswered till today. Certain observers have even gone to the extent of saying that these grandiose figures do not represent China's true population. They have been put up with political motives in order to hide the frightful massacre of many "enemies of the people". These figures are also intended to conceal the huge sacrifices in Korea and the vast numbers of victims of floods and droughts in various parts of the country between 1949 and 1953.

The attitude of the Chinese People's Republic to the problem of population was initially one of non-restriction by family planning and birth control campaigns. The Chinese Government were of the opinion that this problem would be settled by scientists by increasing the output of food. But recently under Premir Chou En-lai, China is emerging as a strong advocate of birth control. In a speech at the China National Peoples Congress, Shao-Litze declared, "it is a good thing to have a large population but in an environment beset with difficulties, it appears that a limit should be set". Various estimates of China's future growth in population have alarmed the Chinese Communist leaders. This has been made clear by a recent statement of China's Minister of Health who said "we have known for a long time that a soaring population would prevent a substantial rise in living standards and we have decided this year (1956) to start family planning in earnest.... Our teams have reported a definite demand, on the part of village women, for fewer children. We have done a lot to teach them about such matters (on birth control) alongwith reading and writing. Now, peasants are quite willing to go to the hospitals and have operations. They aren't frightened any more."

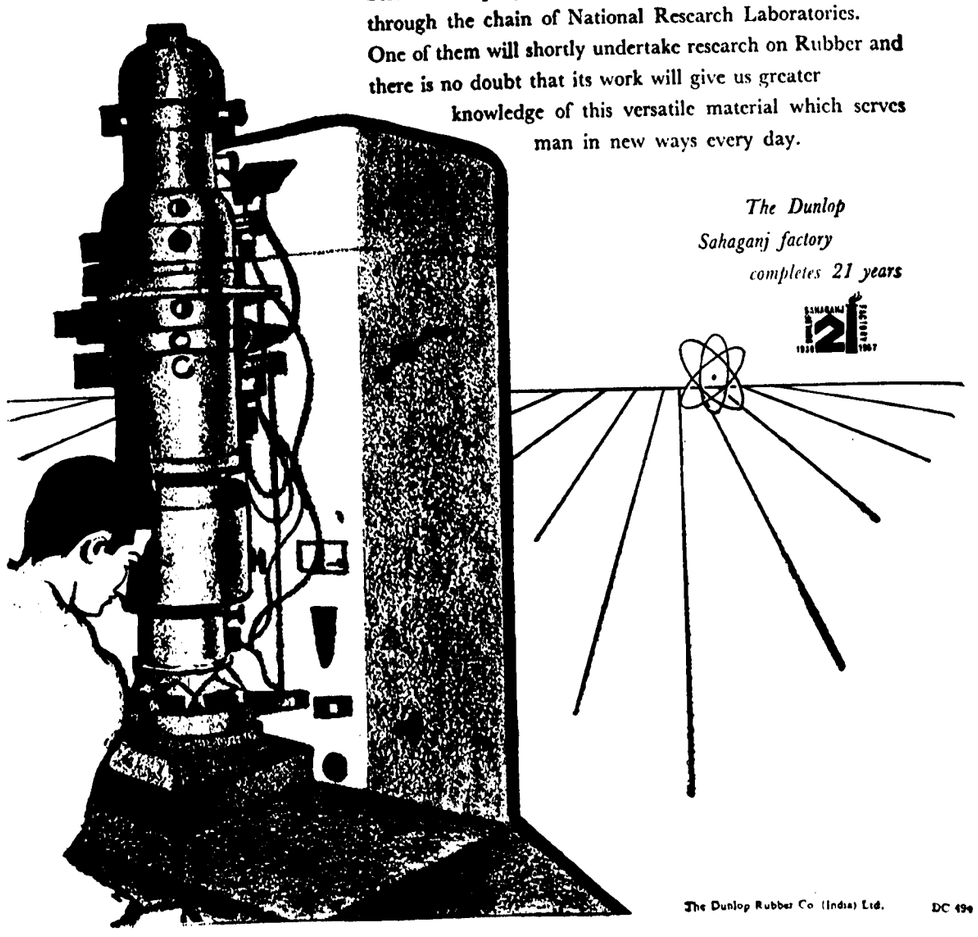
The pressure of population in China is much greater than in India. Not only because the rate of increase at 2 per cent per annum is significantly higher than India's 1.25 per cent, but also because the cultivatable land on per capita basis in China is much smaller than in India. The average density of population of China gives a misguided picture of the two countries. Against 280 persons per square mile in India, China has to support only 125 persons per square mile but for every square mile of cultivated land the pressure in China is three times that in India. If one square mile of cultivated land in India is required to support nearly 500 persons, the corresponding figure in China exceeds 1,500. This vast difference in per capita cultivated land makes the situation extremely difficult for the Chinese People's Republic. Moreover, recent calculations made by Chinese statisticians estimate that China's population might double during the next 30 years unless proper checks are provided. That is the basic cause of the recent shift in policy in regard to population. Slowly the Marxian doctrine of population is being discarded and steps are being taken to encourage birth control and family planning.

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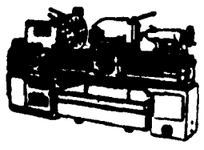
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ESTIMATES OF POPULATION, NET NATIONAL PRODUCT, AND PER CAPITA PRODUCT OF 56 COUNTRIES EXPRESSED IN US DOLLARS

	Population* Mid-year 1953 (thousands)	Net National product at factor cost (million US dollars)	Per capita product (US dollars)
		Average 1952-54†	
AFRICA			
Belgian Congo	12,154	850	70
Egypt	22,062	2,650	120
Kenya	5,851	330	60
Rhodesia and Nyasaland	6,708	670	100
Uganda	5,343	270	50
Union of South Africa	13,153	3,950	300
AMERICA			
Argentina	18,393	8,460	460
Brazil	55,772	12,830	230
Canada	14,781	19,360	1,310
Chile	6,437	2,320	360
China, mainland	**582,603**	**29,150**	**50**
Colombia	12,111	3,030	250
Cuba	5,807	1,800	310
Dominican Republic	2,291	360	160
Ecuador	3,464	520	150
Guatemala	3,049	490	160
Honduras	1,564	230	150
Jamaica	1,457‡	260‡	180‡
Mexico	28,056	6,170	220
Panama	863	220	250
Paraguay	1,496	210	140
Peru	9,035	1,080	120
Puerto Rico	2,213	950	430
United States	159,643	298,530	1,870
Venezuela	5,440	2,940§	540§
ASIA			
Burma	19,045	950	50
Ceylon	8,155	890	110
India	**372,000**	**22,320**	**60**
Israel	1,650	770	470
Japan	86,700	16,470	190
Korea (South)	21,376	1,500	70
Lebanon	1,353	350	260
Malaya	5,706	1,770§	310§
Pakistan	79,330	5,550	70
Philippines	21,039	3,150	150
Thailand	19,556	1,560§	80§
Turkey	22,461	4,720	210
EUROPE			
Austria	6,954	2,570	370
Belgium	8,778	7,020	800
Denmark	4,369	3,280	750
Finland	4,141	2,770	670
France	42,860	31,720	740
Germany (Western)	48,994	24,990	510
Greece	7,824	1,720	220
Iceland	151	120	780
Ireland	2,945	1,210	410
Italy	47,551	14,740	310
Luxembourg	304	270	890
Netherlands	10,493	5,250	500
Norway	3,359	2,490	740
Portugal	7,990	1,600	200
Sweden	7,171	6,810	950
Switzerland	4,877	4,930	1,010
United Kingdom	50,611	39,480	780
OCEANIA			
Australia	8,815	8,400	950
New Zealand	2,047	2,050	1,000
Total of 56 Countries	**1,908,287**	**619,270**	**325**

* Estimates obtained from the July 1956 issue of 'Monthly Bulletin of Statistics', Statistical office of the United Nations, New York. † Simple arithmetic mean of annual aggregate and per capita product estimates. ‡1952. §1952 and 1953.

CHINA: POPULATION

TOTAL: 601,938,000.

(Time of census: June 30, 1953)

(In thousands)

Provinces and Municipalities	Population	Provinces and Municipalities	Population
Peking	2,768	Anhwei Province	30,344
Tientsin	2,694	Chekiang Province	22,866
Shanghai	6,204	Fukien Province	13,143
Hopei Province	35,985	Honan Province	44,125
Shansi Province	14,314	Hupeh Province	27,790
Inner Mongolian Autonomous Region	6,100	Hunan Province	33,227
Liaoning Province	18,545	Kiangsi Province	16,773
Kirin Province	11,290	Kwangtung Province	34,770
Heilungkiang Province	11,897	Kwangsi Province	19,561
Jehol Province	5,161	Szechuan Province	62,304
Shensi Province	15,881	Kweichow Province	15,037
Kansu Province	12,928	Yunnan Province	17,473
Chinghai Province	1,677	Sikang Province[1]	3,381
Sinkiang Province[1]	4,874	Taiwan Province[2]	7,591
Shantung Province	48,876	Tibet Region and Chambdo Area	1,274
Kiangsu Province	41,252	Other places[3]	11,743

[1]Jehol Province has been abolished and incorporated into Hopei and Liaoning Provinces and the Inner Mongolian Autonomous Region. Sinkiang Province has been abolished and the Sinkiang Uighur Autonomous Region set up in its place. Sikang Province has been abolished and incorporated into Szechuan Province.
[2]According to statistics reprinted in the Chinese-language weekly, 'Hongkong Chou Mo Pao,' for April 10, 1951.
[3]Including the overseas Chinese and Chinese students abroad.

INDIA: AREA & POPULATION OF REORGANISED STATES

1951 (Census) States	Area ('000) (sq. miles)	Population ('000)	1951 (Census States	Area ('000) (sq. miles)	Population ('000)
Andhra Pradesh	106	31,260	Orissa	60	14,646
Assam	85	9,044	Punjab	47	16,135
Bihar	66	38,926	Rajasthan	132	15,971
Bombay	191	48,265	Uttar Pradesh	113	63,216
Kerala	15	13,549	West Bengal	35	26,160
Madhya Pradesh	171	26,072	Centrally administered area	28	4,122
Madras	50	29,975	TOTAL*	1,174	356,742
Mysore	74	19,401			

* Excluding Sikkim in which Census operations were simultaneously conducted and which has been in-

INDIA: POPULATION BY AGE GROUPS

(In thousands)

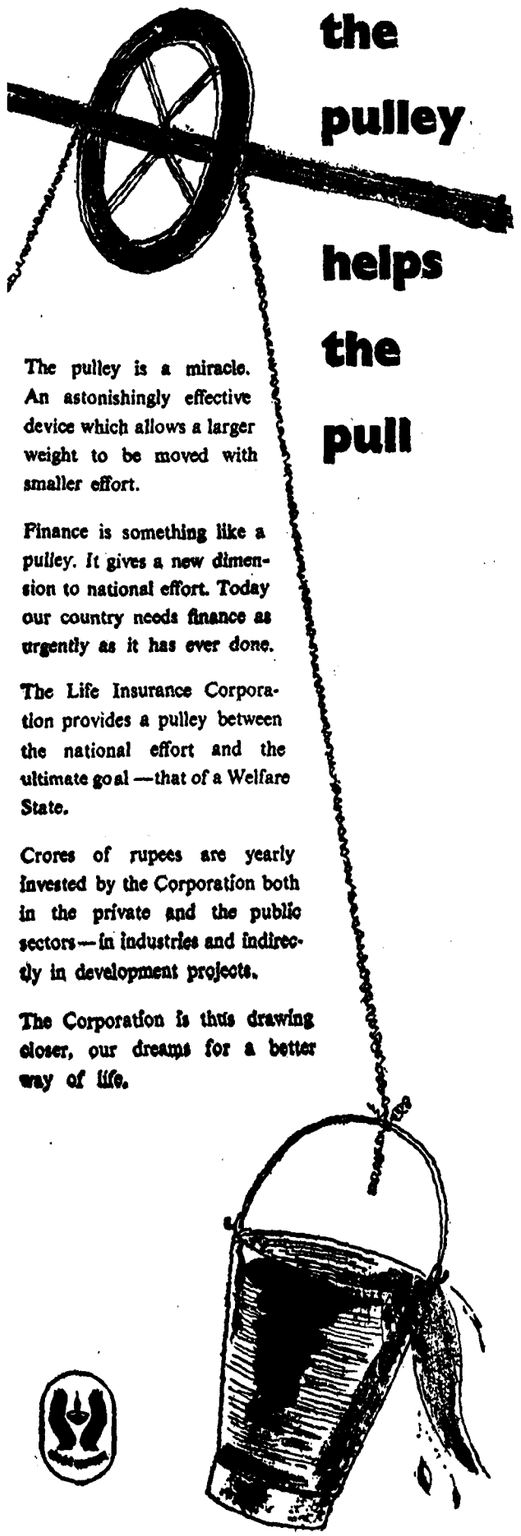
(1951 Census)

Age-group	Males	Females	Total	%
Below 1 year	5,846	5,691	11,537	3.2
1— 4	18,153	18,107	36,260	10.2
5—14	45,707	42,920	88,627	24.9
15—24	31,463	30,774	62,237	17.4
25—34	28,531	27,173	55,704	15.6
35—44	22,494	19,908	42,402	11.9
45—54	16,048	14,171	30,219	8.5
55 & over	14,902	14,643	29,545	8.3
TOTAL	183,144	173,387	356,531	100.0

INDIA: POPULATION BY LIVELIHOOD CATEGORIES

(In thousands)

1951 Census	Self-supporting	Earning dependents	Non-earning	Total	%
Agricultural	71,049	31,069	146,957	249,075	69.8
Cultivators of own land	45,762	21,448	100,117	167,327	46.9
Other cultivators	8,765	3,957	18,896	31,618	8.8
Cultivating labourers	14,881	5,201	24,637	44,809	12.6
Non-cultivators	1,641	373	3,307	5,321	1.5
Non-Agricultural	33,350	6,868	67,335	107,553	30.2
Production	12,136	3,134	22,402	37,672	10.6
Commerce	5,963	933	14,476	21,312	6.0
Transport	1,734	237	3,650	5,621	1.6
Others	13,577	2,565	26,807	42,949	12.0
Total (classified)	104,400	37,937	214,291	356,628	100.0



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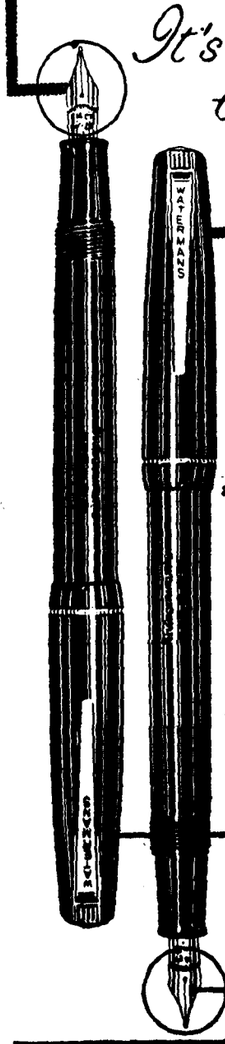
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Agriculture

The Inherited Contrasts

NEITHER Democratic India nor Communist China did start on a clean slate eight or nine years ago; nor were they on a par with each other in the crucial and vital sector of land and agriculture. History and tradition handed down to the Chinese Communists a system of agriculture which had more than one distinct advantage over its counterpart inherited by Independent India. The distinctive characteristics developed by Chinese agriculture over the long centuries were to be seen in its structure of land utilisation, in its system of irrigation, in its practice of double-cropping, in its method of wet paddy cultivation and in its quality of soil management. In contrast, the picture of Indian agriculture in these five respects revealed characteristics which placed this country in a position of initial disadvantage. That the Communist Government in China had a better developed agricultural base on which to build further than what the Democratic Government in India had, is the theme of this introductory background to a decade study of agriculture in the two countries.

LAND UTILISATION

India, as the following figures would show, had brought under cultivation nearly 147 million hectares of land representing roughly 52 per cent of her geographical area:

1. Land Utilisation in India

(In million hectares)

	1950-51	1955-56
Geographical area (a)	284.3	291.2
Forests	40.8 (14.3)	50.8 (17.4)
Permanent meadows and pastures	6.7 (2.4)	11.5 (4.0)
Cultivated land (including fallows) (b)	146.8 (51.7)	153.5 (52.7)
Built-on-area, culturable and unculturable wastes and other	90.0 (31.6)	75.4 (25.9)
Cultivated area as a per cent of topographically usable area	72	75

N.B.: Figures within brackets are percentages of geographical area. 1 hectare=2.471 acres.

Footnote: (a) Geographical area here is reporting area according to village papers; the non-reporting geographical area consisting predominantly of mountainous and jungle tracts in Assam, Manipur, Andamans, Himachal Pradesh, Jammu and Kashmir, etc., was nearly 44 million hectares in 1950-51 and 37 million hectares in 1955-56.

(b) Fallows accounted for about 28 million hectares in 1950-51 and 24 million hectares in 1955-56. This high proportion of fallows was the inevitable result of the fact that cultivation had been extended to sub-marginal lands of very low fertility.

Together with the area under permanent meadows and pastures, an average Indian thus had 0.425 hectare (1.05 acres) of agricultural land in effective use for himself and his livestock. With such a high, and rather uneconomic, level of land utilisation, it was probable that the larger part of the agricultural area — especially in tracts farther from the fertile river valleys — should have consisted of poor and thin soils.

The picture of land utilisation in China, on the other hand, was totally different as the following figures would show:

2. Land Utilisation in China

(In million hectares)

	1949-50	1955-56
Geographical area	963.6	963.6
Forests	73.5 (7.6)	76.0 (7.9)
Permanent Meadows and Pastures	170.0 (17.6)	170.0 (17.6)
Cultivated land (including fallows) (b)	97.9 (10.2)	110.2 (11.4)
Built-on area, culturable and unculturable wastes and other	622 2 (64.6)	607.4 (b) (63.1)
Cultivated area as a per cent of topographically usable area	20	23

N.B.: Figures within brackets are percentages of geographical area.

Footnote: (a) According to one estimate, nearly 100 million hectares of culturable wastes in this group can be reclaimed.

(b) Fallows in China are comparatively little because cultivation had not extended to submarginal lands on any substantial scale, and thus there was practically no need to retire some lands from cropping for a year or two.

The Chinese, it may be seen, had brought under cultivation nearly 98 million hectares of land representing just 10 per cent of her geographical area. Together with the area under permanent meadows and pastures, an average Chinese thus had nearly 0.475 hectare (1.17 acres) of agricultural land in effective use for himself and his livestock. Although the 'per capita' agricultural area which was in effective use in China was not much more than in India, the far lower level of land utilisation in that country suggested that the larger part of the cultivated area — more especially in the river

valleys — should have consisted of rich and fertile soils. The Chinese peasant, unlike his counterpart in India, did not have to bring under the plough vast extents of marginal, and even sub-marginal, land. In not making inroads upon the country's permanent pastures the Chinese peasant, besides ensuring adequate green fodder for his livestock, had simultaneously ensured for his cropland ampler and richer organic manure.

IRRIGATION

The contrast between India and China was no less striking in the field of irrigation which, however, was as ancient as the ages in both the countries. The comparative picture in this regard is brought out in the two tables immediately below:

3. Irrigated Area in India

(In million hectares)

Year	Net cultivated area including fallows	Net area irrigated	(2) as a per cent of (1)
	1	2	3
1949-50	138.4	20.2	14.6
1950-51	146.8	20.8	14.2
1951-52	148.3	21.0	14.2
1952-53	150.0	21.2	14.1
1953-54	151.5	21.7	14.3
1954-55	152.7	22.0	14.4
1955-56	153.6	22.8	14.8

4. Irrigated Area in China

(In million hectares)

Year	Net cultivated area including fallows	Net area irrigated	(2) as a per cent of (1)
	1	2	3
1949-50	97.9	20.3	20.7
1950-51	100.3	20.8	20.7
1951-52	103.6	21.8	21.0
1952-53	107.9	23.4	21.6
1953-54	108.5	24.0	22.2
1954-55	109.3	24.8	22.7
1955-56	110.1	26.1	23.7

Although the above figures show that the net irrigated area in India in 1949 (when the greatest era of construction activity in the field of irrigation had just begun) was about the same as in China in the same year (when the Communists had just brought the entire country under their control), it was, at the same time, significant that this net irrigated area was only about a seventh of the net cultivated area in this country whereas it was a fifth in the other. An average acre in China was thus more advantageously placed than an average acre in India in the matter of irrigtion.

DOUBLE CROPPING

If Independent India started with an initial relative handicap in the field of irrigation, she had an even greater disadvantage in the matter of double or multiple cropping which had been developed over the previous decades. The following two tables bring out the comparative picture in India and in China in this regard:

5. Double-Cropped Area in India

(In million hectares)

Year	Area sown more than once	(1) as a per cent of net cultivated area in Col. 1 of Table 3	More-than-once sown area which is irrigated	(3) as a per cent of (1)
	1	2	3	4
1949-50	15.4	11.1	1.6	10.2
1950-51	13.2	9.0	1.6	13.2
1951-52	13.8	9.3	2.1	15.5
1952-53	14.2	9.5	2.1	15.1
1953-54	15.6	10.3	2.5	15.8
1954-55	16.2	10.6	2.8	17.5
1955-56	17.6	11.5	3.1	17.5

6. Double-Cropped Area in China

(In million hectares)

Year	Area sown more than once	(1) as a per cent of net cultivated area in Col. 1 of Table 4	More-than-once sown area which is irrigated	(3) as a per cent of (1)
	1	2	3	4
1949-50	34.7	35.4	5.8	16.7
1950-51	—	—	—	—
1951-52	—	—	—	—
1952-53	33.3	30.9	7.4	22.2
1953-54	35.5	32.7	6.9	19.5
1954-55	38.6	35.3	6.8	17.6
1955-56	40.9	37.1	6.0	14.5

It may be seen that only about a tenth of the cultivated area in India was cropped more than once as against a third in China. Multiple cropping of dry lands was always possible to a greater extent in China than in India, thanks to more reliable and steady rainfall in that country. Again, in China, a larger proportion of the double or multiple-cropped area received the benefits of artificial irrigation than in India.

WET PADDY CULTIVATION

It was, however, in the field of wet rice (paddy) cultivation that the contrast between India and China was most striking. As irrigated paddy gives double or treble the yield of unirrigated paddy, a comparative picture of the extent to which this crop was irrigated in India and in China should be of the greatest relevance in comparing productivity trends in the two countries. This picture may be obtained from the two tables immediately below:

7. Irrigated Paddy Area in India

(In million hectares)

Year	Gross area under paddy	Gross paddy area which is irrigated	(2) as a per cent of (1)
	1	2	3
1949-50	30.5	9.9	32.4
1950-51	30.8	9.8	31.9
1951-52	29.8	9.6	32.3
1952-53	30.0	9.6	32.1
1953-54	31.3	10.4	33.1
1954-55	30.7	10.4	34.0
1955-56	30.9	—	—

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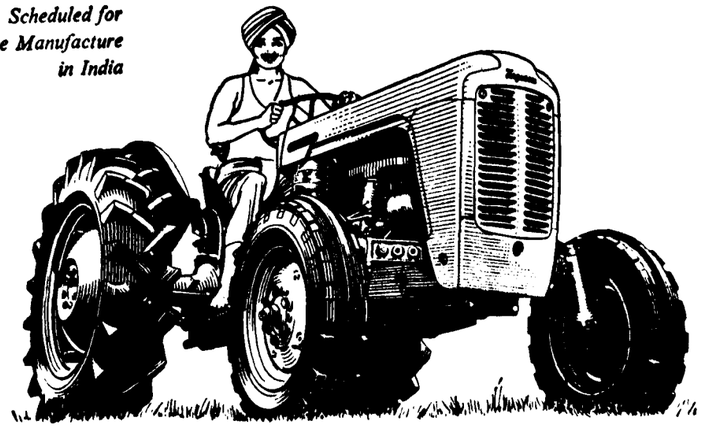
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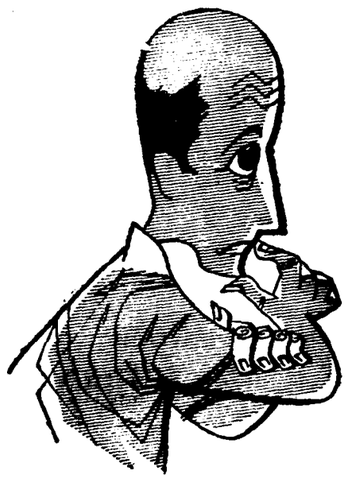
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8. Irrigated Paddy Area in China

(In million hectares)

Year	Gross area under paddy	Gross paddy area which is irrigated	(2) as a per cent of (1)
	1	2	3
1949-50 . .	25.7	22.0	85.7
1950-51 . .	26.1	—	—
1951-52 . .	26.9	—	—
1952-53 . .	28.4	25.0	88.2
1953-54 . .	28.4	25.1	88.6
1954-55 . .	28.7	25.5	88.7
1955-56 . .	29.2	25.8	88.5

That nearly nine-tenths of the gross paddy area in China was irrigated (as against a third in India) would have meant — as in fact it did — a far higher average yield per acre than in India from the gross cropped area covering both irrigated and unirrigated lands. As the vigorous response of paddy crop, under irrigated conditions, to intensive application of organic manures (which in China could always be had in greater abundance than in India) and to judicious use of chemical fertilizers was also there, the Chinese method of wet rice cultivation was 'generally' superior to India's although it was not 'particularly' superior to the traditional paddy-crop practices in the high-yielding canal-irrigated tracts of South India.

SOIL MANAGEMENT

As intensive cropping (very much like gardening) was, by and large, always in vogue in China, soil management in the sense of giving back to land what was taken out of it and of conserving its natural fertility was more diligently practised in China than in India. Here, of course, the Chinese farmer had two distinct advantages over his Indian counterpart — one in the higher natural fertility of his soil and the other in the fuller use of animal and human excreta on cultivation-land. In about a compact third (of China's territory) containing as much as 94 per cent of her cultivated area, Nature had provided three broad types of soil — all of them rich in nitrogen and humus (organic matter) and containing iron, aluminium or calcium. Nature, on the other hand, had provided in India three broad types of soil — all of them deficient in nitrogen and humus but containing potassium and/or calcium. The rather thin organic composition of soil cover in India had always stood in the way of more intensive cultivation unless, of course, it was replenished by organic manures wherever possible. But it was never generally possible in India to put on land most of the animal excreta on account of the widespread need to burn cattle dung as fuel. This was an unfortunate drawback of Indian agriculture although the livestock population in this country was nearly two-thirds more than that in China. The only characteristic common to both countries was that they were never in a position to use inorganic fertilisers on any substantial scale as in Japan. In the circumstances it was really remarkable that the Indian peasant with his commonsense and practical experience had managed, through the ages, to conserve the rather thin soil fertility by adopting suitable crop practices which, on balance, did not deplete it unduly.

Levels of Productivity

IT would thus appear, in the light of the advantageous factors always in operation in China, that the usual sweeping comparison of average acre-yields of different crops in that country with those in India was unrealistic and unfair—'unrealistic' because the basic factors (both natural and artificial) making for productivity were not comparable in the two countries and 'unfair' to the Indian peasant because it often led to the wrong conclusion that he was less industrious and hard-working than his Chinese counterpart. If anything, there was always some good reason to believe that in the conditions of individual peasant farming, which, if experience all the world over was any guide, should have provided the greatest incentives to personal effort and enterprise, the Indian peasant was doing his very best like his counterpart in China. If, therefore, the average acre-yield of an irrigated or of an unirrigated crop in India had been compared with that of an identical irrigated or of an unirrigated crop in China and if, at the same time, due consideration had been given to the comparative levels of natural fertility and of manuring in the two countries, it would have been more realistic and fair. In the absence of comparable data germane to this question of production and productivity separately for irrigated and unirrigated lands, a rough-and-ready comparison of yields per hectare in the two countries is attempted here in the case of paddy for which comparable irrigated area statistics are more readily available. The relevant comparative estimates of irrigated and unirrigated paddy yields in India and in China are presented in the following two tables:

9. PADDY YIELDS IN INDIA

Year & Period	Average yield from gross paddy area covering both irrigated and unirrigated lands		Average yield from gross irrigated paddy area		Average yield from gross unirrigated paddy area	
	In kilograms per cropped hectare	In lbs. per cropped acre	In kilograms per cropped hectare	In lbs. per cropped acre	In kilograms per cropped hectare	In lbs. per cropped acre
Standard yield	1,516	1,353	2,280	2,034	1,140	1,017
1936-39	1,334	1,190	2,004	1,788	1,002	894
1949-50	1,157	1,032	1,740	1,552	870	776
1950-56	1,174	1,047	1,764	1,574	882	787
1955-56	1,258	1,122	1,890	1,686	945	843

10. PADDY YIELD S IN CHINA

Year & Period	Average yield from gross paddy area covering both irrigated and unirrigated lands		Average yield from gross irrigated paddy area		Average yield from gross unirrigated paddy area	
	In kilograms per cropped hectare	In lbs. per cropped acre	In kilograms per cropped hectare	In lbs. per cropped acre	In kilograms per cropped hectare	In lbs. per cropped acre
1929-33	3,330	2,971	3,594	3,206	1,797	1,603
1931-37	2,532	2,260	2,736	2,440	1,368	1,220
1949-50	1,893	1,689	2,058	1,836	1,029	918
1950-56	2,405	2,146	2,598	2,318	1,299	1,159
1955-56	2,675	2,387	2,892	2,580	1,446	1,290

As the agricultural economies of India and China were largely rice economies from time immemorial, the yield of paddy was at once an index of general agricultural productivity in the two countries. It might appear from the figures of average hectare-yields (obtained from dividing the respective total paddy outputs by the respective gross cropped areas under that crop in the two countries) that the average level of agricultural productivity in China was nearly twice as high as in India. Again, if a comparison had been instituted between the average hectare-yields obtained from dividing the respective total paddy outputs by the respective net areas sown to that crop in the two countries, it would have appeared still more unfavourable to India; but that would have ignored the fact that a far larger proportion, than in India, of the paddy area in China was fertile enough or watered well enough to be double or treble-cropped as in the Yairgtze Plain which was always feeding half of China's population.

Neither of these comparisons, however, would have been a true measure of the comparative levels of agricultural productivity in the two countries. It would, on the other hand, appear from the figures of average hectare-yields of paddy, under comparable conditions of irrigation or non-irrigation, that the Chinese level of productivity was only about 50 per cent higher than the Indian level. Even this difference should have been due, almost entirely, to the higher average levels of soil fertility and of manuring in China. There is every reason to believe that this picture of comparative paddy productivity was repeated in the case of most other crops in the two countries. Although crop-wise irrigated area statistics are not available for crops other than paddy in China, a rough idea of general productivity could still be obtained from the two tables on page 56 giving average yields of the principal crops in the respective countries. It may be broadly inferred from the figures of acre-yields, in India, of wheat, cotton and sugarcane under irrigated and unirrigated conditions that the conclusion reached in respect of comparative paddy productivity might well apply to the general levels of agricultural productivity in India and China.

Comparative Development

BEFORE a comparative picture of agricultural production actuals and trends in the two countries can be drawn and explained, it is necessary to have a second look at the series of tables in the foregoing sections describing the basic agrarian contrasts and productivity trends in the period under study.

To take up land utilisation first. It may be found from Tables 1 and 2, that the net cultivated area in India had increased by 6.7 million hectares, or 4.6 per cent, in the period 1950-56 whereas in about the same period in China it had increased by 12.3 million hectares or 12.6 per cent. Of course, neither in India nor in China did this increase in net cultivated area represent so much additional land newly reclaimed for it is known that only about a million hectares of cultivable wastes were reclaimed in India as against China's 2.5 million hectares in the comparable period. In this respect India was bound to lag behind China for the simple reason that she had far less of cultivable wastes which could be economically reclaimed than the latter country had.

Secondly, in the matter or irrigation, Tables 3 and 4 would show that the net irrigated area in India (20.2 million hectares) was about the same as in China (20.3 million hectares) in 1949-50 and had increased by only 2.6 million hectares or 12.9 per cent, in the period 1949-56, as against China's 5.8 million hectares or 28.6 per cent. Here again, it would appear that India's performance did not match China's. But a little consideration of the irrigation potential created in the comparable period in India would show that this country's performance in terms of construction activity was even more spectacular than China's. It may be recalled here that by 1955-56 the potential was created, under India's major and medium irrigation projects and under minor works, to irrigate additional areas of about 3.5 million hectares and 3.9 million hectares respectively. But unfortunately the actual utilisation, by 1955-56, of the additional irrigation potential covered just 2 million hectares and this deplorable state of affairs was almost entirely due to the fact that only 1.6 million hectares of land utilised new irrigation under major and medium projects and 3.5 million hectares under older minor

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works did not appear to have benefited by irrigation with the construction of newer ones. If this had not been the case, India would have surpassed China by 1956 in the matter of net irrigated area. But that was not to be, and the peasant was largely responsible for this failure to utilise irrigation facilities fully. This failure, in its turn, was almost entirely due to the time-lag in the matter of adapting dry lands, at considerable expense, to wet cultivation — a time-lag which was perhaps inevitable 'at the time' on account of the rapid pace at which new irrigation potential was being created.

In regard to double or multiple-cropping, on the other hand, the comparative position revealed by Tables 5 and 6 was not wholly unfavourable to India. It may be seen that in spite of the additions, in the period 1949-56, to the areas sown more than once in the two countries, the multiple-cropped areas, expressed as percentages of the respective net cultivated areas, were about the same by 1956. In at least one respect, namely, the increase in multiple-cropped area which is irrigated, the position was static in China whereas in India such area had doubled in the period. This welcome trend would have been more significant in India if there had not been a regrettable under-utilisation of available irrigation water.

As regards wet paddy cultivation, Tables 7 and 8 would show that the gross area under the crop in China had nearly reached the level attained in India by 1956 and the irrigated paddy area in that country had also increased much more significantly. But irrigated paddy area, expressed as a percentage of gross paddy area, had not increased appreciably in either country since 1949. The initial gap in this regard thus continued to remain throughout the period.

In the matter of soil management, the progress registered in the two countries, in comparble physical terms, by way of use of chemical fertilisers, oilcakes, compost manures, etc., could not be measured in a more or less precise manner. But, in the light of the fact that the quantity of fertilisers and oilcakes distributed by co-operative societies to cultivators in China had increased from 100,000 tons in 1950-51 to 4.5 million tons in 1955-56 it may be inferred that manuring should have been maintained at a fair level from year to year. This should have been so on the assumption that in the earlier period, 1950-52, such fertilisers were mostly made available through private distribution channels. By and large in India, too, manuring during the period should have kept pace with the annual progress in this respect in China, judging by the identical pace of recovery of pre-war unit area yields in the two countries. It might, however, be noted that in neither country soil management through manuring had returned to the respective pre-war levels. This, again, would mean that the scale of effort, in physical and financial terms, required to recover lost ground in the matter of productivity and to surpass it in the respective countries was not commensurate with their respective overall needs. It would thus appear that China's effort in this regard was no more spectacular in relation to her pre-war level of productivity than India's was in relation to hers.

The picture of comparative agricultural development, as highlighted in this study in five specific respects (land utilisation, irrigation, double cropping, wet paddy culture and soil management) would now have to be rounded off with an appraisal of such development in terms of per-acre productivity. As unit area yields of different crops are based on their respective gross cropped areas, they are a more-or-less reliable and decisive test of efficiency in husbandry provided, of course, the irrigation factor is isolated. This has been done for different periods in the two countries in Tables 9 and 10 in respect of paddy. From these tables it would appear that neither in India nor in China were the standard or normal yields of irrigated and unirrigated paddy were recovered in the period 1950-56 and that in neither country were even the respective pre-war yields re-attained. In India the 1950-56 average yields of irrigated and unirrigated paddy were 77 per cent of the respective standard yields and 88 per cent of the respective pre-war (1936-39) yields; in China, the 1950-56 average yields of irrigated and unirrigated paddy were 72 per cent of the respective normal yields of 1929-33 and 95 per cent of the respective pre-war (1931-37) yields. The only redeeming trend was that in 1955-56 India had nearly re-attained the pre-war (1936-39) yields while China had just crossed her pre-war (1931-37) level of yields.

As in the case of paddy, so in the case of most other principal crops. Here, of course, a comparison could not be made between the two countries separately for irrigated and unirrigated crops. However, a comparison would still be possible on the basis of average crop yields from irrigated and unirrigated lands together. It would appear from Table 'C' elsewhere in this section that the pre-war (1936-39) average yields of wheat, cotton, jute and sugarcane (gur) in India were either exceeded or nearly recovered in the period 1950-56. On the other hand, it would appear in Table 'D' elsewhere in this section that the pre-war (1931-37) average yields of most crops in China were not even nearly reached in the period 1950-56. As a matter of fact, the 1950-56 average yields of paddy, wheat, potato, soyabeans, cotton, tobacco, peanut and rapeseed in that country were only 95 per cent, 70 per cent, 29 per cent, 67 per cent, 94 per cent, 95 per cent, 71 per cent and 79 per cent, respectively, of her pre-war (1931-37) yields. Although the process of recovery of pre-war paddy yields in China was satisfactory and a shade better than in India, she was trailing behind this country insofar as the process of re-attaining the pre-war yield levels in respect of most other crops was concerned. The most significant conclusion that could be reached on these facts is that the magnitude of effort, in physical and financial terms, by way of distribution of fertilisers, improved seeds, improved implements, insecticides and pesticides etc., in China should not only not have been comparatively more than in India in the comparable period but should have been somewhat less. If irrigation water had been utilised more fully in India in the same period, the performance of her agriculture could well have been significantly better than China's in terms of agricultural productivity and efficiency. In that case the process of recovery of pre-war yields might well have been completed by the end of India's first Plan. As for per-man productivity, the position in the two countries was not known. In any case, this would not have been a reliable index of agricultural efficiency in densely-populated agrarian economies which had necessarily to keep varying numbers of more men on land than were strictly required for farm work.

Growth of Production

IT should by now be obvious that the process of largely-accomplished recovery of pre-war yields (which were higher than in India by about 50 per cent in the case of paddy and from 33-1/3 per cent to 50 per cent in the case of other crops) would have meant, as in fact it did, a correspondingly larger volume of production in China than in India on the assumption that the net cultivated and gross cropped areas alike remained

at the same respective levels in the 1950-56 period as in the pre-war period in the respective countries. But the area factor was not constant in either country, and so 'in relation to the pre-war period' the higher levels of output in the 1950-56 period in the respective countries should have been due entirely to the respective increases in gross cropped areas. And thus it could be roughly figured out that in China, in the case of all food grain crops including potato, a 24 per cent increase in the annual average of gross cropped area (112.2 million hectares) covering those crops in the 1950-56 period over the 1931-37 annual average of gross cropped area (90.6 million hectares) under such crops was responsible for a 22 per cent increase in their 1950-56 annual average output (160.3 million metric tons) over their 1931-37 annual average output (131.3 million metric tons). As the output increase percentage did not exactly correspond to the area increase percentage, it could be confirmed in this manner also that the recovery of pre-war unit area yields was not wholly completed in the 1950-56 period in China.

This was broadly true of India, too, where in the case of all food grain crops including potato, a 16.6 per cent increase in the annual average of gross cropped area (125 million hectares) covering those crops in the 1950-56 period over the 1936-39 annual average of gross cropped area (107.2 million hectares) under such crops was responsible for a 14 per cent increase in their 1950-56 annual average output (74.5 million metric tons) over their 1936-39 annual average output (65.4 million metric tons). As the output increase percentage did not exactly correspond to the area increase percentage it could be confirmed in this manner also that the recovery of pre-war unit area yields was not wholly completed in the 1950-56 period in India too.

The comparative production performance of the two countries would thus indicate that if a 24 per cent increase in gross cropped area had come about in India in the 1950-56 period, there would have been an output increase of about 22 per cent as in China. But that could not have possibly taken place for the simple reason that the scope for reclaiming culturable waste lands in this country was severely limited. It was thus inevitable that the growth of production in India should have been considerably less than in China in the comparable period. In a way this position is broadly, though not without some qualifications as to the base year 1949-50, reflected in the annual rate of growth of 9.3 per cent for food grains (as graphically presented in the chart elsewhere in this section) in China and in the annual growth rate of 4.1 per cent for food grains (as graphically presented in the chart elsewhere in this section) in India. If the comparative magnitude of effort in the two countries in the matter of reclamation of new lands, irrigation, etc., continues in the period 1956-61 to be the same as in the 1950-56 period, the respective growth rates could not possibly be less in the near future. But the actual chances are that while the area increase in China will continue to be considerably more than in India, the unit area yield increase might be arrested or slowed down with the institution of collectivised agriculture since 1957. On the other hand, the unit area yield increase in India will continue to be maintained or quickened under conditions of peasant proprietorship and of probable greater irrigation of double or multiple-cropped lands. It is not improbable, therefore, that the relative gap in the growth rates of production in the two countries might well begin to close in the period 1956-61 and close almost completely in the period 1961-66 when the possibilities of reclaiming vast extents of culturable wastes in China will have been nearly exhausted. The actuals running too closely parallel to the trends in China is too good to be maintained in the next decade.

It now remains to round off this picture of comparative production performance in the two countries by a reference to per capita production. For a population of 549 million in 1949-50 China's food grains production in that year was 111.4 million long tons; this represented a per capita production of 455 lbs. In 1955-56, China's food grains production was 181 million long tons for a population of 618 million; this represented a per capita production of 656 lbs. It may be seen that the availability, for an average Chinese, of domestic food grains, was 19.9 oz. per day in 1949-50 and 28.5 oz. per day in 1955-56. On the other hand, for a population of 352 million in 1949-50, India's food grains production in that year was 67.2 million long tons; this represented a per capita production of 428 lbs. In 1955-56, India's food grains production was 77.9 million long tons for a population of 381 million; this represented a per capita prduction of 458 lbs. It may be seen that the availability, for an average Indian, of domestic food grains was 18.8 oz. per day in 1949-50 and 20.1 oz. per day in 1955-56. The comparisons are made here in terms of food grains in husk; this means, for example, it is paddy, not cleaned rice.

An absolute gap of 8.4 oz. per capita per day in the availabilities of domestic food grains production in China and India may look somewhat depressing. This gap, however, may well disappear in the most likely conditions, in the coming detade, of a reduced rate of growth in China and of an increased rate of growth in India. In which case, per capita production in both the countries may well provide an average Chinese or an average Indian with about 24 oz. of food grains per day by the end of the next decade on the assumption that the annual rates of increase of population in the two countries will continue to be the same as in the decade under study. This country may thus take another decade to overcome the initial disadvantages of her inherited agricultural economy and break even with China in the matter of per capita production. This, again, is on the two-fold basic assumption that collectivised agriculture in China would not increase unit area yields and that peasant farming which is being strengthened in India would increase per-acre productivity. Here this study could be appropriately concluded with the same words as in the concluding paragraph of the projection-study of Indian agriculture; 1950-75, published in last year's Annual Number:

"That collective farming, or co-operative collective farming as it is sometimes called, might only destroy individual incentive and thus would not contribute to any striking increase in per-acre productivity, may be inferred from an unnoticed fact about Russian agriculture. The fact is that 3 per cent of Russia's arable land, while belonging to the State, remains divided into tiny plots available as private backyards for the collective-farm families and that this 3 per cent produces about 10 per cent of the U.S.S.R.'s agricultural output. Which means that the Russian farmer works three times harder on his vestige of personal property than on socialised land. There is no reason to believe that socialised land in China will surpass or at least maintain in the long run the high pre-acre yields reached long before collectivisation. All this should be as much a hope as it is a warning — hope that the farming organisation in India might continue over the next two decades to be basically what it is today, but vastly improved in its details and smoothly lubricated in its parts."

TABLE A.

SOWN AREA & PRODUCTION OF PRINCIPAL CROPS IN INDIA

Area in '000 acres. Production in '000 long tons

	1949-50		1950-51		1951-52		1952-53		1953-54		1954-55		1955-56	
	Area	Prodn.	Area	Prodn.	Area	Prodn.	Area	Prodn.	Area	Prodn.	Area	Prodn.	Area	Prodn.
Rice (Paddy)	75,414	34,755	76,135	30,377	73,713	31,446	74,036	33,806	77,318	41,654	75,949	36,797	76,253	38,211
Wheat	24,114	6,290	24,082	6,360	23,404	6,085	24,286	7,382	26,394	7,890	27,517	8,778	29,225	8,348
Potato	577	1,519	592	1,634	617	1,685	629	1,961	635	1,925	665	1,762	658	1,643
Misc. Food Crops	95,969	16,558	93,097	15,133	96,088	15,839	104,888	19,303	112,102	22,609	108,559	22,425	105,522	19,527
Gram & Pulses	49,833	8,030	47,175	8,278	46,394	8,287	49,039	9,044	53,695	10,450	55,300	10,870	55,100	10,187
Cotton	12,173	460	14,536	509	16,201	548	15,713	559	17,265	690	18,684	740	20,230	700
Jute	1,161	552	1,411	586	1,951	835	1,813	820	1,228	552	1,243	523	1,581	739
Tobacco	860	264	883	257	713	206	896	241	912	268	860	248	893	249
Sugarcane*	3,624	4,938	4,217	5,615	4,792	6,066	4,272	5,019	3,485	4,423	3,994	5,760	4,446	5,859
Groundnut	9,832	3,379	11,106	3,426	12,151	3,142	11,848	2,883	10,945	3,391	13,548	4,128	12,692	3,862
Rape & Mustard	4,781	793	5,118	750	5,934	925	5,201	844	5,345	858	6,025	1,019	6,262	832
Tea	..	261	..	271	..	286	..	301	..	263	..	289	..	..
Other Crops	..	9,772	..	9,835	..	9,834	..	9,659	..	10,982	..	11,832	..	..

* In terms of raw sugar (gur).

TABLE B.

SOWN AREA & PRODUCTION OF PRINCIPAL CROPS IN CHINA

Area in '000 Acres. Production in '000 long tons

	1949-50		1950-51		1951-52		1952-53		1953-54		1954-55		1955-56	
	Area	Prodn.	Area	Prodn.	Area	Prodn.	Area	Prodn.	Area	Prodn.	Area	Prodn.	Area	Prodn.
Rice (Paddy)	63,513	47,876	64,602	54,229	66,539	59,598	70,118	67,344	69,967	70,144	70,957	69,731	72,073	76,792
Wheat	55,154	13,592	56,327	14,266	56,957	16,958	61,219	17,839	63,334	17,991	66,623	22,966	66,059	22,602
Potato	17,320	9,685	19,013	12,194	20,470	13,779	21,463	16,067	22,274	16,392	24,164	16,712	24,838	18,597
Miscellaneous Food Crops	117,114	35,234	118,975	42,030	120,299	42,586	24,636	50,706	126,741	49,894	125,677	48,492	129,531	54,057
Soya Beans	20,552	5,005	23,722	7,318	26,683	8,494	28,854	9,370	30,540	9,773	31,261	8,937	28,267	8,976
Cotton	6,843	457	9,353	682	13,550	1,014	13,774	1,283	12,797	1,156	13,494	1,048	14,262	1,494
Jute & ambary hemp	21	36	120	78	439	246	391	301	196	136	178	135	287	253
Cured Tobacco	150	42	151	56	589	238	460	218	472	209	538	228	623	293
Sugarcane	267	2,600	278	3,084	350	4,556	451	7,003	475	7,095	540	8,457	505	7,982
Sugarbeet	39	188	52	241	58	354	87	471	120	497	180	973	284	1,571
Peanuts	3,099	1,248	3,320	1,712	4,117	2,063	4,457	2,279	4,336	2,094	5,180	2,723	5,604	2,880
Rapeseed	3,743	72	3,516	672	3,871	766	4,603	917	4,119	865	4,216	864	5,776	954
Other Crops	..	..	..	..	..	..	11,816	..	14,181	..	16,079	..	17,927	..
Tea	..	40	..	64	..	78	..	81	..	83	..	91	..	106

Source: Report of the Indian Delegation to China on Agricultural Planning & Techniques.

TABLE C.

CROP-YIELDS IN INDIA

(In lbs. per acre)

Crop	Standard Yield	1936-39 Average	1950-56 1949-50	1950-56 Average	1950-56 1955-56	1954-55 Irrigated	1954-55 Unirrigated
Rice (Paddy)	1,353	1,190	1,157	1,174	1,258	1,612	806
Wheat	828	618	584	647	640	1,052	526
Potato	—	—	5,897	6,252	5,593	—	—
Other cereals	—	—	386	413	415	—	—
All Cereals and Potato	—	—	675	693	717	—	—
Gram and Pulses	—	—	361	416	414	—	—
Cotton (lint)	111	78	85	82	77	268	134
Jute	1,296	884	1,062	983	1,047	—	—
Tobacco	977	839	688	637	629	—	—
Sugarcane (gur)	3,516	3,046	3,052	2,907	2,950	3,800	1,900
Groundnut	—	878	691	652	677	—	—
Rapeseed	502	385	372	344	294	—	—

TABLE D.

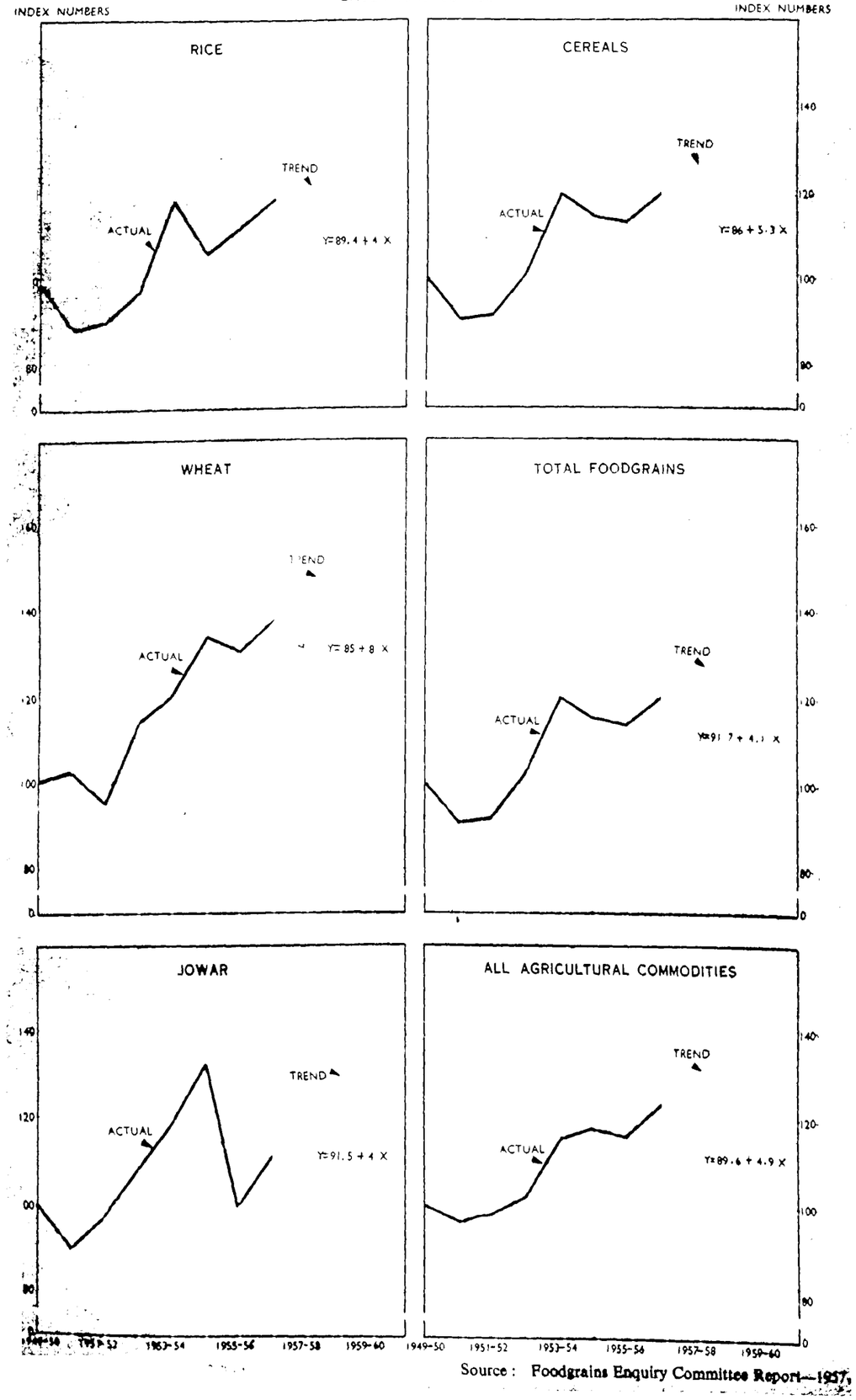
CROP - YIELDS IN CHINA

(In lbs. per acre)

Crop	1929-33 Average	1931-37 Average	1950-56 1949-50	1950-56 Average	1950-56 1955-56	1954-55
Rice (Paddy)	2,971	2,260	1,689	2,146	2,387	2,201
Wheat	1,022	962	573	674	766	772
Potato	5,211	5,534	1,253	1,583	1,677	1,549
Other Cereals	—	—	674	863	935	864
All Cereals and Potato	—	—	949	1,198	1,318	1,231
Soya Beans	848	1,039	546	700	711	641
Cotton (lint)	—	205	145	192	234	174
Jute and Hemp	—	—	1,159	1,608	1,972	1,695
Tobacco	—	1,017	628	965	1,055	950
Sugarcane (cane)	—	—	21,788	32,136	35,438	35,053
Peanut	—	1,606	902	1,137	1,151	1,178
Rapeseed	—	553	433	436	370	459

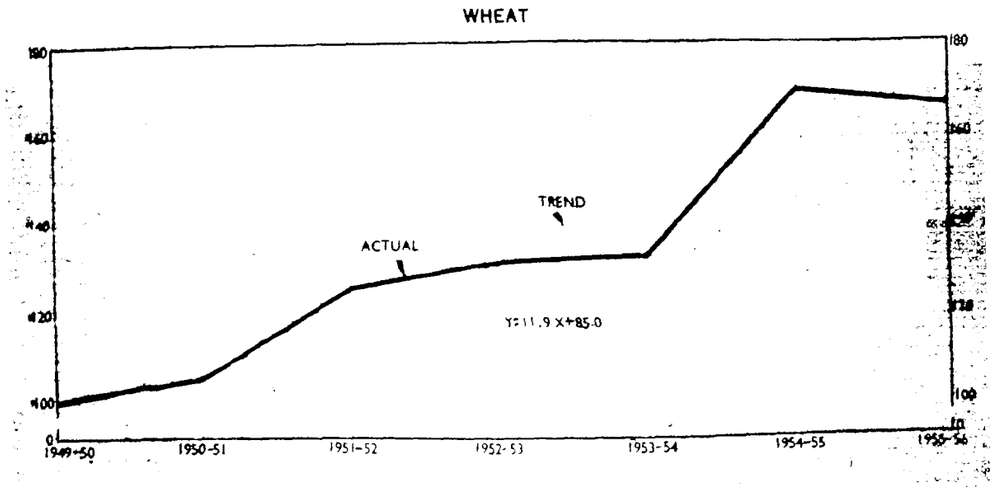
PRODUCTION TRENDS IN INDIA

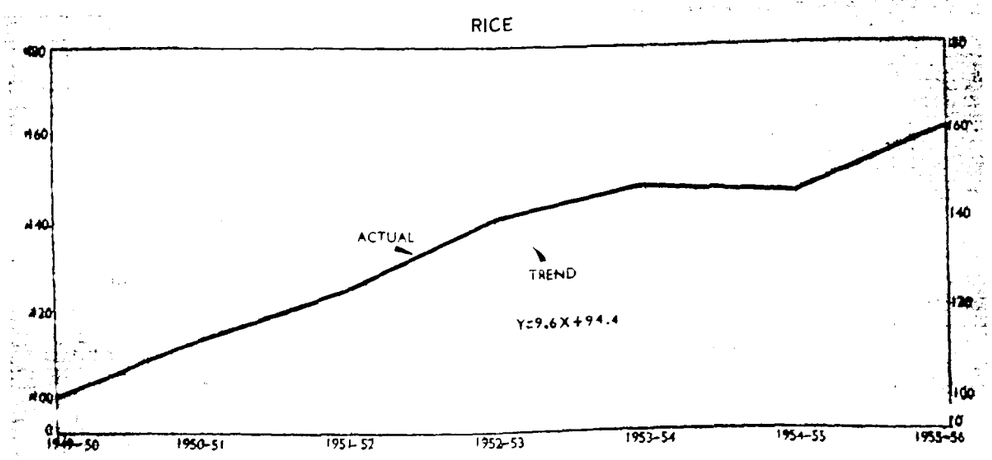
BASE : 1949-50=100

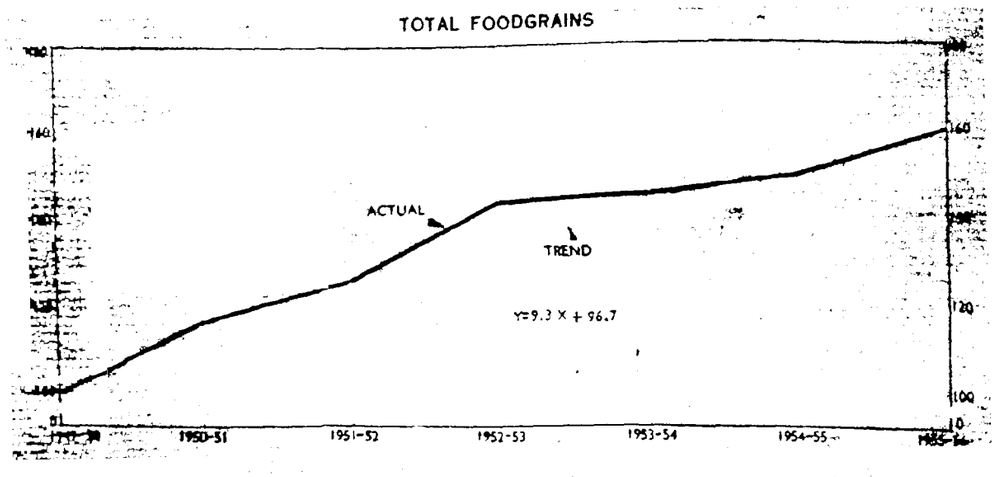


Source : Foodgrains Enquiry Committee Report—1957.

PRODUCTION TRENDS IN CHINA
(INDEX NOS.)
BASE:1949–50=100







Land Reform in India

THE organic connection between land tenure and productivity was always well recognised in India and hence the goal of post-Independence land reform in this country has been to expand and strengthen peasant proprietorship as a system of land holding best suited from the point of view of incentives to effort and enterprise in cultivation and of high unit area yields. Although the pace of land tenure and farm tenancy reform, with this goal in view, has not been as fast as some impatient agrarian reformers would have liked it to be, it has certainly been steady, measured and substantial and avoided the kind of large-scale human suffering which accompanied the all-too-sudden process of land redistribution and expansion of peasant proprietorship in the early years of Communist rule in China. The course of India's land reform thus provides an illuminating contrast to China's, and a review of its progress is called for if only to highlight its 'generally' humane character.

In the Indian Constitution agricultural lands are in the States' list, and the various State Governments have put through, in terms of a general land reform policy recommended by the Planning Commission, legislation for the abolition of intermediaries like Zamindars, Jagirdars and other similar tenure-holders between the State and the actual occupants of land. Although Zamindari abolition is only the logical culmination of a large body of pre-Independence tenancy legislation defining and even enlarging the rights of occupancy and quasi-occupancy holders of land under the intermediaries, it is now mostly completed in a manner that has brought a triple credit to the Congress-run State Governments—credit for giving or guaranteeing fair compensation to the displaced intermediaries most of whom were ardent supporters of British rule; credit for satisfying the aspirations of occupancy and quasi-occupancy ryots at little or no cost; and credit for largely doing away with the multiplicity of tenures and converting some of the old tenures into and approximating others to the ryotwari tenure. The ryotwari tenure, incidentally, has all along prevailed in respect of a little more than half of all cultivated lands in the country. Under this tenure, the ryot has always paid land revenue directly to the state and enjoyed absolute rights of ownership in his landholding.

It may be recalled that the Zamindari tenure was originally fashioned by the British rulers as a revenue settlement which farmed out to tax collectors (Zamindars) the right of collecting land revenue from the actual occupants of land. The earlier settlements were permanent settlements (as in Bengal and parts of Madras) under which the amount payable by each Zamindar to the State was fixed in cash in perpetuity; the later Zamindari settlements were temporary settlements (as in the United Provinces) under which the amount payable by each Zamindar to the state could be revised every thirty or forty years. Under both settlements which covered varying extents of land in the various British Indian Provinces, the occupants of land did not pay land revenue direct to the State, but paid it as rent through the Zamindar who retained a portion of it as collection charges; under both systems a chain of intermediaries, each claiming a share in the rent, grew up between the Zamindar proper and the occupants and thus the quantum of rent paid by the latter increased in due course. These occupants with hereditary and customary rights in their holdings were in due course statutorily protected by tenancy legislation which regulated their conditions of tenure including the rents payable and the conditions under which such rents could be raised. The occupancy tenants under Jagirdars (who were chiefly found in the Princely States) had also relatively secure permanent rights in their holdings. Broadly speaking, the occupancy holders had heritable and alienable rights and most of them were thus the 'virtual', though not full, owners of land. But the rent paid by them did not go in its entirety to the state, for a considerable portion of it was appropriated by Zamindars and other intermediaries, if any, under them.

The removal of these intermediaries has meant in all cases some fair compensation for that rental portion that is to be permanently denied to them. At the same time this abolition programme has meant that some sections of occupancy holders could now give the state rents which are lower than what they were formerly paying to the intermediaries but which are higher than the land revenue the Zamindars were formerly paying to the state on their behalf; and that some other sections of occupancy holders could continue to give the state rents which are about the same as they were formerly paying to the intermediaries but which are, again, higher than the land revenue the Zamindars were formerly paying to the State on their behalf. In either case the State would be getting, as in fact it has been in the last few years, an addition to its land revenue—an addition which, over a period of time, say, twenty to forty years, could cover the compensation (about Rs. 5,000 million) payable to the erstwhile intermediaries. In those cases where no additional land revenue would accrue to the state, the occupancy holder has himself to pay the compensation in one lump or in several instalments.

The state of Uttar Pradesh, for example, may give an idea of the sweep and magnitude, as well as the human and beneficent character, of the Zamindari abolition programme. In that State alone the programme has covered about 41 million acres of land, involving a total compensation of Rs. 1,600 million to about 2 million intermediaries. Of this amount, graded rehabilitation grants to smaller intermediaries who had been paying Rs. 5,000 and less as land revenue absorb Rs. 800 million. Two distinct types of tenure holders have emerged from the former medley of various classes of tenants—namely, the 'bhumidars' who formerly had absolute rights of occupancy and who now have unrestricted rights of ownership in their holdings and 'sirdars', who formerly had limited occupancy rights and who now have permanent and heritable but not transferable rights in their holdings which, however, cannot be used for any purpose other than agriculture, horitculture and animal husbandry. Former Zamindars are now 'bhumidars' in respect of their private lands and groves. Limited occupancy holders, if any, of Zamindars' private lands are now 'sirdars'. All the 4.4 million 'adhivasis' (a backward class of agriculturists) have also become 'sirdars' without paying any compensation. Sub-tenants under disabled 'bhumidars' and 'sirdars' and of groves, and tenants on lands of shifting and unstable cultivation have only protected cultivation rights. All 'sirdars' could have their rents reduced by half and become 'bhumidars' on payment of ten times their rent. About 25 per cent of such 'sirdars' have, by now, paid about Rs. 400 million and become 'bhumidars'. This amount which has gone into the U.P. Zamindari Abolition Fund, and the additional

'annual' land revenue of about Rs. 70 million would cover compensation payments to the former intermediaries over a period of time.

The case of Uttar Pradesh is described here only by way of illustration of the implications and consequences of a major land tenure reform which has expanded peasant proprietorship with a minimum of weeping and gnashing of teeth. The Zamindari abolition programmes in the other States have, of course, their own distinctive features according to their respective local conditions. While space forbids any elaboration of the other States' programmes, it would be relevant to note that this abolition reform has been a comparatively easy affair for some historical reasons like the reasonable success of pre-Independence tenancy legislation, the odium attached to Zamindars as "the feudal lackeys of British Imperialism" and the mass support of occupancy tenants to the Congress Party in its struggle for the country's freedom. But post-Independence tenancy reform ostensibly intended to protect tenants-at-will (who had never enjoyed secure rights of cultivation) under the former occupancy tenants and under such of those ryotwari landowners as were leasing out their lands, and on the personal lands of Zamindars and other intermediaries, has not only not been an easy affair but has actually turned out to be something of a fiasco (a blessing in diguise?) on account, again, of some historical reasons like the support given by occupancy tenants and ryotwari landowners to the Congress Party in the days of the freedom struggle and the support given by unprotected tenants and share-croppers (who were only glorified labourers) and by considerable sections of landless wage-labourers to Socialists, Communists and other left-wing groups. The rather unfortunate story of this post-Independence tenancy legislation is the theme of the following paragraphs.

The customary tenant-farming sector, which is to be clearly distinguished from the former occupancy tenant sector under Zamindari tenure, is now 'virtually' on its last legs. The customary tenant sector (in the ryotwari and former Zamindari areas) now covers just a tenth of all cultivated lands in the country whereas it covered prior to 1949 (when the fateful Congress Agrarian Reforms Committee under the chairmanship of Dr. J. C. Kumarappa reported) anything from a fourth to a third of all cultivated lands. Since 1949, a large body of legislation seeking to protect tenants-at-will and fix fair rents in some States and the threat of similar legislation in others have introduced many elements of friction and discord into what was a reasonably stable system. The Planners' proclaimed anxiety "to provide the tenant-tiller with fuller incentives for increasing agricultural production" inspired them to propose a drastic reduction in customary rents or owner-shares. (Incidentally, the experience of China was that on tenant-cultivated holdings some of the highest unit area yields were registered in spite of the fact that in that country land rents were generally not higher than in India). But the verdict of tenancy legislation up till now in most States has underlined the crucial importance of rent in the regulation and determination of landlord-tenant relations. It is notorious that the fixing of rents at an unrealistically low level (without any organic correlation to the surrounding level of agricultural wages) or even the mere threat of introduction of such rents has been the biggest single factor in provoking non-cultivating landowners throughout the country to resume lands on a large scale for personal cultivation, that is, cultivation with or without the help of cheap casual labour. Although the Planning Commission's view that a "fair wage" for the tenant could be had only from a 75 per cent or 80 per cent share of gross produce for him has not found uniform favour with all the State Governments, the reduction of rents in most States has still been pretty drastic, ignoring the consideration that the landowner could not possibly have at the same time either a reasonable share of the crop for his own livelihood or even a fair return on his investment in land.

The unfortunate and unintended effects of protective tenancy legislation based on a low level of rent in a number of States are already public knowledge. In Hyderabad, nearly 121,000 'protected' tenants out of a total of 21,000 were dispossessed between 1951-52 and 1954-55 and the area under 'protected' tenancy had come down from about 2.7 million acres to 1.1 million acres. Nearly 75 per cent of dispossessions were due to 'voluntary' surrenders which, in turn, were largely due to ignorance of protected tenants regarding their rights and to lack of resources for cultivation or for litigation and nearly 15 per cent of dispossessions were due to evictions of which, in turn, about 80 per cent were illegal, brought about by undue influence. Of the land owners who had thus resumed lands, 57 per cent kept them under their personal cultivation while 34 per cent leased them out to others (probably for rents higher than the low statutory rents). The second Plan document has also spoken of large-scale ejectment of tenants in some States and of 'voluntary surrender' of tenancies which are not 'bona fide' transactions. In many villages of Punjab and Pepsu dispossessions have occurred in spite of the law staying ejectment of tenants. Many crop-sharers have been evicted in Bihar and West Bengal. In Bombay, between 1948 and 1951, the number of protected tenants declined by 20 per cent and the area under protected tenancy also by 20 per cent. And so Prof. M. L. Dantwala, one of the foremost liberal agrarian reformers in the country, has commented on the situation: "The surveys conducted by the Research Programme Committee have clearly revealed that both in regard to security of tenure and reasonable rents the provisions of legislation are almost a dead letter. It is estimated that there have been more evictions in the last ten years than in the previous hundred years. The Planning Commission, however, has chosen to avoid highlighting these facts, obviously for political reasons."

Prof. Dantwala's view, like that of Mr. Wolf Ladejinsky, is that if security of tenure is statutorily accorded statutory 'fair' rents would automatically come to prevail. The landlord-tenant system in India has, however, given the lesson that if 'fair' rents are unrealistically low even statutory security of tenure would only be honoured more in the breach than in the observance. It is estimated in this connection that the present truncated tenant sector will be reduced in the coming four or five years to about 5 per cent of all cultivated lands in the country with the institution of certain provisions in legislation for resumption of tenant-occupied lands for personal cultivation by owners.

The elimination of large numbers of tenants as a class would have been an eminently desirable operation if it had been possible to enable them to rise to the proud status of owners under a country-wide tenant-purchase programme. But that was not to be except, to a very limited extent, in some States. And thus it came about that the downgrading of a considerable section of tenants as landless labourers was the only unfortunate feature of an otherwise even process of land reform in India. Although this regrettable development could well have been avoided by a little forethought in the matter of rent fixation, the fact nevertheless remains that it has had the twin effect of consolidating the landowning agriculturists (represent-

TABLE E.

PRODUCTION TRENDS IN INDIA

(Index Numbers with 1949-50 as Base)

Year	Rice	Wheat	Jowar	Total Cereals	Total Food Grains	All Agricultural Commodities
1949-50 ..	100 0	100.0	100.0	100.0	100.0	100.0
1950-51 ..	87.9	101.0	89.8	90.3	90.5	95.6
1951-52 ..	90.1	93.9	96.4	91.2	91.1	97.5
1952-53 ..	96.8	112.7	106.6	101.4	101.1	102.0
1953-54 ..	116.6	120.0	117.0	120.1	119.1	114.3
1954-55 ..	105.5	133.7	133.4	114.0	114.4	116.4
1955-56 ..	112.7	130.5	98.5	113.7	113.5	115.9
1956-57 ..	118.1	138.1	110.6	119.4	119.6	123.0

Source: Directorate of Economics and Statistics, Ministry of Food and Agriculture. 1956-57 indices are based on Final Estimates and are subject to revision.

N.B.: The data have ben utilised in Chart VII of the Report of the Food Grains Enquiry Committee; this chart is reproduced in the Agriculture section of the Annual Number.

TABLE F.

PRODUCTION TRENDS IN CHINA

(Index Numbers with 1949-50 as Base)

Year	Rice (Paddy)	Wheat	Total Food Grains
1949-50 ..	100	100	100
1950-51 ..	113	105	116
1951-52 ..	124	125	126
1952-53 ..	141	131	143
1953-54 ..	147	132	145
1954-55 ..	146	169	148
1955-56 ..	160	166	159

N.B.: The Statistics Department of 'The Eastern Economist' have used these data in its chart elsewhere in this Section of the Annual Number.

TABLE G.

AGRO-TECHNICAL DEVELOPMENT IN MAINLAND CHINA, 1950-1956

(In 1,000 acres, if not otherwise indicated)

	1950-51	1951-52	1952-53	1953-54	1954-55	1955-56
1. Acreage newly reclaimed		1949-1952:	280	1,525	2,061	2,165
2. Acreage newly afforested	290	1,040	2,000	2,780	2,900	4,260
3. Acreage newly irrigated	1,113	2,000	4,250	1,630	1,950	3,170
4. Area sown with improved seeds Cotton	19%	28.8%	51%	n.a.	n.a.	70%
Wheat and Rice			10%	n.a.	n.a.	n.a.
5. New farm tools distributed (1,000 pieces) ..		12	30	570	400	530
6. Chemical fertilizer distributed (1,000 tons) (including soyabean cakes)	100	200	350	3,600	4,000	4,500
7. Power pumps distributed (1,000 h.p.)					137	700
8. Insecticides distributed (1,000 tons)						90
9. Total cultivated acreage (1,000 acres)			269797	271,322	273,383	275,390
10. Total crop acreage (1,000 acres)	n.a.	n.a.	353,140	360,090	369,813	377,705

Source: Data compiled from N.C.N.A. releases, J.M.J.P., and various other sources.

TABLE H.

FISCAL AND FINANCIAL PROGRAMMES IN AGRICULTURE IN MAINLAND CHINA

	1949-50	1950-51	1951-52	1952-53	1953-54	1954-55	1955-56
	(In million metric tons, if not otherwise indicated)						
1. Total grain production, unprocessed grain. Percentage increase over previous year	113.18	131.4 (16.1%)	143.4 (9.1%)	163.915 (14.3%)	166.83 (1.8%)	169.515 (1.6%)	184 (8.5%)
2. Amount of public grain collected as tax (in terms of "fine grain" which contain some dehusked grain)	20.30	17.67	21.87	19.4	17.55	19	19
3. Tax grain *in terms of* unprocessed grain as in 1. (The average depreciation rate from 1 to 2 is about 10.3%)	22.636	19.71	24.378	21.637	19.574	21.2	21.2
4. Percentage of 3 to 1	20%	15%	17%	13.2%	11.73%	12.51%	11.54%
5. Grain purchased by State (Unprocessed)		7.241	11.482	25.511	30.73	30.72	26.97
6. Total of 3 and 5		26.95	38.86	47.15	50.30	51.92	48.17
7. Value of Agricultural tax (in billion yuan. One yuan equals U.S. $0.4246)		1.890	2.168	2.601	2.905	2.377	3.05
8. Percentage of Agricultural tax in national budget receipts		29.63%	18.17%	17.08%	13.48%	12.4%	11.22%
9. Grain exported (processed; about half were soybeans)		(1950-1952: 4.5 million tons)			1.6	1.75	n.a.
10. Grain imported			none	none	none (rice)	0.40	n.a.
11. Rural credit extended to peasants (million U.S.$)				310	660	860	510
12. State investment in agriculture, conservation, irrigation, forestry, and meteorology services (million U.S.$)					499.7	583.8	628

TABLE I.

THE DEVELOPMENT OF ORGANISED FARMING IN MAINLAND CHINA

	1950-51	1951-52	1952-53	1953-54	1954-55	1955-56	1956	1957 (original goal
1. No. of mutual aid teams (in 1,000)	300	456	8,300	10,000	n.a.	n.a.	n.a	
2. No. of households to the mutual-aid terms (1,000)	11,313	n.a.	45,364	45,637	68,478	60,389	n.a.	
3. No. of Agriculture producers coops (1,000)	0.018	0.3	3.63	15	114.16	633.2	700.9 (May)	
4. No. of households in the APC (1,000)	0.18	n.a.	57	273	2,285	16,881	35,414 (May)	
5. No. of higher APC (collective farms)	1	n.a.	10	15	201	529	302,756 (May)	
6. No. of households in the higher APC (1,000)	0.032	n.a.	1.8	2.1	12	40	74.72 (May)	
7. Membership in the supply and marketing coops (In million)	25	46	138	150	163	n.a.	n.a.	
8. No. of credit coops (1000)				6.9	n.a.	155	220	
9. No. of state farms (mechanised ones in brackets)	1,215 (36)	n.a.	2,336 (50)	2,376 (59)	2,415 (97)	2,242 (106)	(152)	(141)
0. No. of tractor stations					89	138	275	194
1. Total no. of peasant households (In million)	105,536	n.a.	113,683	116,325	117,331	119,201	n.a.	

N.B. Data compiled from N.C.N.A. releases, J.M.J.P. and various other sources. Peking's statistics, while nc comprehensive in certain areas, are extensive enough now to permit some cross-checking.

Nature's Weavers . . . !

The Yellow Warbler builds in tiers

It appears strange that a bird should build a nest upon its own nest. But the bright little yellow Warbler does exactly so!

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ISSUED & SUBSCRIBED CAPITAL	Rs. 4,00,00,000
PAID-UP CAPITAL	Rs. 2,00,00,000
RESERVE FUND	Rs. 1,15,00,000

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G. D. BIRLA
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S. T. SADASIVAN
General Manager

ng nearly 33 million predominantly smallholder-families is against 19 million landless agriculturist families in he country as a whole) and of strengthening peasant proprietorship. Increased production aids to this numerous class of peasant proprietors and attempts to consolidate their fragmented holdings, though still not commensurate with the over-all requirements, have nevertheless been strengthening peasant proprietorship in their own small way with a view to rendering it more prosperous and stable. This is the supreme objective of India's Community Project and N.E.S. areas wherein increasing emphasis on service co-operatives may be expected to ensure better returns for the peasant farmer by way of economic marketing and cheaper credit and supply of agricultural requisites.

Land Reform in China

IF the Indian National Congress promised 'land to the tiller' — the word 'tiller' being originally identified with the occupancy and quasi-occupancy tenants of zamindari areas and later expanded to cover tenants-at-will in ryotwari and sub-tenants in zamindari areas, but not the landless labourers — and largely fulfilled that promise in a peaceful manner calculated to strengthen peasant proprietorship, the Chinese Communists promised 'land to the landless' — the word 'landless' being mostly identified with the numerous class of rural proletarians — and fulfilled that promise with a vengeance and in a manner calculated to destroy the inherited structure of peasant proprietorship which had been responsible for some very high unit-area yields in the world. The potential destruction of peasant proprietorship was implicit in the ridiculously exaggerated egalitarianism which marked the process of distribution, to the resourceless landless labourers, of about 120 million acres of confiscated land in parcels too tiny for economic cultivation. A numerous class of rural proletarians who benefited by the land redistribution reform was thus pitted against the older class of peasant proprietors and cultivating tenants and methodically used to destroy, by rapid stages, the entire structure of peasant proprietorship. And thus what seemed to expand with the institution of radical land reform in 1949-50 ended up, by stages, in collectivisation by 1957. It was all too ultra-democratic to be lasting. Peasant proprietorship is thus no more than a memory now in China — a bitter and painful memory to millions and millions of peasant farmers whose independence was destroyed in one fell swoop for which there was no parallel except in the Soviet Union.

All this was part of the history of the decade under study — a sordid history meriting narration both as a contrast to India's agrarian history in the same period and as a frightful warning to this country's peasantry. It all began this way. Long before they came to power, the Communists recognised in the inequalities of land ownership what Mr. Wolf Ladejinsky has called "the most dramatic and politically exploitable issue." And they adroitly exploited, in the course of the long civil war, the land-hunger of tenant-farmers who did not own the land they had been cultivating, of poor and small owners who had necessarily to rent some additional land to make their cultivated holdings reasonably economic and of landless labourers who were as numerous and resourceless in China as in India, and turned it against the big owners, representing 10 per cent of 110 million peasant-families and owning 50 per cent of all cultivated lands, and the medium owners who were typical peasant-proprietors, largely cultivating their holdings with family helpers and owning 18 per cent of all cultivated lands. Immediately after they came to power the Communists promulgated the Agrarian Reform Law of 1950 under which about 120 million acres representing 43 per cent of all cultivated lands were expropriated, without compensation, from the big owners and distributed to small owners, tenants and labourers. At the same time, tens of thousands of houses belonging to big owners, about 30 million draft animals, 40 million agricultural implements and 5 million tons of foodstuffs were confiscated, again without compensation, and redistributed under the law. What was still worse, tens of thousands of big owners were physically annihilated; the number of such victims was anything between 800,000 and 2,000,000. Subsequently, in the next two or three years, lands amounting to 10 per cent of the entire cultivated acreage were similarly confiscated from medium owners and redistributed. The final result of this violent and utterly unjust 'reform' — unjust in the sense that expropriation did not have even the saving merit of being fairly or reasonably compensated — was that big owners were left with just 3 per cent and medium owners with only 8 per cent of all cultivated lands while small owners — both old and new — came to have 63 per cent of all such lands.

Even this phase of small-scale ownership and peasant farming did not last long, and soon 'commandism' came into play through Government cadres in all the villages handing down to the peasants orders from above in the matter of even normal cultivation operations like ploughing, planting, sowing, weeding, harvesting and so on. It was 'discovered' at this stage that improved techniques could not be adopted on the millions of one-or two-acre owner-operated farms, and thus a plausible economic argument was invented to organise the peasants in producers' co-operatives. There was really no discovery here for the Communists knew what they were doing when they increased the number of uneconomic and sub-marginal peasant farms to ridiculous lengths so as to discredit peasant proprietorship and ultimately destroy it. If they had, at any time, really intended to make it prosperous and stable, they would have done something about the twin evils of subdivision and fragmentation and tried to create more of economic and compact peasant farms. As this was never the intention of Communists, it was always clear to liberal agrarian reformers where they (the Chinese Communists) were heading. And so it was not much of a surprise when in 1955 producers' co-operatives began to be energetically organised — the kind of joint farms which retained individual property rights and allowed a portion of the produce as rent for the pooled lands. What was really surprising was that the Communists did not deem it necessary to keep up for long the pretence that they, too, could safeguard private property rights, for very soon, in the next year itself, they were to turn the large masses of new small farmers (who were formerly landless labourers and who were now tightly controlled by Communist cadres) against the medium owners in the co-operatives, to do away with 'land divi' (rent) and to convert the joint farms into collective farms which socialised land and reduced all peasant-members to the position of labourers. By mid-1957, agricultural collectivisation, begun in late-1956, was nearly completed.

That the Communists in China were able to redistribute lands on the largest possible scale in the first phase and to socialise them in the final phase—all within barely six years—was something spectacular as a root-and-branch revolution, however unjust the whole process might have appeared to a devout Hindu

who saw in it a double dose of 'adharma'. For 'adharma' it was where it involved expropriation, without compensation and without any regard for human welfare, of movable and immovable proptrty on a large scale in its first phase; drastic reduction of income attributable to ownership and equally drastic abridgement of private property rights in land, again without compensation, in the middle phase of co-operativisation; and total abolition, without compensation, of all lingering private property rights in the final phase of socialisation of land and collectivisation of agriculture. A worse and more galling piece of 'adharma', in the eyes of a dharmik Hindu, was the taking back of what was gifted way to millions and millions of poor peasants and labourers at an average of one-third acre of land per capita or of an acre and a half per household. To the 110 million peasant families, it must have been a blow too hard to bear, although every former owner had now the privilege (called 'right' in Communist parlance) to work on land and earn his livelihood if, without brooding over the loss of his property, he could somehow reconcile himself to the new scheme of things.

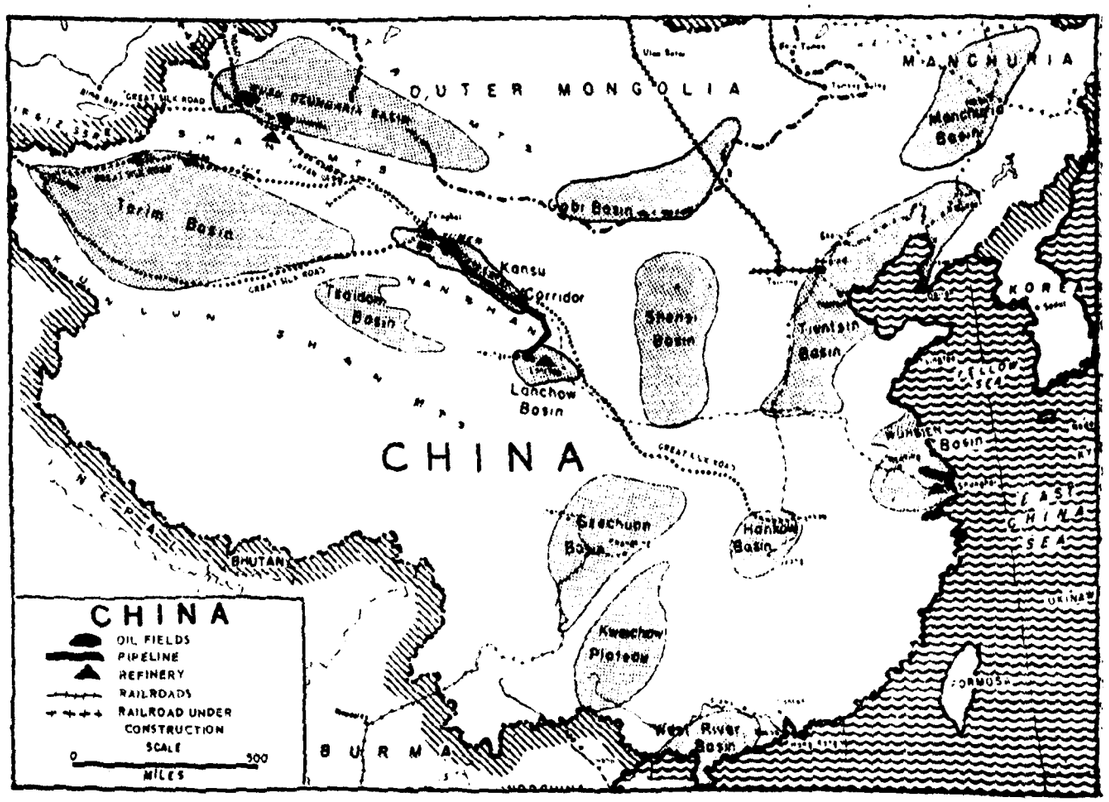
From the Communists' point of view, however, this agrarian and human tragedy was justified on the score of a practical reason, a compelling political reason and an equally compelling economic reason. The practical reason was that it would be administratively far easier to collect the agricultural tax in grain (amounting to anything up to 20 per cent of gross produce as against 3 per cent or so by way of land revenue in India) and to procure surplus grains for urban areas, from a few lakhs of collectives than from many millions of smallholders. The political reason was that an independent peasantry might constitute a potential danger to the centralised Communist power. And the compelling economic reason was that the dynamics of rapid industrialisation required a larger and more dependable flow of investible surplus from agriculture into industry. (Incidentally, to the extent this flow was unduly large, to that extent it would mean some very low re-investment in agriculture and, as a consequence, static or even lower per-acre productivity in the long run.) All these reasons, however powerful and understandable they were, could not have possibly assuaged the woes of that class of relatively guileless and unsophisticated human beings—the peasantry.

Thus ended a process of land reform which first deprived the big owners of their lands and then the medium and small owners and the beneficiaries of land gifts of theirs too. The insidious technique of 'class differentiation' by which the highest class at any particular stage was isolated and the other classes lower down were ranged and directed against it, did the trick. At every stage in this technique of isolating one class after another, jealousy of the more well-to-do was employed as a pitiless weapon. At every stage the Chinese process of land reform and ultimate socialisation was marked by a degree of hypocrisy, violence, coercion, and injustice without parallel in world's agrarian history. All this was tragically true. But the mildest description of the entire thing would be, in the words of Mr. Wolf Ladejinsky, that "within a period of eight years the Communists both accumulated and dissipated most, if not all, of their political capital in the countryside" and are now "harvesting a crop of discontented peasants with interests and objectives quite at variance with those of the State." The Poet's poignant lines, written in the seventies of the eighteenth century, have an ironic relevance in the context of collectivised agriculture in China:

Princes and lords may flourish, or may fade;
A breath can make them, as a breath has made;
But a bold peasantry, their country's pride,
When once destroy'd, can never be supplied.

A CORRECTION

In Table I on Page 62, in the last item giving the total number of households the words "In million" may be read as 'In thousands".







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AREA, POPULATION AND FOOD AVAILABILITY IN TWENTY COUNTRIES

	Country	Area (Sq. Miles)	Population Year	Population Million	Density of Population	Cultivated land per head of population	Average daily calorie supply per head
1.	Barbados	166	1953	.22	1,331	0.30 acre	2,410 (1944)
2.	Puerto Rico	3,419	1953	2.23	655	0.42 „	N.A.
3.	Mauritius	720	1953	.53	729	0.38 „	2,240 (1948)
4.	Egypt	14,600	1953	21.9	1,500	0.28 „	2,340 (1952)
5.	Java*	50,700	1953	51.2	1,009	0.43 „	1,880 (1949)
6.	**India**	**1,270,000**	**1953**	**372.0**	**293**	**0.83 „**	**1,640 (1952)**
7.	**China****	**3,760,000**	**1953**	**583.0**	**156**	**0.58 „**	**2,030 (1949)**
8.	Brazil	3,300,000	1954	57.1	17	0.81 „	2,350 (1952)
9.	Gold Coast†	91,800	1953	4.5	49	2.93 acres	N.A.
10.	Burma	262,000	1953	19.0	73	1.11 „	1,990 (1947)
11.	Japan	142,000	1953	86.7	609	0.15 acre	2,150 (1952)
12.	Italy	116,000	1953	47.0	405	0.81 „	2,580 (1952)
13.	Switzerland	15,900	1953	4.9	307	0.22 „	3,110 (1952)
14.	U.S.A.	3,000,000	1954	162.4	53	2.94 acres	3,120 (1952)
15.	Canada	3,800,000	1953	14.8	4	6.54 „	3,130 (1952)
16.	U.S.S.R.	8,600,000	1954	216.0	25	2.78 (1947)	3,020 (1949)
17.	Republic of Ireland††	26,600	1953	2.94	111	1.05 „	3,500 (1952)
18.	France	212,736	1953	42.9	201	1.22 „	2,850 (1952)
19.	Sweden	170,000	1953	7.2	42	1.31 „	N.A.
20.	U.K.	94,209	1953	50.29	539‡	0.38 acre	3,060 (1952)

	Country	Births (per thousand)	Deaths (per thousand)	Natural increase (per thousand)	Annual increase in Population
1.	Barbados	32.8	14.1	18.7	4,000
2.	Puerto Rico	34.8	8.1	26.7	2,000
3.	Mauritius	46.5	14.9	31.6	20,000
4.	Egypt	43.0	20.0	23.0	510,000
5.	Java*	Over 40.0	Over 20.0	At least 15.0	800,000 (Approx.)
6.	**India**	**40.0**	**27.0**	**13.0**	**4,800,000**
7.	**China****	**37.0**	**17.0**	**20.0**	**11,600,000**
8.	Brazil	42-44(1953)	18-20(1953)	22-26(1953)	1,280,000
9.	Gold Coast†	N.A.	N.A.	15.0 (Approx.)	68,000
10.	Burma	47.5	35.7	11.8	186,000
11.	Japan	21.5	8.9	12.6	1,200,000(1952-53)
12.	Italy	17.2	9.8	7.4	342,000
13.	Switzerland	17.0	10.6	6.4	69,000
14.	U.S.A.	(24.7)-1953; 25.2(1954)	9.6(1953) 9.2(1954)	15.1(1953) 16.0(1954)	2,800,000 (1953-54)
15.	Canada	27.9	8.6	19.3	382,000
16.	U.S.S.R.	24-26(1953)	9.0(1953)	15-17(1953)	3,000,000 (approx)
17.	Republic of Ireland††	21.4	11.8	9.6	9,000 (decrease)
18.	France	18.7	12.9	5.8	321,000 (1952-53)
19.	Sweden	15.4	9.7	5.7	57,000 (1952-53)
20.	U.K.	15.9	11.4	4.5	163,000 (1952-53)

* Java here means the Island of Java and the small satellite Island of Madura.

** Excluding Formosa.

† Including British Togoland.

†† Excluding Northern Ireland.

‡ 754 for England and Wales only.

Source: World population and resources by Pep.

INDIA'S NATIONAL INCOME, 1948-49—1955-56

Net National Output at Current Prices

In Rs. abja*

	1955-56**	1954-55	1953-54	1952-53	1951-52	1950-51	1949-50	1948-49
1. Agriculture, animal husbandry and ancillary activities (a)	42.2	43.5	53.1	48.1	50.2	48.9	44.9	42.5
2. Mining, manufacturing and small enterprises	18.7	18.1	17.7	17.0	16.8	15.3	15.0	14.8
3. Commerce, Transport and Communications	18.5	18.1	18.0	17.8	17.9	16.9	16.6	16.0
4. Other services (b)	17.1	16.5	16.0	15.4	15.0	14.4	13.8	13.4
5. Net domestic product at factor cost	96.5	96.2	104.8	98.3	99.9	95.5	90.3	86.7
6. Net earned income from abroad	0.0	0.0	0.0	—0.1	—0.2	—0.2	—0.2	—0.2
7. Net national output at factor cost= national income	96.5	96.2	104.6	98.2	99.7	95.3	90.1	86.5

Net National Output at Current and Constant Prices

	1955-56**	1954-55	1953-54	1952-53	1951-52	1950-51	1949-50	1948-49
Net output in Rs. abja*								
1. At current prices	96.5	96.2	104.8	98.2	99.7	95.3	90.1	86.5
2. At 1948-49 prices	104.2	102.8	100.3	94.6	91.0	88.5	88.2	86.5
Per Capita net output in Rupees								
3. At current prices	252.0	254.4	280.7	266.4	274.0	265.2	253.9	246.9
4. At 1948-49 prices	272.1	271.9	268.7	256.6	250.1	246.3	248.6	246.9
Index number of net output with 1948-49 as base								
5. At current prices	111.6	111.2	121.2	113.5	115.3	110.2	104.2	100.0
6. At 1948-49 prices	120.5	118.8	116.0	109.4	105.2	102.3	102.0	100.0
Index number of per capita net output with 1948-49 as base								
7. At current prices	102.1	103.0	113.7	107.9	111.0	107.4	102.8	100.0
8. At 1948-49 prices	110.2	110.1	108.8	103.9	101.3	99.8	100.7	100.0

* abja= 100 crores.

** Preliminary.

Net National Output at 1948-49 Prices

	1955-56**	1954-55	1953-54	1952-53	1951-52	1950-51	1949-50	1948-49
								In Rs. abja*
1. Agriculture, animal husbandry and ancillary activities (a)	49.8	50.3	49.8	46.0	44.4	43.4	43.6	42.5
2. Mining, manufacturing and small enterprises	17.5	17.0	16.5	15.8	15.2	14.8	14.6	14.8
3. Commerce, Transport and Communications	19.7	19.1	18.3	17.9	17.3	16.6	16.4	16.0
4. Other services (b)	17.2	16.4	15.7	15.0	14.3	13.9	13.8	13.4
5. Net domestic product at factor cost	104.2	102.8	100.3	94.7	91.2	88.7	88.4	86.7
6. Net earned income from abroad	0.0	0.0	0.0	—0.1	—0.2	—0.2	—0.2	—0.2
7. Net national output at factor cost national income	104.2	102.8	100.3	94.6	91.0	88.5	88.2	86.5

* abja= 100 crores.
** Preliminary.

(a) Including forestry and fishery.
(b) Comprising professions and liberal arts, government services (administration), domestic service and house property.

Source: Estimates of National Income by the Central Statistical Organisation.

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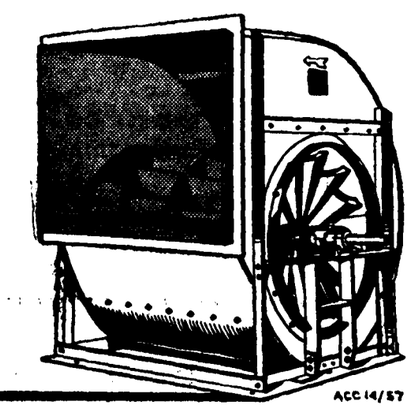
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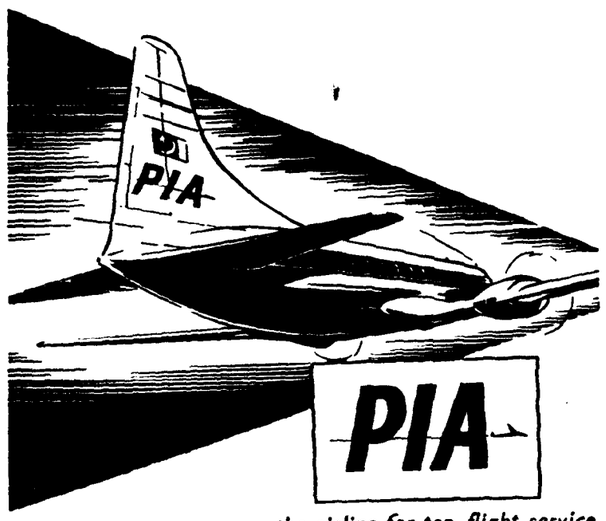
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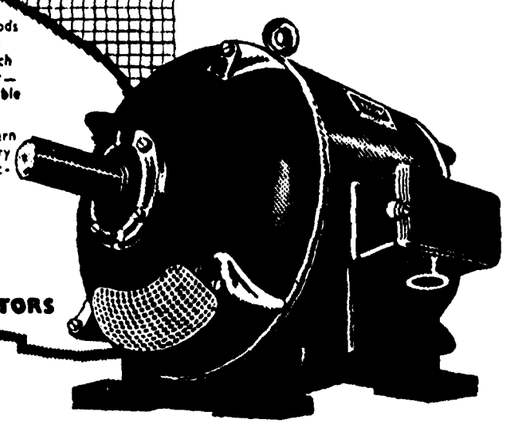
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Industrial Growth in India and China: Targets and Performance

WESTERN type factories in numbers were set up in India and China only at the close of the nineteenth century. These factories tended to remain near the coasts being largely connected with the export trade or because of facilities offered by concentration. The result was that the economies of the interior areas remained relatively unexplored and unexploited. In China, industrial development in 1949 was at the same level as that of post-war India. W. W. Rostow has estimated that China's industrial development in 1949 and India's industrial status in post-war days was the same as that of Japan in 1920-25, Russia in 1913 and the United States in 1870.

The peak production in modern factory enterprises in China before 1949, it has been estimated, did not employ more than 3 million workers. Total output of these factories accounted for hardly 10 per cent of the national income. Similarly in the case of India, the share of industrial output in the pre-independence year, was a little less than 10 per cent of the total national income.

Great stress, however, is laid on the industrial development plans which China and India have chalked out for the economic betterment of the countries. India has already completed its first Five-Year Plan and is at the moment completing the 2nd year of the second Plan. It has made remarkable progress in the first Plan. Similar claims are made by the Chinese also in regard to the over-fulfilment of certain targets in the first Five-Year Plan of China.

It is very difficult to compare the rates of advancement in industry in both the countries. Whereas, in the Indian Union we have a scientifically computed index of industrial production, we have no such index in the case of China. Moreover, the details which have been made available by the official sources in regard to the production targets attained relate only to a small number of industries. The technique of evaluating industrial advancement in China is shown in Table I set out on page 74. The practice is to evaluate the output in each industry in terms of prices for a certain year. It is not clear how the introduction of new industries is taken care of in this computation. For example, if, as in the table on page 74, the total value of industries is calculated on the basis of 1952 prices, how is account taken of those new industries which were started after 1952?

TARGETS OF PRODUCTION

The Chinese had set a target of "90.3 per cent rise" in industrial output including handicraft production. It is claimed that this target was attained in 1956, a year ahead of schedule. This claim has not been substantiated in detail, and unless more statistical data is made available it will not be possible to have an appropriate comparison. In the case of India's first Five-Year Plan, the Review of the first Five-Year Plan shows that the index of industrial production registered an overall increase of about 38 per cent. The production of consumer goods in India in the first Plan period rose by 48.73 per cent. Similarly, intermediate goods rose by 48.81 per cent. Since the first Plan laid very little stress on the production of capital goods, the total rise in their goods was 7.46 per cent only.

CONSUMER GOODS

The fact that China has been starving its population of the necessary consumer goods is apparent from a table in this Section showing per capita production of the chief industries in India and China. It shows that India ranks substantially higher than China in respect of cotton textiles, sugar and cement. China on the other hand is, on per capita basis, having more coal, steel and pig iron.

PRODUCER GOODS

India also has laid greater stress on capital goods in the second Five-Year Plan. Since the core of the second Plan which is not being pruned under any circumstances, includes steel, coal and transport, it is clear, by 1960-61, India's production of producer goods will not be less than that of China on per head basis.

It is an interesting illustration of the way the Chinese industrial development programmes are being implemented by trying to shut off the demands of the population. For consumer goods, it is made clear by the fact that in China, cloth is extremely in short supply and on per capita basis even in 1956 it amounted to not more than 10 yards. This estimate is a liberal one and includes the handloom production of cloth. In India the comparable figure would be 18 yards.

The figures of production in a limited number of items are given in Table II. We do not know the number of diesel engines, automobiles, chemicals, except amonium sulphate and soda, aluminium, cycles, vanaspati and soap which are being produced in China. That makes an exact comparison between the two countries very difficult; but the chances are that here they are much behind India.

The Chinese reports continue to stress the liquidation of the private sector. All production now is either on the basis of state-owned industries or industries run on a co-operative basis. 13.1 per cent of the industrial production in China in 1955 was the result of joint collaboration between the private and the public sectors. Whether the elimination of private incentive is accompanied by a rise or fall in production is anybody's guess. In India much the greatest portion of production is in the private sector.

PER CAPITA PRODUCTION OF SELECTED INDUSTRIAL PRODUCTS IN INDIA AND CHINA DURING THE YEARS 1949-56

	1949		1951		1952		1953		1954		1955		1956	
Products	**India**	**China**	**India**	**China**	**India**	**China**	**India**	**China**	**India**	**China**	**India**	**China**	**India**	**China**
1. Electricity generated (KWH) . .	14.1	8.0	16.4	10.3	17.1	12.7	18.2	15.8	20.2	18.2	22.4	20.8	25.1	24.7
2. Crude Steel (kg)	3.9	0.29	4.4	1.6	4.4	2.4	4.3	3.0	4.6	3.8	4.4	4.7	4.7	7.0
3. Coal (kg.) .	91.4	57.6	99.4	90.7	101.4	111.1	100.3	119.0	102.1	134.5	102.4	154.0	105.5	169.8
4. Pig Iron (kg.)	4.7	0.46	5.2	2.5	5.2	3.3	4.9	3.8	5.4	4.9	4.9	6.4	5.2	7.5
5. Cloth (yds.) .	11.2	2.2	11.4	5.1	12.7	6.3	13.3	7.4	13.5	8.2	13.6	6.8	13.9	8.1
6. Cement (kg.)	6.3	1.2	9.2	4.4	10.1	5.0	10.7	6.7	12.2	7.7	13.4	7.4	13.3	10.4
7. Ammonium Sulphate (kg.)	—	—	0.15	0.23	0 62	0.32	0.89	0.39	0.93	0.50	1.1	0.53	1.0	0.7

TABLE I

TOTAL OUTPUT VALUE OF INDUSTRY AND AGRICULTURE IN CHINA

(Calculated in terms of constant prices of 1952)

	Absolute Figures (In million yuan)					Percentages				
	1949	1952	1953	1954	1955	1949	1952	1953	1954	1955
Total	**46,613**	**82,718**	**94,611**	**103,541**	**110,315**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Industry	10,781	27,014	35,577	41,513	44,748	23.2	32.7	37.6	40.1	40.5
Modern Industry	7,913	22,049	28,809	33,986	37,082	17.0	26.7	30.4	32.8	33.6
Handicrafts Workshops	2,868	4,965	6,768	7,527	7,666	6.2	6.0	7.2	7.3	6.9
Individual Handicrafts 1	3,237	7,312	9,119	10,462	10,123	6.9	8.8	9.6	10.1	9.2
Agriculture and Rural Subsidiary Occupations	32,595	48,392	49,915	51,566	55,544	69.9	58.5	52.8	49.8	50.3

	Percentages of 1952 over 1949	Fixed Index (1952=100)		Chain Index (previous year=100)	
		1953	1954	1955	1954	1955
Total	**177.5**	**114.4**	**125.2**	**133.2**	**109.4**	**106.6**
Industry	250.6	131.7	153.7	165.6	116.7	107.8
Modern Industry	278.6	130.7	154.1	168.2	118.0	109.1
Handicraft Workshops	173.1	136.3	151.6	154.4	111.2	101.9
Individual Handicrafts 1	225.9	124.7	143.1	138.4	114.7	96.8
Agriculture and Rural Subsidiary Occupations	148.5	103.1	106.6	114.8	103.3	107.7

1 Figures under this heading include the output value of handicrafts organized on a co-operative basis and of individual handicraftsmen.

TABLE II

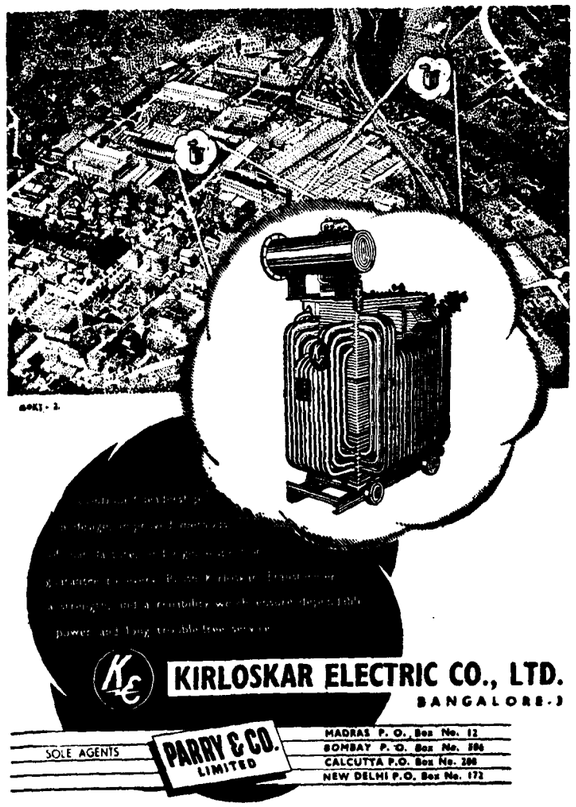
CHINA: TARGETS IN THE INDUSTRIAL SECTOR FOR THE SECOND FIVE-YEAR PLAN

Product	Unit	Target for 1962	Target for 1957	Actual output 1952	Peak annual output before liberation	
					Year	Output
Electricity	100,000,000 KWH.	400-430	159.0	72.6	1941	59.6
Coal	10,000,000	19,000-21,000	11,298.5	6,352.8	1942	6,187.5
Crude Oil	10,000 tons	500-600	201.2	43.6	1943	32.0
Steel	10,000 tons	1,050-1,200	412.0	135.0	1943	92.3
Aluminium ingots	10,000 tons	10-12	2.0	..	..	..
Chemical Fertilizers	10,000 tons	300-320	57.8	19.4	1941	22.7
Metallurgical equipment	10,000 tons	3-4	0.8	..	..	..
Power generating equipment	10,000 kw.	140-150	16.4	0.67	..	..
Metal-cutting machine tools	10,000 units	6-6.5	1.3	1.4	1941	0.5
Timber	10,000 cubic metres	3,100-3,400	2,000.0	1,002.0	..	..
Cement	10,000 tons	1,250-1,450	6,000.0	286.0	1942	229.3
Cotton Yarn	10,000 bales	800-900	500.0	361.8	1933	344.7
Cotton Piecegoods	10,000 bolts	23,500-26,000	16,372.1	11,163.4	..	..
Salt	10,000 tons	1,000-1,100	755.4	494.5	1943	391.8
Edible vegetable oils	10,000 tons	310-320	179.4	98.3	..	..
Sugar (including hand-made sugar)	10,000 tons	240-250	110.0	45.1	1936	41.4
Machine-made paper	10,000 tons	150-160	65.5	37.2	1943	16.5

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Mineral Resources

BOTH India and China possess sufficient mineral resources to feed their industries. The estimates of India's coal reserves have varied between 43 billion to 60 billion tons. The reserves of coal in China have been estimated at 250 to 275 billion metric tons. That shows that China's reserves are almost 5 to 6 times India's reserves of coal. China, however, is deficient in coking coal.

In regard to iron ore, China has a significantly lower level of reserves than India. Current estimates show that whereas iron ore reserves in India are around 10 billion metric tons, the corresponding figure in China varies from 2.5 to 4 billion metric tons. China also does not possess high grade iron ore in sufficient quantity.

India has both these basic minerals very near each other. Her resources of coal and iron are scattered in very close areas in Bihar, Orissa and Madhya Pradesh. In the case of China both these basic minerals are found at great distances from each other. Hence they entail a great burden on the country's means of transportation. The largest coal deposits in China are to be found in the Shansi and Shensi provinces but production in these provinces has always been low because of large distances from the coastal industrial centres.

India possesses reserves of copper, bauxite, lime, mica and manganese. Petroleum resources, however, are very meagre in India. In China, manganese, nickle, tungsten and cobalt are found in sufficient quantity. China, however, is very much deficient in copper. Supplies of petroleum are also limited but it seems that the exact extent of the resources has never been estimated.

Amongst the minerals, coal occupies a place of pride. In India coal accounts for nearly 80 per cent of the total commercial energy consumption in India. This is brought out very clearly in Table III below.

Out of a total energy consumption of 857 thousand billion B.T.U. coal alone accounted for 666 thousand billion B.T.U., nearly 77.8 per cent of the total. The ratio of coal has tended to decline because the consumption of oil and hydro-electric power has steadily increased between 1948 to 1954.

In China, also, coal occupies the top position in regard to the consumption of commercial energy, but official estimates of coal production have varied from year to year. They make them extremely unreliable

TABLE IV.

COAL PRODUCTION IN CHINA

(In million metric tons)

1949	31.8
1950	40.9
1951	50.8
1952	63.5
1953	66.6
1954	79.9
1955	93.6
1956	106.0

TABLE III.

COMMERCIAL ENERGY CONSUMPTION IN INDIA

1948 — 1954

	1948	1949	1950	1951	1952	1953	1954
Coal Consumption*							
Million tons	24.1	26.5	27.1	27.0	29.5	30.0	30.3
Thousand billion BTU†	530.2	583.0	596.2	594.0	649.0	660.0	666.6
Per cent of Total	84.1	82.4	81.4	78.5	80.2	79.8	77.8
Oil Consumption							
Thousand tons	1,954	2,459	2,687	3,237	3,174	3,312	3,800
Thousand billion BTU‡	92.1	116.2	127.0	152.9	150.0	156.5	179.5
Per cent of Total	1.3	1.2	17.3	20.2	18.5	18.9	20.9
Hydro-Electric Production							
Million KWH	2,373	2,490	2,520	2,860	3,096	2,914	3,236
Thousand billion BTU§	8.1	8.6	8.6	9.7	10.6	10.3	11.0
Per cent of Total	1.3	1.2	1.2	1.2	1.3	1.2	1.3
Total Energy Consumption							
Thousand billion BTU	630.4	707.7	731.8	756.6	809.6	826.8	857.1
Per cent increase over Preceding Years	—	12.8	3.6	4.0	7.0	2.0	4.0

* Not including bunkers and exports. These figures are based on reported railroad despatches, may underestimate consumption slightly by omission of truck and boat movement, and local utilization.

† One metric ton = 22 million BTU. This allowance is somewhat arbitrary; both higher and lower figure being used by competent Indian authorities. It is quite likely that the average calorific value of India coal used will decline in the future.

‡ One long ton of oil equals 47.25 million BTU.

§ One KWH equals 3,413 BTU.

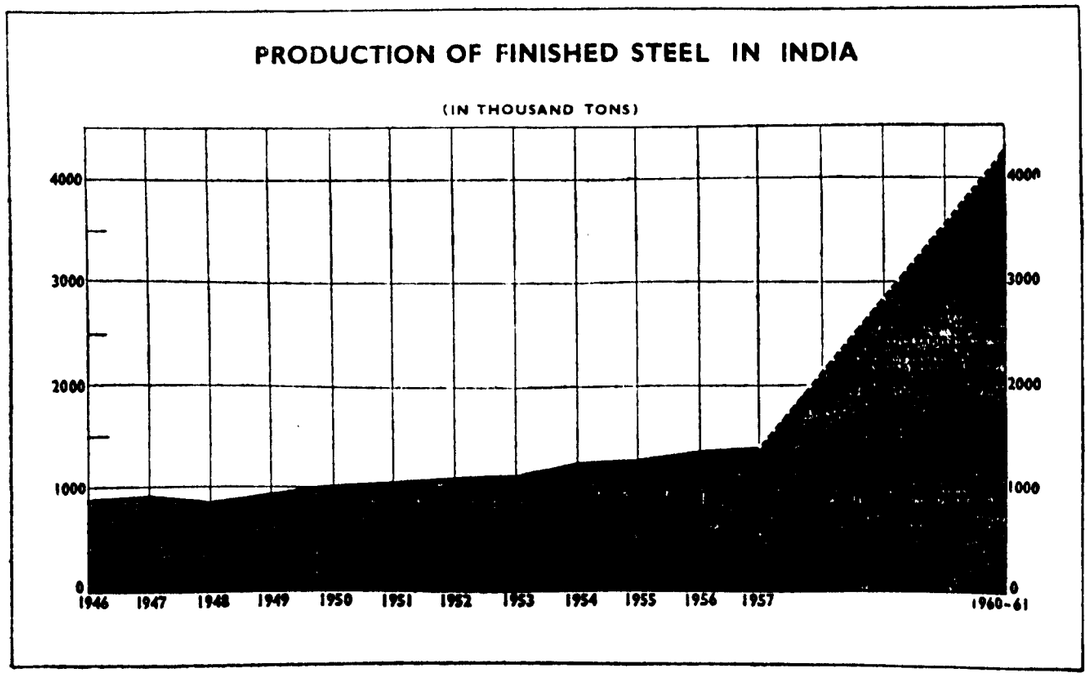
because systems of computation are very frequently changed with the result that it is very difficult to find out the correct production figures. In Table IV on the previous page coal production in China, is set out for the period 1949 to 1956. It will be seen that from the low level of 23 million metric tons in 1949 the overall production has increased to 106 million metric tons in 1956. It is, however, not known what is the quality of coal which is being produced because it is feared that nearly 15 to 20 per cent of coal mined in the major mines is dirt or rock and should be excluded. Even after making this adjustment, China's total production of coal exceeds 80 million metric tons — nearly double the absolute production of coal in the Indian Union. On per capita basis also, the production of coal in China is higher than in India.

The Steel Industry

THE low base from which both Communist China and India are trying to build the heavy sector of their industries can be measured from the steel output at the end of the last war. As they set on the road to planned development of their economies, one basic policy decision which they made was to develop domestic production capacity of steel. Before dilating upon the developments in the steel industry separately in each country, a comparative picture of the progress they recorded during the last six years would be necessary.

In respect of pig iron, India had a certain advantage in domestic output. In 1951 her production of pig iron was 1.71 million metric tons as against China's 1.41 million metric tons. In the first Plan India was preoccupied primarily with making good the deficiencies in her agricultural production. Heavy industry had a low priority. This scheme explains why the output of pig iron was raised in India from 1.71 million metric tons in 1951 to 1.84 million tons in 1956. On the other hand, the rapid progress in China's iron and steel industry typifies the central emphasis which Communist planning unmistakably places on production of steel. In fact, it is the relentless goal of China's Plan that whatever the cost heavy industries just be developed strictly according to targets since they constitute the hard core of the plan, for the purpose of creating a sound base for future expansion and for defence. China's production of pig iron rose at a fast rate from 1.41 million metric tons in 1951 to 4.63 million metric tons in 1956. A similar divergence in the trends of output of crude steel is to be seen. India's output rose steadily from 1.59 million metric tons to 1.71 million metric tons in 1954, whereas China pushed expansion of her crude steel production from 0.90 million metric tons to 2.22 million metric tons. In the rolled steel section, India's production rose by 0.24 million metric tons to 1.34 million metric tons between 1951 and 1956. In China there was the same tempo of a forced rate of increase, in the case of rolled steel as in pig iron nd crude steel. During her first Plan her output of rolled steel went up from 1.48 million metric tons in 1953 to 3.61 million metric tons in 1956.

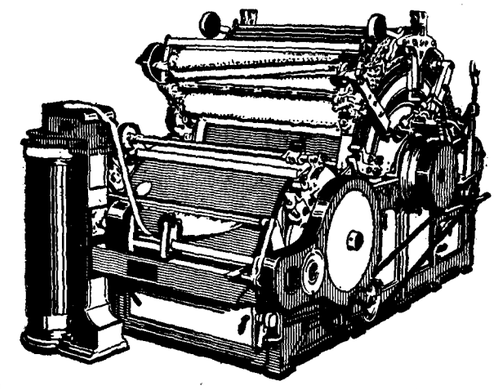
With the introduction of the second Five-Year Plan India has found it possible to place a positive accent on the development of some of the basic industries among which iron and steel ranks as the foremost. In accordance with the changed industrial policy, the public sector is emerging as the major partner in this industry. Three new steel plants are being set up in the public sector with a capacity of one million tons of ingots each. Provision has been made in the original Plans of the three plants to raise their output capacity by another one million tons of ingots each. The first in order is the Rourkela plant whose special features are the adoption of the L.D. process and production of 720,000 tons of flat products of steel, hot and cold rolled. The second plant located at Bhilai in Madhya Pradesh provides for 770,000 tons of saleable steel, heavy and medium products, including 140,000 tons of billets for the rerolling industries. The third plant

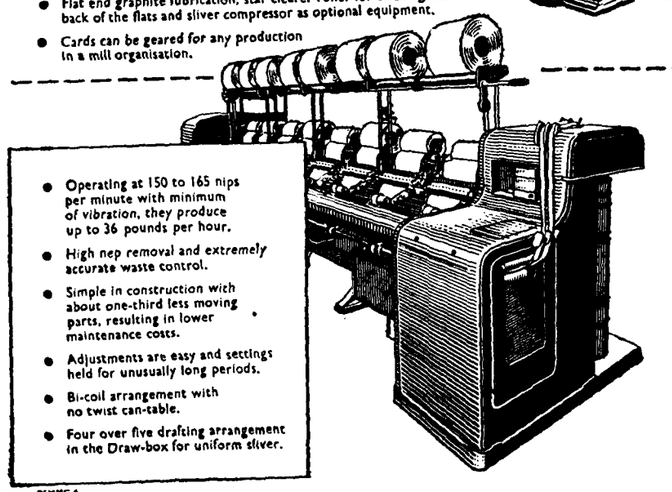


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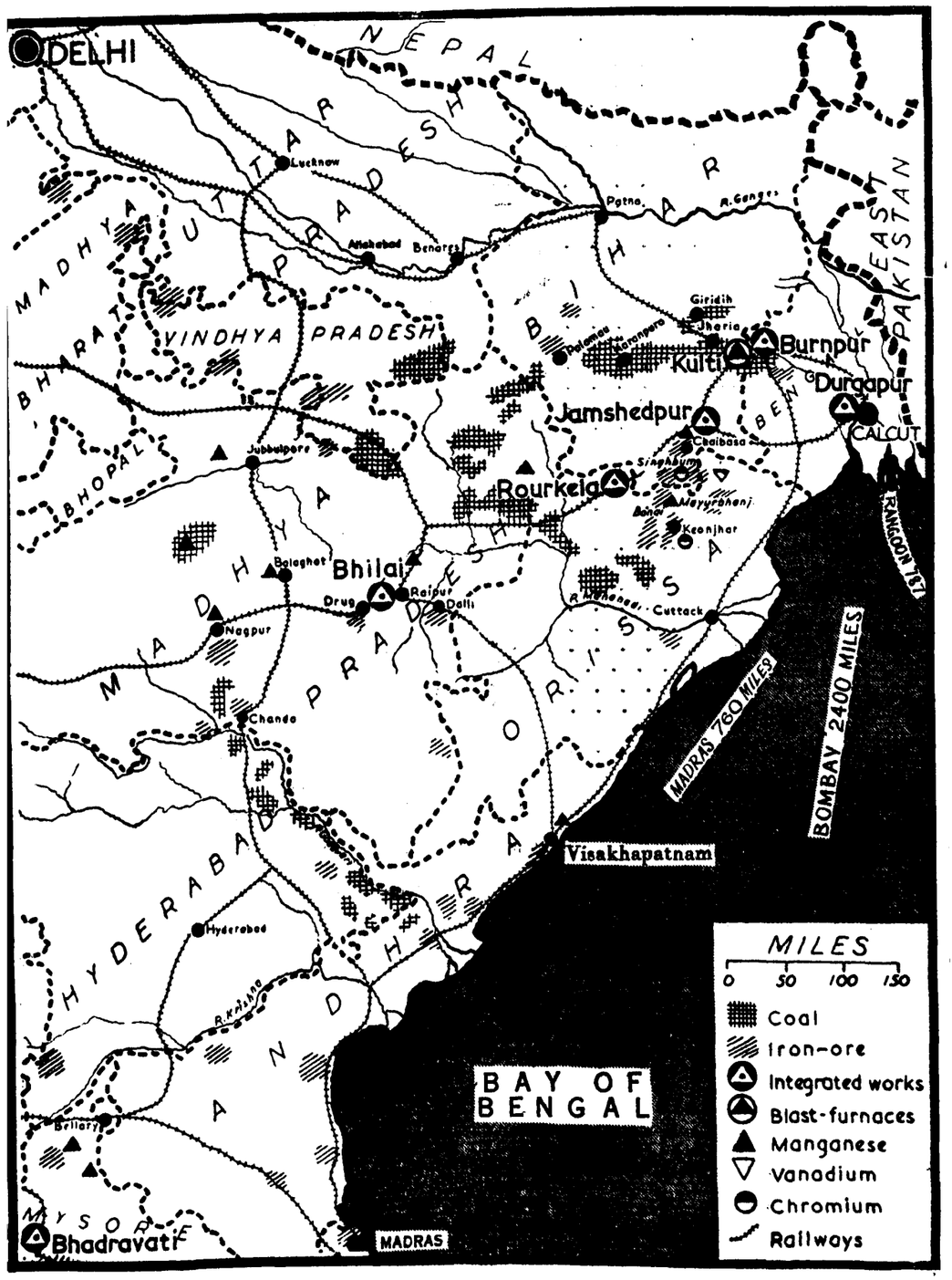
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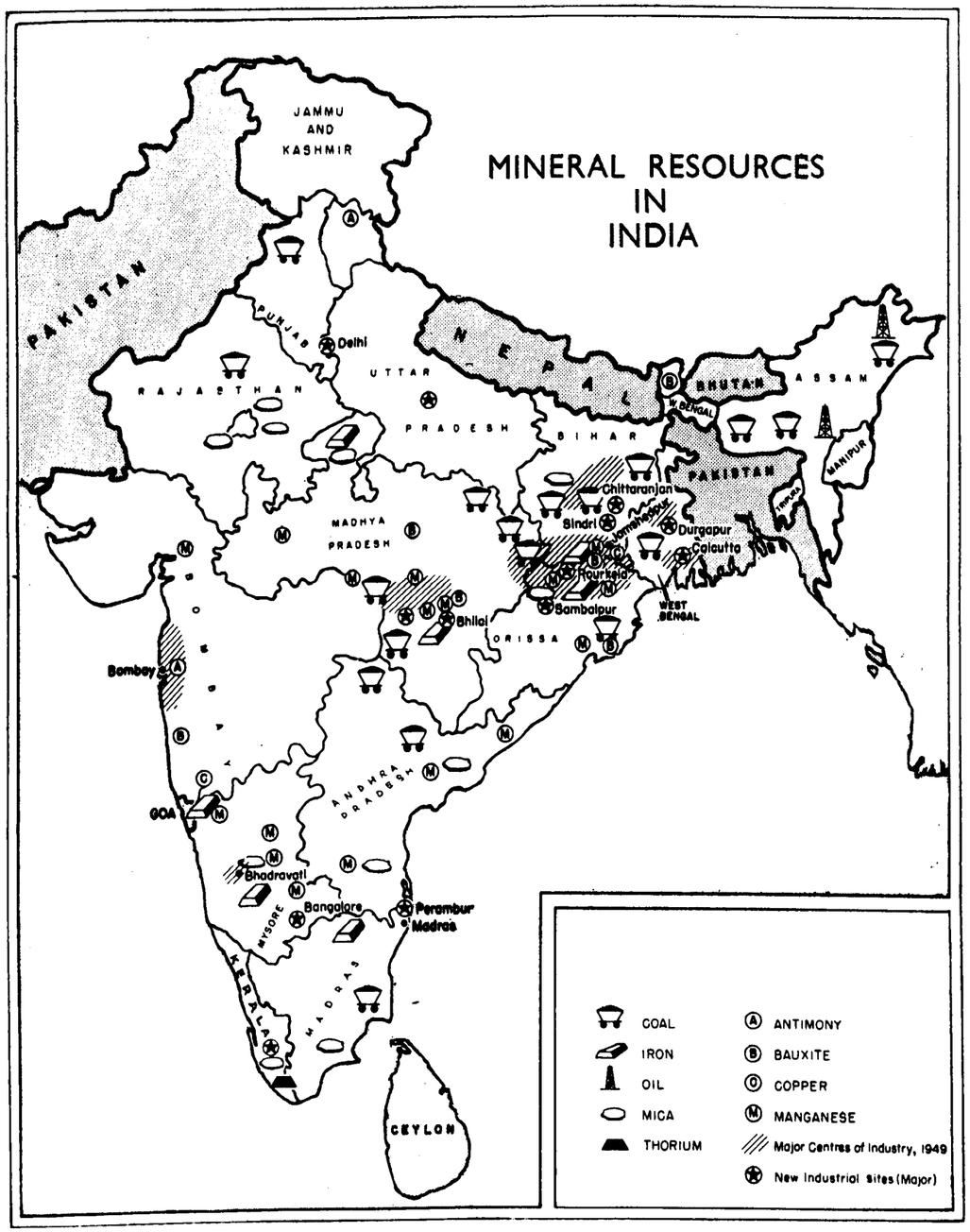
(In thousands of tons)

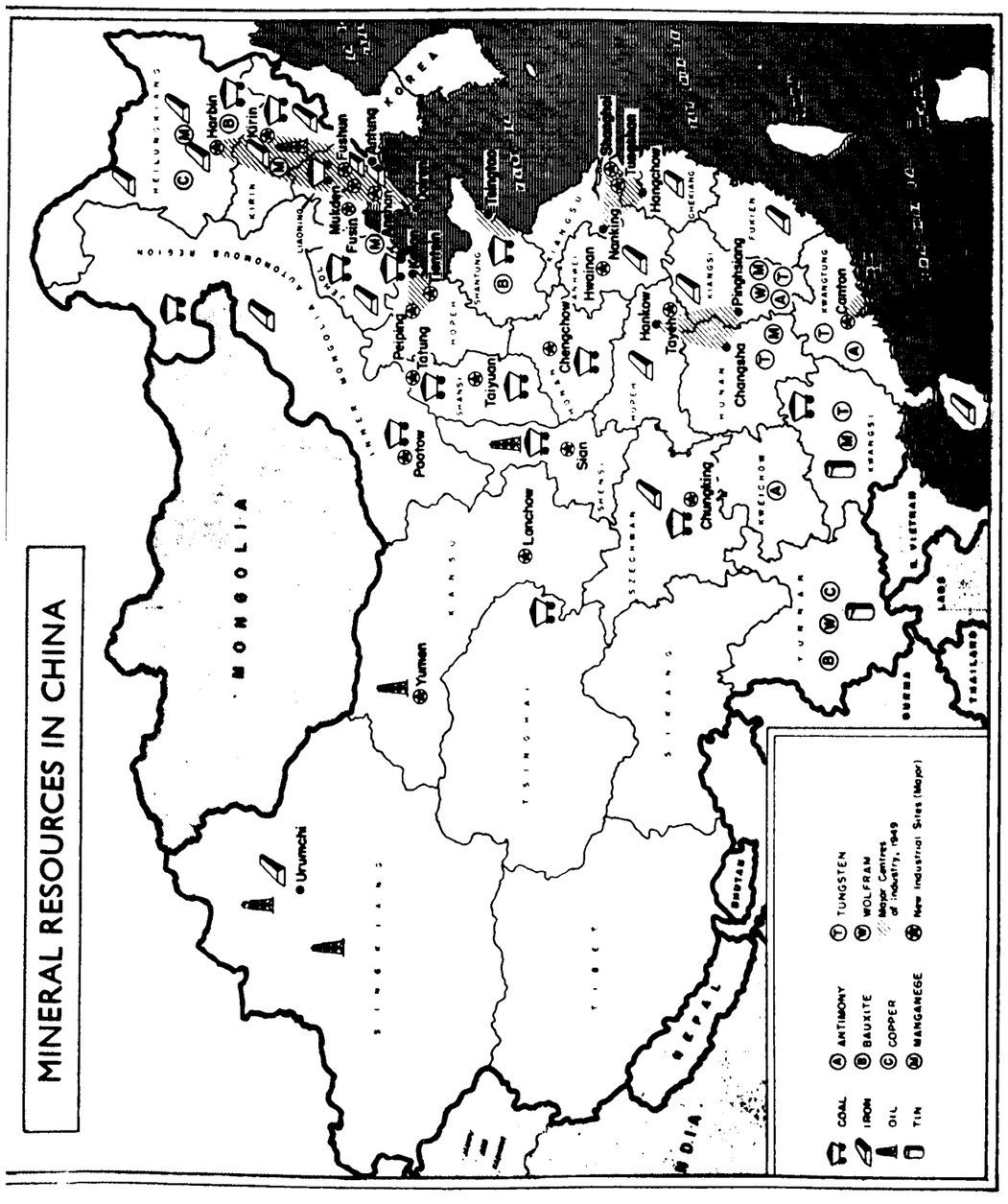
	Country	1939	1953	1954	1955	Estimated capacities 1956	1960
Africa:	Algeria	..	12*	12*	12*	12	15
	S. Rhodesia	5*	25	33	40*	65	75
	S. Africa	390*	1,298	1,431	1,581	1,700	2,000
	TOTAL	395*	1,335	1,476*	1,633*	1,777	2,090
Middle East:	Egypt	—	10*	10*	10*	10	250
	Israel	—	—	5*	40*	40	60
	TOTAL	—	10	15*	50*	50	310
Far East:	China:						
	Mainland (a)	545	1,767	2,225	2,850	3,400	7,000
	Taiwan (b)	—	28	47	55*	60	70
	India	1,067	1,531	1,712	1,731	1,800	6,000
	Japan	6,696	7,662	7,750	9,408	10,500	12,000
	Pakistan	—	11	10	11	15	350
	Philippines	—	—	10*	20*	40	140
	Others	101(c)	—	—	—	20d	150e
	TOTAL	8,409	10,999	11,754*	14,075*	15,835	25,710
Oceania:	Australia	1,191	2,082	2,257	2,232	2,300	2,600
	TOTAL	1,191	2,082	2,257	2,232	2,300	2,600
Latin America:	Argentina	20	100*	100*	100*	150	500
	Brazil	114	1,002	1,157	1,166	1,300	2,500
	Chile	—*	313	321	310	350	400
	Colombia	—*	—	20*	76	162	250
	Mexico	77	430*	535*	575*	1,000	1,250
	Peru	—*	—	—	—	—	60
	Venezuela	—*	15*	15*	15*	20	500
	TOTAL	211*	1,860	2,148	2,242*	2,982	5,460
North America:	United States	47,898	101,251	80,115	106,173	116,450f	134,500
	Canada	1,407	3,734	2,898	4,109	4,300g	4,600
	TOTAL	49,305	104,985	83,013	110,282	120,750	139,100
U.S.S.R.:		17,600	38,000	41,300	45,200	49,500	68,300
Europe: Western:	ECSC countries	36,054*	39,633	43,838	52,578	57,440	71,000
	United Kingdom	13,433	17,891	18,817	20,108	21,600	26,000
	Others	2,943	5,285	6,091	6,976	7,475	10,720
Eastern:		6,522*	12,466	12,742	13,882	15,673	21,390
	TOTAL	58,952	75,275	81,488	93,544	102,188	129,110
WORLD TOTAL (h)		136,063	234,546	223,451	269,258	295,382	372,680

Source: The European Steel Market in 1955, ECE, Geneva.

(a) Including Manchuria.
(b) Economic Survey of Asia and the Far East, ECAFE, Bangkok, 1955, page 214.
(c) Korea.
(d) Burma, Hong Kong, Indonesia, South Korea and Thailand.
(f) As at January 1, 1956.
(g) As at January 1, 1954.
(h) Excluding North Korea in post-war years and Bulgaria which began production on a small scale in 1953.

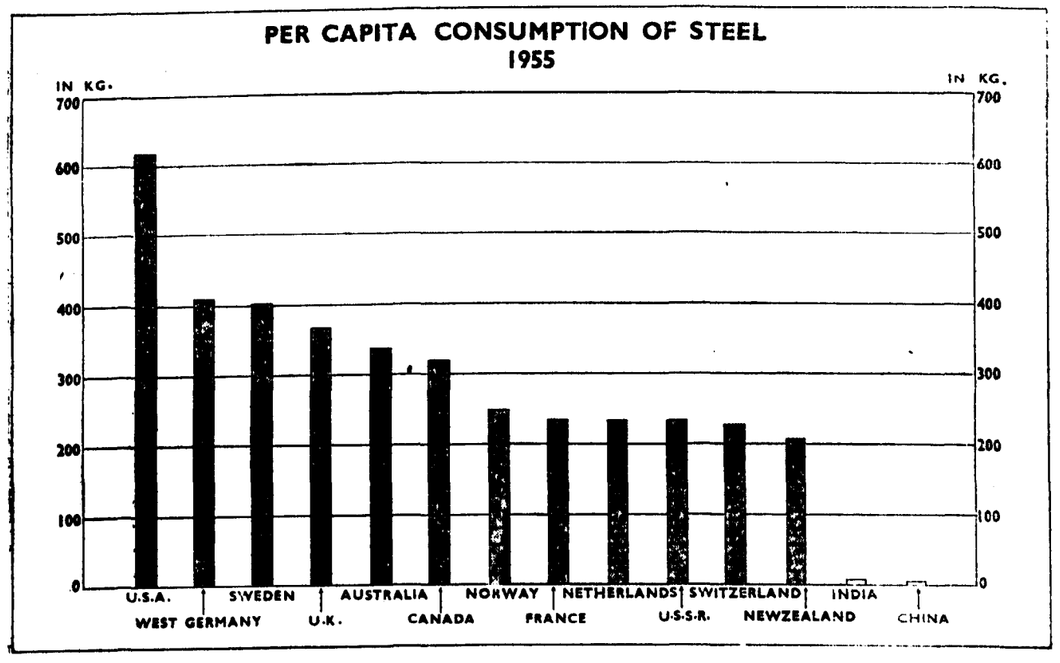
* Estimated.





which is to be set up at Durgapur in West Bengal will be equipped to produce 790,000 tons of light and medium section of steel and billets. Apart from this impressive programme of expansion in the public sector, the existing public sector plant at Bhadravati will have its capacity of steel production raised to 100,000 tons by the end of the second Plan period. In the private sector the Tata Iron and Steel Company and the Indian Iron and Steel Company are scheduled to increese their combined capacities to over double the level at the beginning of the second Five-Year Plan. The Indian Iron and Steel Company has made considrable progress in acquiring the financial outlay required while the Tata Iron and Steel Company has proceeded with full vigour in its expansion programme. With the loan recently obtained from the World Bank and credits from private banks in the United States, its requirements of outlay are now fully provided for India's target of output of steel ingots at the end of the second Plan is fixed at 6 million tons.

China's iron and steel industry was heavily concentrated in Manchuria, where, according to broad estimates, over 80 per cent of the capacity and output were located. The preponderance which Manchuria enjoys may be altered but in the general context it will stay even in the future. Since 1937 until the end of the last war, the steel works in Manchuria were under the total control of the Japanese. Their exit did not improve the situation but worsened it. The Paley Report on Japanese assets in China presented to the President of the United States makes the startling disclosure that all the steel plants in Manchuria were dismantled and removed by the Russian occupation troops under the plea of war booty. Excluding Manchuria, it is estimated that about 70 per cent of the capacity of the steel plants in China was badly damaged by war operations. However, the task of rehabilitation was started with vigour because Communist China was determined to revive and expand her steel industry as a matter of urgency. By 1953 the work of rehabilitation was complete. At the present time, the major centres of iron and steel production in China are situated at An-Shan, Pen-chi, and Fu-shun in Manchuria and Chungking, Tai-yuan and Ta-yeh in the rest of the China. Apart from these centres, the Shih-ching-shan pig iron plant and Tientsin and Tang-shan steel plants constitute the structure of China's steel industry. The target of production of ingots in China's steel industry in her second Plan is proposed to be fixed at 10.5 million tons.



The Cement Industry

As a basic building material the cement industry takes a strategic position in developmental programmes. This industry is relatively simple for technical operation, but its growth is conditioned by the availability of transport facilities for supply of raw materials and transmission of the finished product to the consuming centres. India and China have both made rapid strides in the output of cement in recent years. The production in India increased, as the following table will show, from 2.68 million metric tons in 1950 to 5 million metric tons in 1956. In China, during the same period, the increase has been of the order of 1.41 million metric tons to 6.40 million metric tons.

In per capita terms production in China is lower than India's production. Furthermore, if the much-publicised programmes of industrialisation are considered, the supply of cement in China is obviously inadequate.

The progress of the cement industry has been almost according to schedule in India's first Five-Year Plan. This Plan provided for expansion of selected existing units and establishment of half as many new units in order to increase installed capacity from 3.28 million tons in 1950-51 to 5.31 million tons in 1955-56. Actual production was to be raised to 4.8 million tons by 1955-56. At the end of the first Plan installed capacity was raised to 4.93 million tons and actual output was raised to 4.6 million tons. In the second Plan the capacity of the industry is to be raised to 16 million tons and the target of production is to be raised to 13

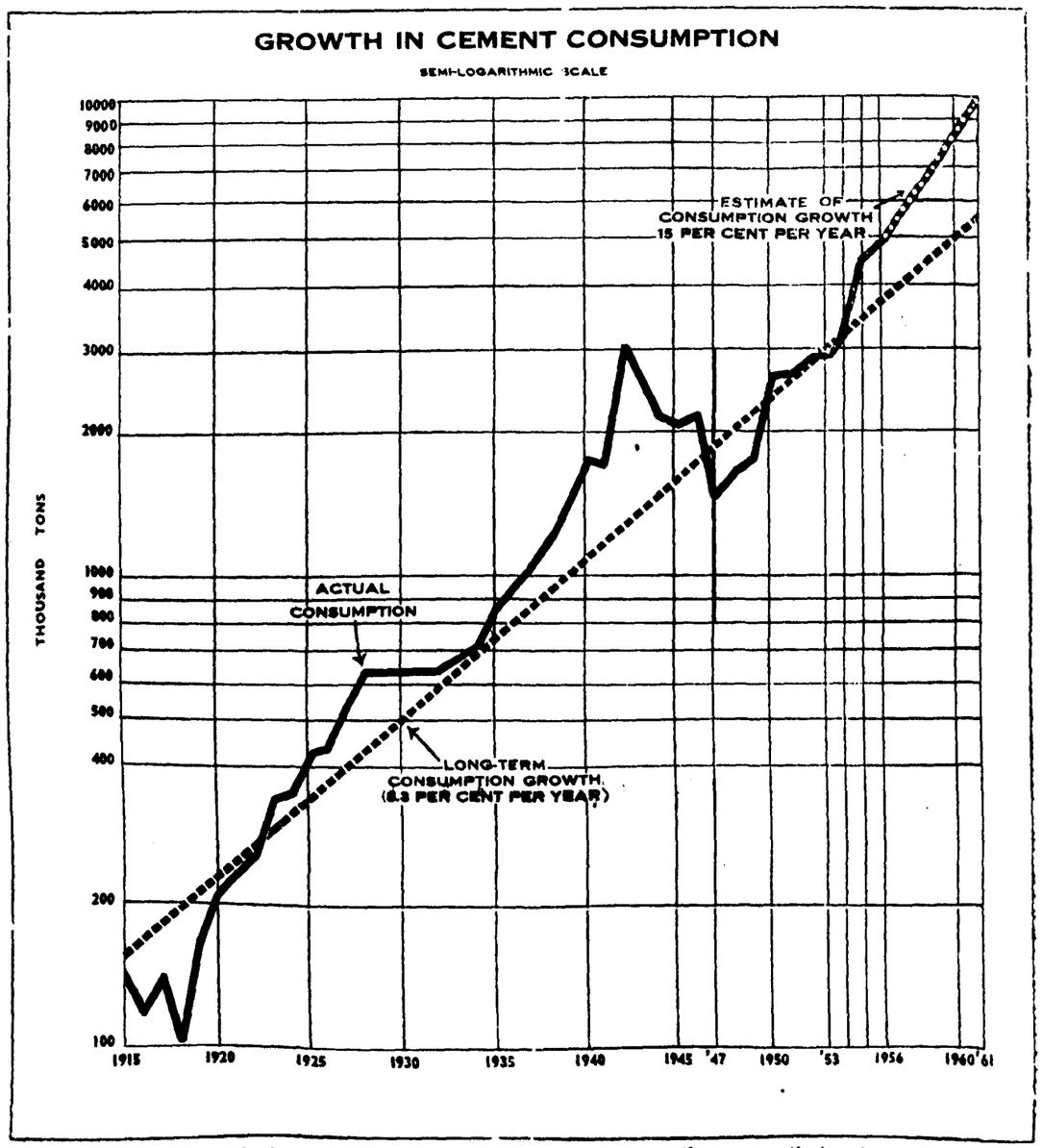
million tons. Already there is shortage of domestic supply of cement in India. It is, therefore, essential to achieve the target of 13 million tons in the second Plan. The major obstacle to the fulfilment of this target comes from transport. With the allocations made to them, railways find themselves confronted with a herculean task to provide transport facilities for more than 9 million tons.

In China many of the cement plants located in the major producing region of Manchuria was either damaged during the war operations or dismantled and removed subsequently by Russia. In other parts of China the damage to the installed capacity of cement factories has been estimated to be of the order of 70 per cent. Rehabilitation took nearly three years under the new regime. Since then under the first Five-Year Plan capacity is being raised at a fast rate. But the location of some major cement plants, influenced by the availability of raw materials happens to be at long distances from the centres of new industries which are large consumers of cement. This fact primarily explains why the quality of construction for factories has been poor and more than usual expenditure has to be incurred on maintenance and repairs. The target proposed for China's second Five-Year Plan for cement output is placed between 12.5 million tons and 14 million tons. Like India's China too has to face the problem of transport for cement to the consuming centres.

OUTPUT OF CEMENT IN INDIA AND CHINA

(In million metric tons)

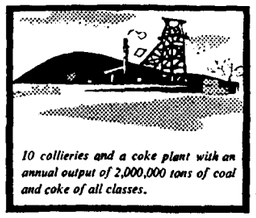
	China	India
1950	1.41	2.68
1951	2.48	3.29
1952	2.86	3.54
1953	3.87	3.90
1954	4.60	4.51
1955	4.50	4.51
1956	6.40	5.20



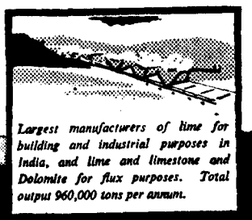
Note: In a semi-logarithmic graph, equal vertical distances represent the same ratio in whatever part of the scale they are taken.

What have minerals to do with their happiness ?

This is not a wealthy family, yet it is happy and contented. Father has a good job, mother has time to relax and entertain friends, and the children are getting a good education. Their comfortable home has amenities which, a generation ago, were privileges of only the rich.


10 collieries and a coke plant with an annual output of 2,000,000 tons of coal and coke of all classes.


Capacity of over 47,000 tons per annum of first grade paper. Pioneers in the manufacture of paper in India.

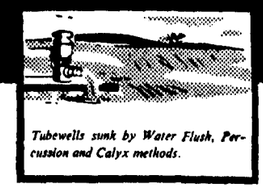

Largest manufacturers of lime for building and industrial purposes in India, and lime and limestone and Dolomite for flux purposes. Total output 960,000 tons per annum.

Indian Patent Stone is the first name in prestressed concrete in India.

Annual output of quality tea chests: 5,00,000.



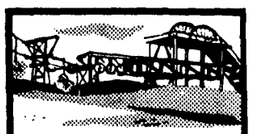
Technical laboratory facilities for testing of chemicals, mineral ores, geological specimens, refractories etc. Research and investigation on similar lines.


Tubewells sunk by Water Flush, Percussion and Calyx methods.

Industrial Progress has brought about this change. Opportunities of employment have increased with the country's expanding economy. People earn more...spend more. Motor cars, radios, electric fans, refrigerators, sewing machines, etc.—luxuries once—are things many can afford. Still better days are ahead.

In this dynamic development, the House of BIRD and HEILGERS plays a significant part. Their collieries and mines provide power and raw materials for our industries. Their prestressed concrete and structurals, pumps and tubewells, tea chests, refractory bricks, etc. help to place the country on the road to self-sufficiency.

The House of BIRD and HEILGERS are proud in having served the industries which contribute towards the happiness in such homes.


Manganese Ore, Manganese Dioxide, Iron Ore, Kyanite, Chrome Ore, Bauxite, Gypsum. Total output over 700,000 tons per annum.

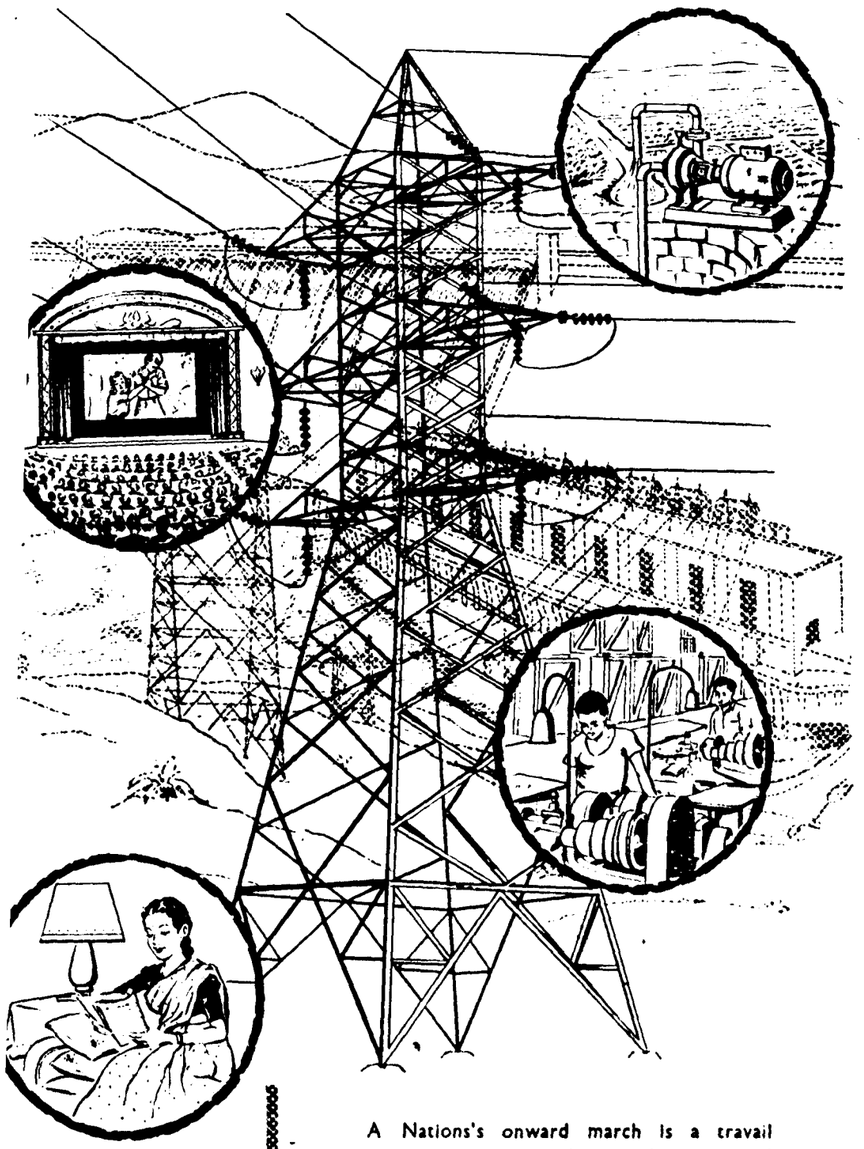

Fireclay & Silica bricks for high quality furnace lining. Annual production is about 12,000 tons.

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Power to grow Electrically

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The Electric Supply Industry organised through the Federation of Electricity Undertakings of India are endeavouring to meet the challenge of India's growth by making available electric power as economically as possible.

THE FEDERATION OF ELECTRICITY UNDERTAKINGS OF INDIA

Killick House, Home Street, Bombay 1

From a tiny acorn a giant OAK...



ENFIELD INDIA has grown into a mighty manufacturing plant

What was just a piece of barren land a year ago, is today a streamlined factory. Covering an area of over 60,000 sq. ft. and equipped with the latest plant and machinery, ENFIELD INDIA is built to meet the growing demand for motor-cycles and three-wheelers.

A substantial portion of the components and parts that make ROYAL ENFIELD are today made in India. Already thousands of vehicles are on the road giving the users most satisfactory service. The phased programme is likely to be completed even earlier than the original schedule.

Board of Directors:

Sri K. R. Sundaram Iyer (Chairman), His Highness Marthanda Varma Elaya Raja of Travancore, Sri K. Eswaran, Sri N. Chandappa, Sri S. Sankaran (Managing Director)

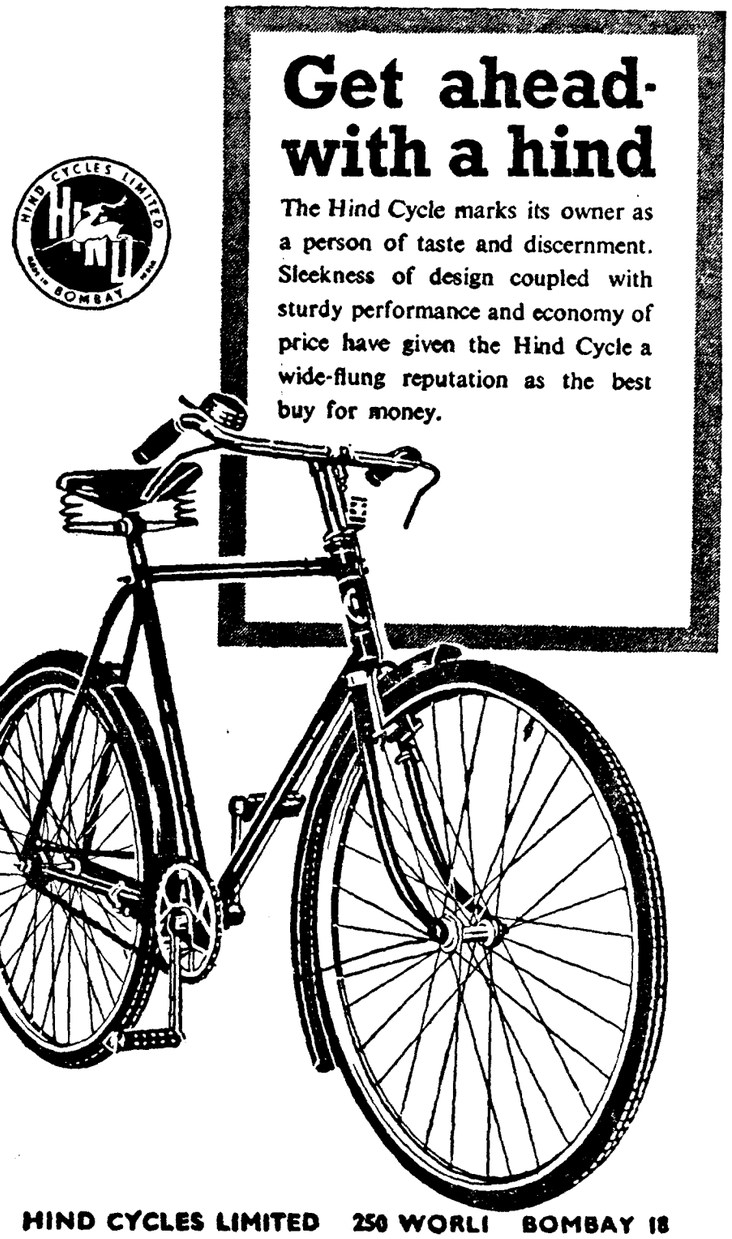
Technical Adviser & Chief Engineer: Mr. H. B. Stanford

Progressively manufactured by **THE ENFIELD INDIA LIMITED** Madras 19
In collaboration with The Enfield Cycle Company Limited, U. K.



ROYAL ENFIELD – FOR LOW COST AUTOMOTIVE TRANSPORT

RE 229



Electric Power

DEVELOPMENT of electric power takes the pride of place in the planned expansion of any economy. As a rule power projects must precede the establishment of industries on the proved consumption that the growth of the industries will be stimulated by the availability of cheap power. Communist planning has always allocated large resources to the development of power and achieved an extraordinary rate of development at any cost. It is, therefore, to be expected that the production of electric power in China should proceed at a much faster rate than in India. The following table gives the trends in the generation of electricity in the two countries:

Electricity Generated

(In million KWH)

	China	India
1949	4,320	4,908
1950	4,580	5,112
1951	5,790	5,856
1952	7,261	6,192
1953	9,195	6,708
1954	11,001	7,500
1955	12.278	8,496
1956	16,590	9,636

In the first Five-Year Plan India had set a target of 1.3 million kW of capacity to be installed additionally. This was divided into 1.1 million kW for the public sector and 200,000 kW for the private sector. The private sector has fulfiled its target, while the public sector has achieved 800,000 kW showing a shortfall of 500,000 kW. In addition, industrial establishments, for whom no target was fixed for obvious reasons for increased capacity during the first Plan, raised their capacity by 100,000 kW. Planning for electricity must be envisaged on a long-term basis, since this industry by the very nature of its complex preliminaries does not land itself to short periods like those of 5 years. When the first Plan was drawn up a target of 7 million kW was tentatively fixed for the 15-year period. In retrospect this has proved to be very conservative and the revised target, also tentative, has raised installed capacity by 1965 to 15 million kW. For the period of the second Plan additional capacity of the order of 3.5 million kW has been prescribed, of which 2.9 kW is to be provided by the public sector and 300,000 kW is to be provided by the private sector and the balance of 300,000 kW is to come from the lignite project at Neivelli and the generating plans of industrial establishments. A total outlay of Rs. 427 crores has been fixed for the second Plan which is to be allocated in the shares of Rs. 2.35 crores for generation, Rs. 92 crores for transmission, Rs. 25 crores for urban distribution and the balance of Rs. 75 crores for electrification in small towns and the rural areas.

A striking fact revealed by the foregoing table about the production of electricity in China is the steep increase suddenly recorded in the years 1953 and 1954 together with a higher tempo of production in the remaining three years. This spectacular increase is due to the deliberate policy of high investment in electricity projects undertaken from the year 1953 onwards. It will also be noted that the participation of Russia in electricity undertakings jointly with China as part of the programme of economic collaboration was also responsible for this remarkable progress. Out of 160 electricity generation and distribution works which figured among the programme for electricity in China's first Five-Year Plan, eight major projects were undertaken with Russia's assistance. In 1953 the chief projects of thermal electric power which were under construction were those at Hsi-an in Shensi, Ti-hua in Sinkiang, Chen-chou in Honan, Tai-yuan in Shansi, Chungking, Fouhsin, and so forth. In addition to these, the programme under way in 1953 included a generating plant at Cheng-tu and medium sized hydro plants in Szechwan. This tempo of the rapid expansion of electricity installations is not only to be sustained but raised further in the Second Plan. The traget of electricity output proposed for China's second Plan is about 400 million KWH to 430 million KWH.

Chemical Fertilizers

PRODUCTION of chemical fertilisers in India as well as in China was at a very low level in 1951. Ammonium sulphate production in India was around 54,000 metric tons in 1951 as against 129,000 metric tons in China. During the last five years, production has risen at a very steep rate in India as well as in China. Current production of ammonium sulphate in India exceeds 400,000 tons. Similarly, in China also, production exceeds 400,000 metric tons.

In per capita terms, the level of production in China is significantly lower than in India. The rate of advance shall have to be higher in China in the second Plan to catch up with the level of output in India.

The first Five-Year Plan in China had set the target of 578,000 metric tons of chemical fertilisers which included both ammonium sulphate and ammonium nitrate. This target will not be achieved in 1957 in China. The target for the second Five-Year Plan in China has been put between 3 to 3.2 million tons. The corresponding target for India is 566,000 tons for 1960-61.

China's first Five-Year Plan had called for the construction of fertiliser plants with a capacity exceeding 910,000 tons a year. To attain this goal, five nitrate fertiliser plants were to be constructed. Two of these are designed by the Soviet technologists; these, in all probability, will be completed by 1960 only.

The table below compares the production of ammonium sulphate in India and China during the years 1951 to 1956. The performance of India's first Plan in regard to ammonium sulphate was spectacular; whereas capacity increased by 443 per cent in 5 years,

AMMONIUM SULPHATE

(In thousand metric tons)

Year	China	India
1951	129	53.7
1952	181	224.3
1953	226	324.3
1954	298	346.3
1955	324	396.1
1956	444	395.0

production increased by 756.5 per cent. This was made possible by the utilisation of idle capacity which increased by 50 per cent. Whereas in the beginning of the first Plan utilised capacity in India was as high as 41.8 per cent, it was reduced to 8.2 per cent only in 1955-56.

There is no mention of phosphatic fertilisers in China's Five-Year Plans. In the case of India, on the other hand, actual output of phosphatic fertilisers exceeded 20,000 tons. It is obvious, therefore, that the output of fertilisers (both phosphatic and nitrogenous) in India is at a significantly higher level than in China.

The Cotton Textile Industry

CHINA'S first Five-Year Plan laid great stress on the producer industries. The factories of steel and cement enjoyed top priority and were given preference over factories for consumer industries such as cotton textiles and sugar. Cotton cloth has been distributed only on the basis of strict rationing ever since the People's Republic was founded. Ration tickets continue to be distributed till today because the population in China is being starved of the dire necessities of life like cloth. The table below sets out very clearly the current position. In regard to the production of both cotton yarn and cotton cloth, it is obvious that production has increased steadily between 1949 to 1957 and is currently being estimated at double the level of the pre-1949 peak. In 1956 the availability or consumption of cloth per head did not exceed 10 yards. This estimate is a liberal one and takes into account the production of the handloom sector also.

The situation in India is very much better. There is no doubt that immediately after independence there was great scarcity for all consumer goods including cloth but even in the worst years per capita availability was higher than the peak availability in China. Current estimates show that per capita availability of cloth exceeds 18 yards. In fact, the Indian textile industry is, at the moment, passing through a crisis of production, which is higher than the capacity of the people to consume. Even though purchasing power has been created by the development expenditure under the two Plans, still it is not sufficient to match the total cloth which is being made available to the Indian people. That puts India in a very happy position. It also shows that economic development in India is not lop-sided as in China. The producer Industries in India are progressing along with consumer industries.

In regard to spindles and looms, some figures are available for China. They show that the Chinese Republic has 7.2 million spindles and 115,000 looms. These figures stand at a considerably lower level than that of India. In 1956, India had 465 mills with 12.4 million spindles and 2,07,000 looms. That indicates that India enjoys superiority in spindles to the extent of 60 per cent and in rgeard to looms to the extent of nearly 90 per cent.

COTTON CLOTH PRODUCTION AND CONSUMPTION IN CHINA

A: Cotton Yarn produced (million bales)
B: Cotton cloth produced (million bolts).
C: Cotton cloth consumption (million bolts).
D: Private consumption (million bolts).
E: Public (State) consumption (million bolts).
F: Consumption per head per year (Chinese feet).

	A	B	C	D	E	F
Pre-1949 Max.	2.41 (1939)	81.253 (1936)	68.87 (1936)	65.59 (1936)		12.20
1949	1.81	55.073	42.87	40.88	1.99	7.61
1950	..	73.54	56.96	52.68	4.28	9.72
1951	..	89.21	77.05	71.23	5.82	12.23
1952	3.61	117.53	93.97	86.99	6.98	15.13
1953	4.41	147.32	130.34	119.37	10.97	22.14
Pre-1949 Max.	2.41 (1933)	81.253 (1936)	68.87 (1936)	65.59 (1936)		12.20
1954	4.61	156.62	128.7	117.24	11.46	21.81
1955	3.971	132.9	128.85	117.83	11.02	21.9
1956	5.22	174.89	173.65	156.17	17.48	29.07*
1957	(4.6)2	(149.91)	(151.05)	(133.58)	(17.47)	(24.86)

1 Appendix Tables to the Statistical Office Report for 1955.
2 Ministry for Commerce Report to the Cabinet; People's Daily, April 20, 1957.
3 People's Daily, April 20, 1957, Editorial Columns B, C, and D: PD, April 20, 1957, chart; Column E: the difference of C & D. Column F: Column D amounts divided by the 580 million population.
* PD, April 14, P. 3: 22.13.

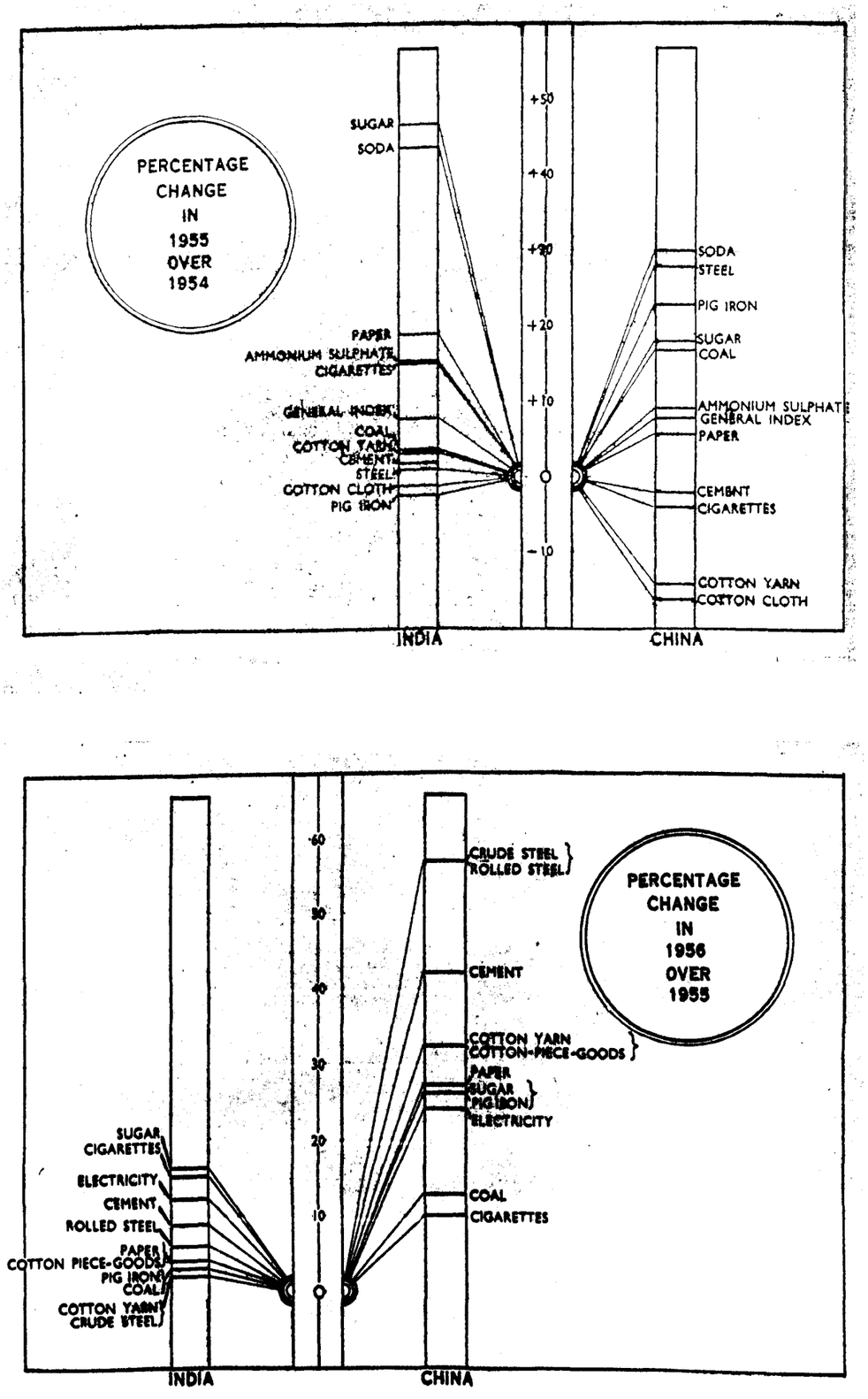
Paper and Paper Board

BOTH in India and China stress on cultural and educational work has been growing steadily because both the countries are trying to transform their people into educated and industrial societies.

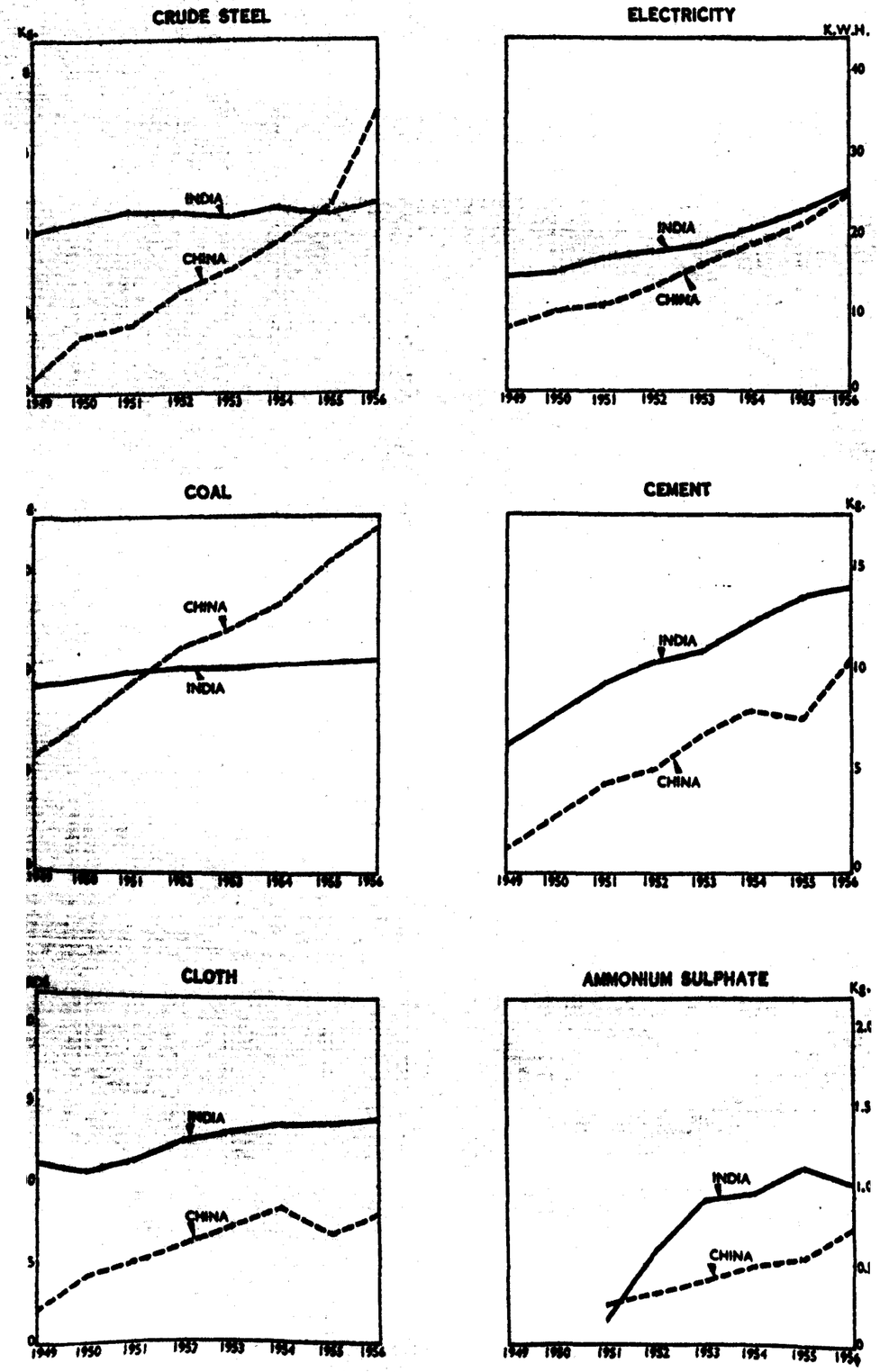
A table on p. 95 gives the comparative rate of rise in factory made paper in both the countries. It shows that China produces more than three times the total output of paper in India. Even though China started in 1949 from a very low level, it has slowly made its production rise to a level which is almost seven times the level prevalent in 1949. In the case of India, production has reached only three times the level in 1949. The target which has been set in China for the first Plan was attained in 1956. The target for 1957 was only 655,000 metric tons but actual production in 1956 was 746,000 metric tons. In 1956, production rose by 27 per cent over 1955.

In India, it was estimated that the demand for paper and paper board would reach 200,000 tons by the end of the first Plan. Actual production therefore was around 200,000 tons. The schemes completed in the first Five-Year Plan are given in the table on p. 95. With the completion of these schemes, the total capacity in April 1956 was 210,000 tons.

THE SPECTRUM OF INDUSTRIAL PRODUCTION : INDIA AND CHINA



PER CAPITA PRODUCTION OF SELECTED INDUSTRIES IN INDIA AND CHINA



It is estimated that if all the projects included in India's second Five-Year Plan for the setting up of paper plants go through, total production in 1960-61 will reach 350,000 tons — almost half the total current production in China. Annual rated capacity in India, on the other hand, will reach the level of 450,000 tons in 1960-61.

Production of newsprint in India will also grow speedily in the second Five-Year Plan. From the current production of a little above 4,000 tons in 1955-56, it will rise to 60,000 tons in 1960-61. The targets for paper and paper board, newsprint, straw board and other boards for the second Plan are set out in the table below:

PAPER
(other than newsprint)
(In thousand metric tons)

Year	China Paper‡	India Paper only**	India Paper and Paper Boards**
1949	108	71	104.9
1950	140	76	111.0
1951	241	111	134.1
1952	372	118	140.2
1953	428	122	141.4
1954	556	132	157.3
1955	589	187.8*	187.8
1956	710	196.3*	196.3
1957	655	206.9*	206.9 (Estimate)

‡ Including newsprint.
* Including paper boards.
** Excluding newsprint.

	1955-56 Annual rated capacity (Thousand tons)	1955-56 Production (Thousand tons) (Estimated)	1960-61 Annual rated capacity (Thousand tons)	1960-61 Production (Thousand Tons)
Paper and paper-board	210.0	200.0	450.0	350.0
Newsprint	30.0	4.20	60.0	60.0
Strawboard and other boards (excluding fibre-board)	59.3	32.0	59.3	35.0 to 40.0

SCHEMES COMPLETED IN 1951-56

Name of the units	Nature of scheme	Annual capacity (1950-51) (Tons)	Present annual capacity (Tons)	Date of commencement production or completion of expansion
Cauvery Valley Paper Mills, Mysore	New Unit	..	3,000	1952
Ballarpur Paper Mills, Madhya Pradesh	"	..	8,000	1952
Paper Pulp Conversion, Poona	"	..	4,600	1954-55
Bengal Paper Mills, Calcutta	Modernisation	11,000	14,000	1952
Punalur Paper Mills, Travancore-Cochin	Expansion	4,000	6,000	1953
Sirpur Paper Mills, Kaghaznagar	Expansion and new unit	5,000	15,000	1954-55
Rohtas Industries, Dalmianagar	Expansion	11,000	29,000	1955-56
Shree Gopal Paper Mills, Jagadhari	"	8,500	15,000	1954-55
Mysore Paper Mills, Bhadravati	"	4,000	8,000	1954
Star Paper Mills, Saharanpur	"	4,500	6,500	1954
Titaghur Paper Mills, Calcutta	Modernisation	38,000	42,000	1955-56
Orient Paper Mills, Sambalpur, Orissa	"	31,500	36,000	1955-56
India Paper Pulp Co., Calcutta	"	6,000	6,600	1055-56
Upper India Couper Paper Mills, U.P.	"	1,900	3,000	1955-56
Gujarat Paper Mills, Ahmedabad	"	1,500	2,500	1955-56
Deccan Paper Mills, Poona	"	2,500	3,600	1955-56
Pudumjee Paper Mills, Bombay	"	1,100	1,200	1955-56

Sugar

LIKE cloth, China is deficient in sugar also. During the first Five-Year Plan, production has no doubt more than doubled but it has not as yet reached a level where it could satisfy the internal demand.

At the beginning of the first Plan, sugar was in short supply in the Indian Union also but the progress made in the last six years has been so encouraging that the Government of India has been emboldened to allow exports of sugar in quantities which are equal to the total current production in Communist China.

In the table alongside are set out the figures of output of sugar in India and China from 1952 to 1956. India's production in 1956 at about two million tons is nearly four times the output in China. The second Five-Year Plan in China has set the target of 2.4 — 2.5 million tons in 1962 as against the target of 1.1 million tons in 1956-57, which will remain unattained. Sugar production in 1956 in China at 518,000 tons registered a rise of 26 per cent in one year but the target for 1957 is almost double the production in 1956; that is why the target will not be attained.

In India, sugar production in 1956 was almost 50 per cent more than the output in 1952. The second Five-Year Plan has set the target for sugar production at 2.25 million tons. Capacity is estimated to be around 2.50 million tons.

If production of sugar in China is one-fourth the level of production in India on per capita basis the availability is almost one-sixth of the Indian level. Unless there is a shift in emphasis in China from producer goods to consumer goods, the target for the sugar industry will remain unattained in the same way as the target for the first Plan remained unfulfilled.

SUGAR

(Thousand metric tons)

Year	China	India
1952	249	1,441.2
1953	298	1,318.0
1954	347	1,103.4
1955	410	1,641.1
1956	518	1,981.3

CHINA: WHERE DOES THE MONEY COME FROM?

The following two tables show the sources of revenue and their changes during the five-year period, 1953-57.

Sources of Revenue (1953-57)

	Amount (in million yuan)	Percentage of Total
TAXES	66,690	50.0
Revenue from State enterprises	55,920	41.9
Receipts from loans and credits	5,980	4.5
Other sources	4,750	3.6

Revenues Year by Year (1953-57)

(In million yuan)

	1953	1954	1955	1956	1957
TAXES	11,970	13,220	12,740	14,090	14,670
of which, tax on industry and commerce	8,250	8,970	8,730	10,100	10,650
Agricultural tax	2,710	3,280	3,050	2,970	2,940
Revenue from State enterprises	7,670	9,960	11,190	13,430	13,670
Receipts from loans and credits	490	1,790	2,360	720	620
Other revenues	1,630	1,270	910	510	430
TOTAL	21,760	26,240	27,200	28,750	29,390

CHINA: WHERE DOES THE MONEY GO?

Financial outlay by the state for the five years amounted to 132,210 million yuan (equivalent to more than 1,300 million tolas of gold, not including transfers to the banks for credit and loan funds and to the local governments for revolving funds).

BREAKDOWN OF EXPENDITURES (1953-57)

	Amount in million yuan	Percentage
Economic construction	64,400	48.7
Education, culture and social services	19,440	14.7
National defence and administration	41,170	31.1
Repayment of loans, etc.	7,200	5.5
TOTAL	132,210	100.0

The figures for 1953-56 are actual expenditures; those for 1957 are those budgeted.

In almost every department, the expenditures have exceeded the original planned estimates. Below are given the year by year figures.

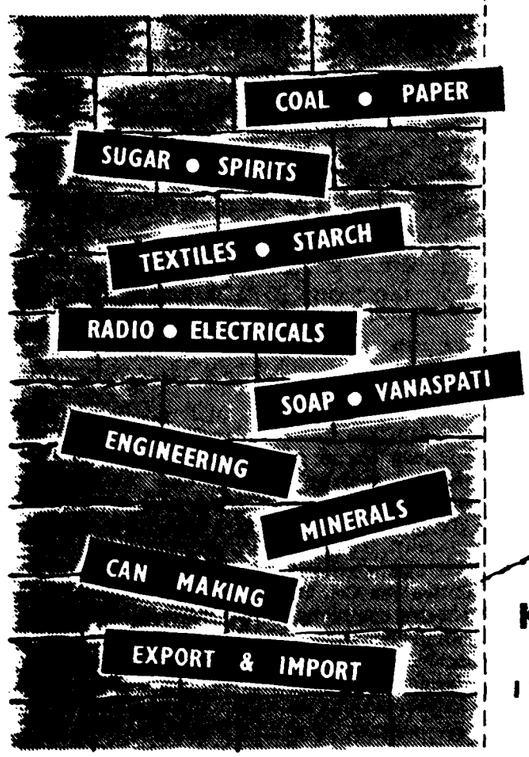
EXPENDITURES (953-57)

(In million yuan)

	1953	1954	1955	1956	1957
Total	21,490	24,630	26,730	30,570	28,790
Economic construction	8,650	12,360	13,760	15,910	13,720
Education, culture & social services	3,360	3,460	3,190	4,590	4,840
National defence & administration	7,800	7,970	8,660	8,780	7,960
Repayment of loans etc.	1,680	840	1,120	1,290	1,610
Reserve					660

Source: China Today.

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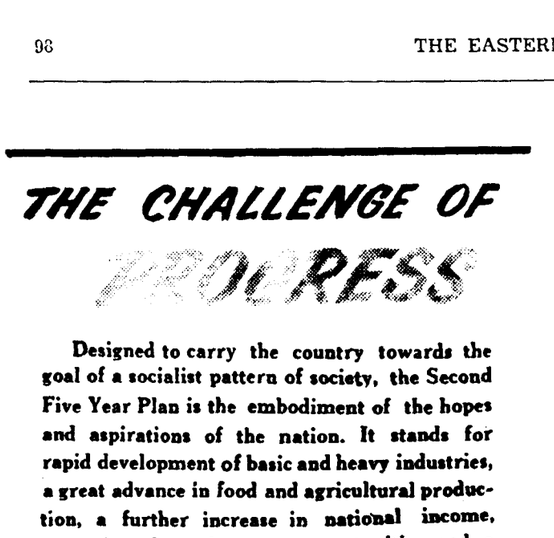
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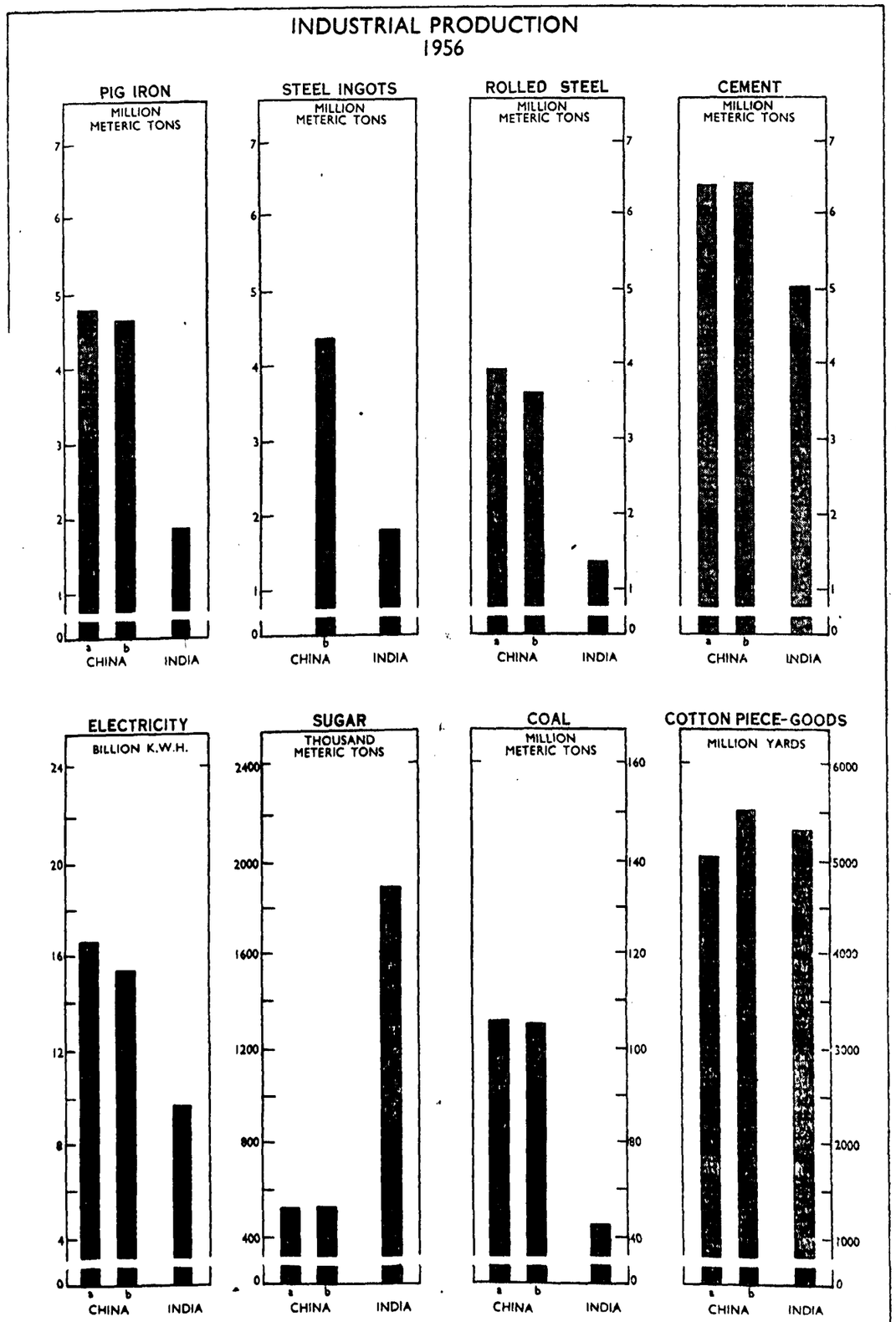
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a: "China Today", September 1956.
b: Economic Survey of Asia and the Far East, 1956.

COMPARISON OF PRODUCTION AND TARGETS FOR SELECTED PRODUCTS, INDIA AND CHINA

Item	India 1950-51	India 1953-54	India target 1955-56	China 1952	China 1954	China target 1957	Footnote India	Footnote China
Pig Iron (million tons)	1.57	1.65	2.83	1.90	3.03	4.67	5	1, 4
Steel (million tons)	.976	1.08	1.65	1.35	2.17	4.12	5, 6	1, 4, 2
Electric Power (million kwh.)	5,688	—	—	7,260	10,800	15,900	—	1, 4
Electric Power (million kw.)	—	—	3.38	—	—	—	11, 12	—
Coal (million tons)	34.43	—	—	63.52	81.99	112.98	10	1, 2, 4
Metal Working Machines (units)	1,100	—	4,600	—	13,513	—	11	1
Cement (million tons)	2.69	4.02	4.80	2.86	4.73	6.00	5	1, 4
Paper (thousand tons)	114	137	200	372	480	655	5	1, 4
Petroleum (million tons)	—	—	—	.436	—	2.01	—	4
Petroleum (million gallons)	—	—	403	—	—	—	5	—
Coke (thousand tons)	—	—	—	2,860	—	6,685	—	4
Caustic Soda (thousand tons)	11	25	33	79	—	154	5	4
Sulphate of Ammonium (thousand tons)	46	307	450	181	—	504	5	4
Locomotives (units)	—	86	438	20	—	200	5, 8	4
Passenger cars (rail) (units)	479	786	4,380	6	—	300	5	4
Freight cars (rail) (units)	1,095	6,892	30,000	5,792	—	8,500	5, 8	4
Automobiles and Trucks (units)	16,519	12,629	30,000	—	—	4,000	5, 7	4, 2
Glass Plate (Thousand Square metres)	—	—	—	21,320	—	40,000	—	4
Glass Plate (tons)	5,850	11,250	26,000	—	—	—	5	—
Cotton yarn (million bales)	—	—	—	3.61	4.6	5.0	—	4, 1
Cotton yarn (million pounds)	1,179	1,520	1,640	—	—	—	5	—
Cotton cloth (thousand bolts)	—	—	—	111,634	—	163,721	—	4, 3
Cotton cloth (million yards)	3,718	4,906	4,700	—	—	—	5, 9	—
Sugar (thousand tons)	1,120	1,001	1,500	249	—	686	5	4
Food grains (million tons)	54.0	60.1	68.1	—	—	—	10	—
Food grains (billion catties)	—	—	—	327.93	—	385.62	—	1, 4
Cotton (10,000 bales)	29.7	—	33.4	—	—	—	10	—
Cotton (billion catties)	—	—	—	2.61	—	3.27	—	1, 4

SOURCES

1. Chou En-lai, Report on Government Work to the National Peoples Congress, September 23, 1954. Reported in Hsinhua News Agency, Daily News Release, September 24, 1954.
2. Li Fu-chun, Report on the first Five-Year Plan for Development of the National Economy. Supplement to Peoples China, August 16, 1955.
3. 1952 and 1957 production excludes native cotton cloth produced from native cotton yarn.
4. The first Five-Year Plan of the People's Republic of China for the Development of the National Economy Peking, August 1955. (Summary U.S. Consulate, General, Hong Kong, Despatch 378 1955.)
5. Government of India, Planning Commission Five-Year Plan. Progress Report for April-September, 1954. New Delhi, 1955.
6. Steel production figure for 1950-51 excludes secondary producers.
7. Automobiles manufactured excluding those assembled in India. The Planning Commission Progress Report for 1953-54 states that production in 1951-52 was 23,576 automobiles; in 1953-54, 12,629 automobiles.
8. During 9-month period, April-December 1954, 103 locomotives and 8,455 freight cars were built.
9. Mill-made cloth only. Handloom cloth target for 1957 is 1,700 million yards.
10. Government of India, Planning Commission, Five-Year Plan, Progress Report for 1953-54. New Delhi, 1954.
11. Planning Commission, the first Five-Year Plan, a summary, New Delhi, 1952.
12. Production target for electric power is not given. Capacity would increase from 2.3 million kilowatts in 1950 to 3.38 million kilowatts in 1956.



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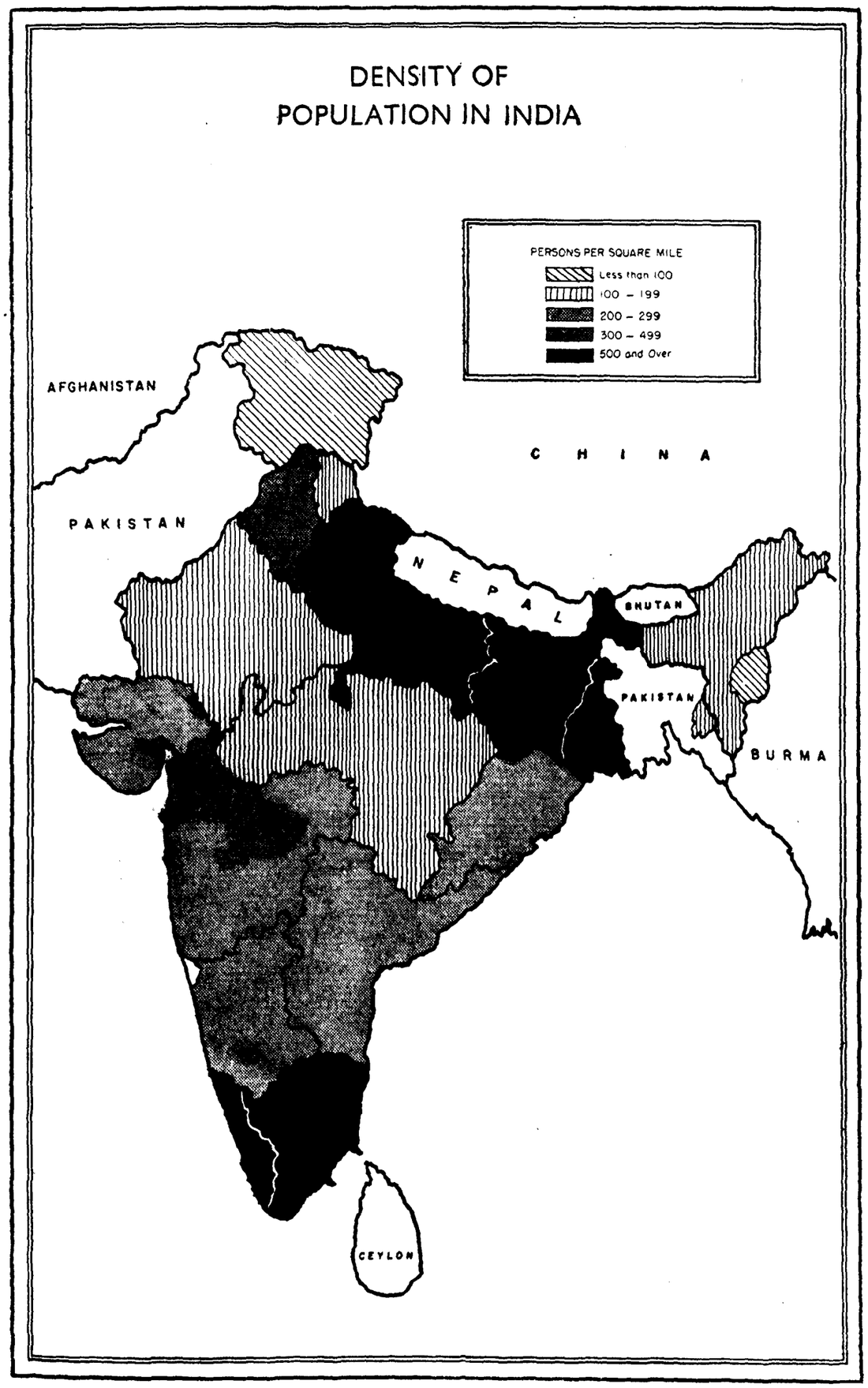
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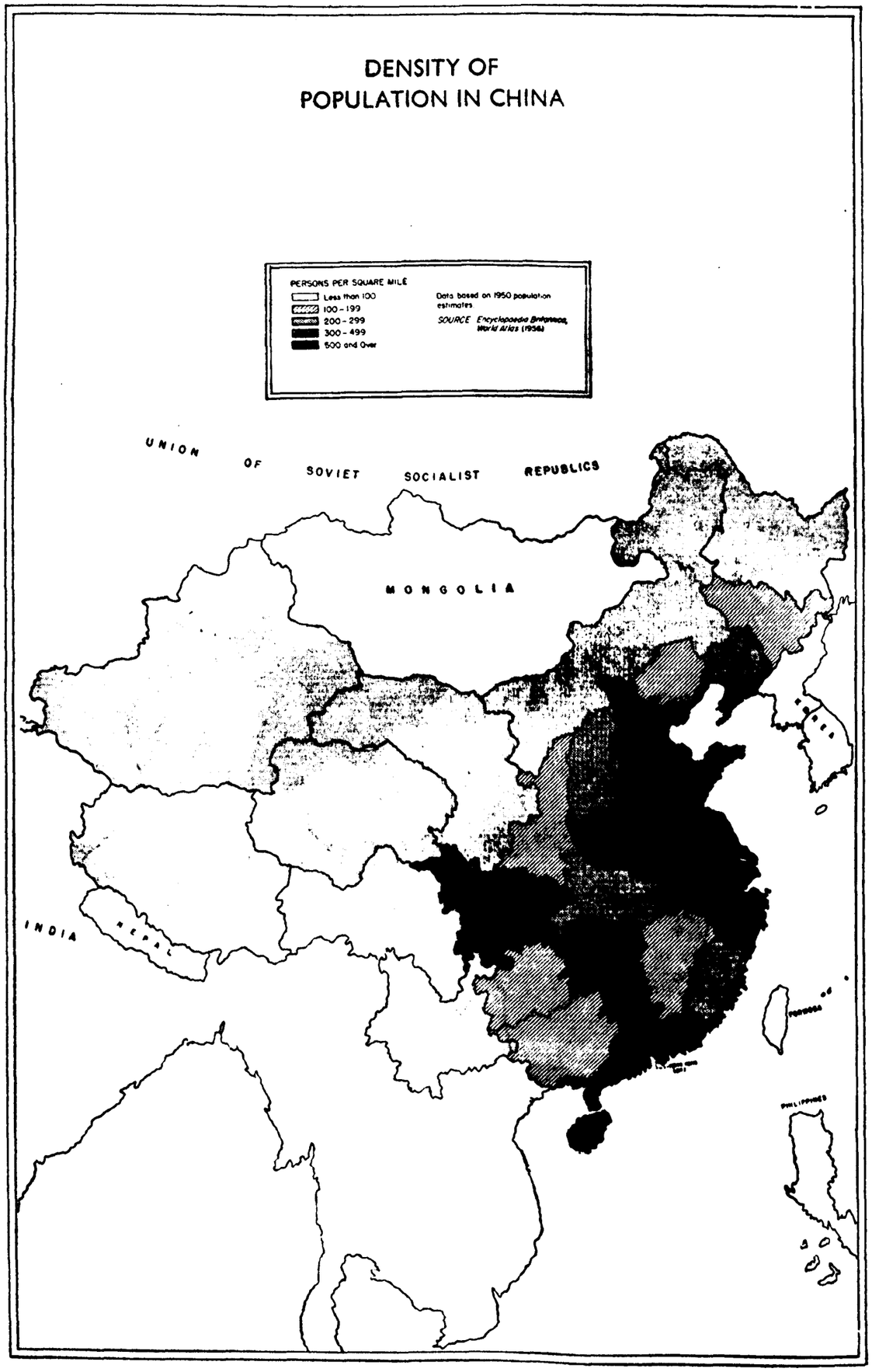
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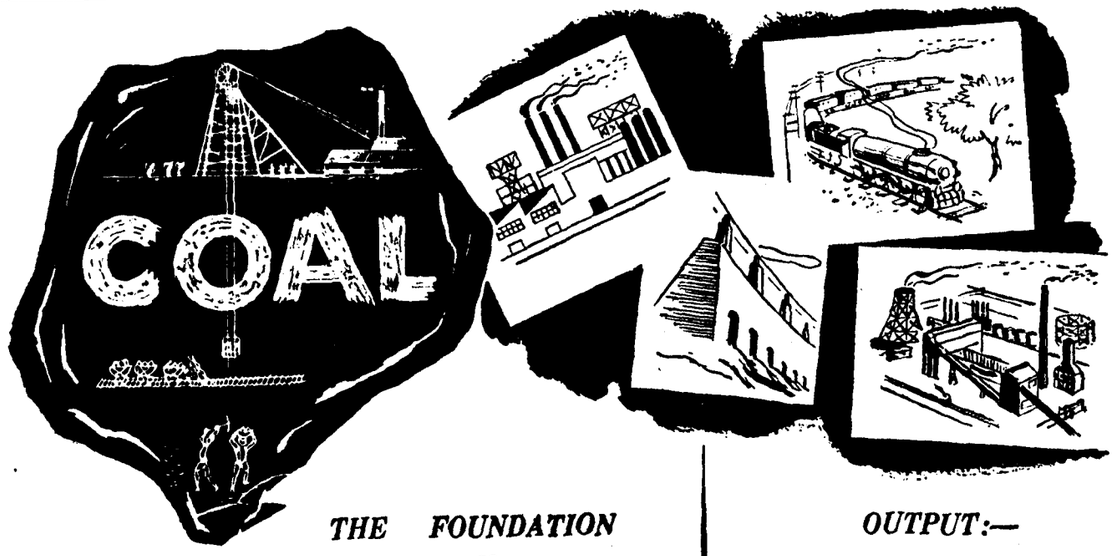
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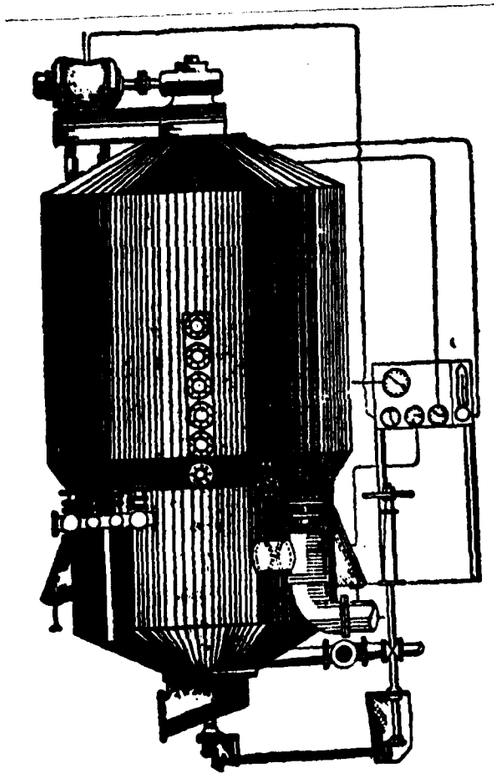
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Foreign Trade

China

THERE is apparent resemblance between the developments in recent years in the foreign trade of China and India. In both the countries foreign trade is undergoing considerable structural changes since they embarked upon planned development of their economies. The impact of development programmes is distinctly noticeable in the structure of imports. Machinery and capital equipment as well as semi-manufactures and industrial raw materials are absorbing a bulk of the share of imports, reducing the traditional proportion of consumer goods. This pattern of change is not novel to countries which are in the process of industrialising their economies. But the emphasis which China and India are placing, in varying degrees, on a rapid rate of industrialisation, as also on the heavy sector of industry, has made the changes in the structure of their imports quite pronounced with a drastic reduction of the consumer goods component. In India this process started virtually with her second Five-Year Plan, whereas in China the pattern was set from the very beginning of her first Five-Year Plan. The transition which involves great strains will be extended over some years, at any rate, in India, until the balance between agriculture and industry is brought into reasonable alignment. How far China will be able to pursue the course relentlessly like Russia is a matter for speculation. At this point the similarity in the nature of changes in their foreign trade ceases.

THE BASIC DIFFERENCE

The fundamental difference in the pattern of foreign trade in China and India is to be seen in its organisation and control. In quick stages, within a short span of two years, China, true to her Communist cult, brought the entire foreign trade within the grip and ownership of the Government functioning through the agency of the Foreign Trade Control Office, a strategic wing of that Ministry. Domestic trade, too, has been transformed under either socialisation or co-operativisation. In India, State participation in trade has been marginal with a modest extension in the wake of the responsibilities which the public sector is assuming in economic development. The State Trading Corporation of India, which has undoubtedly come to stay as an integral part of the country's organisational pattern of trade, is by no means an octopus bent on ramifying its activities into all spheres of trade until it occupies each one of them. Its purpose is to strengthen the weaker links in the chain of trading organizations which is obvious from its technique of operation in collaboration with the existing private trade agencies. China has managed to go headlong with a heavy programme of imports of capital goods and industrial raw materials to be paid for by exports which consist of as high a proportion as 75 per cent of agricultural products and a large part of the residue of mineral ores. Supplementary relief which is available in the form of credits is marginal, at any rate its magnitude is not revealed as it would have been if it was large. Nothing short of total control and direction of export resources can conceivably achieve a task of such increasing dimensions.

REORIENTATION FOR REGIMENTATION

In the initial stage, ever since its installation in power on an all-China basis in October 1949, the major pre-occupation of the Government of Communist China in directing its external trade policy was to wipe out the persistent deficit. Trade was geared to the stabilisation of the economy by various modes of regulation. The judicious control of foreign exchange which was clamped by the new regime was not altogether unfamiliar to most countries since the war. But by the adoption of a realistic exchange rate, tax concessions, subsidies, preferential freight rates, and so forth, exports were diligently fostered so that in the very next year—1950—not only was the trade deficit wiped out but a surplus was achieved. Although this surplus was by no means on a scale unparallelled in the history of the country's trade, as claimed officially, it gives a measure of the austerity practised in respect of imports. This recovery, however, was shortlived for in the middle of 1950 the Korean war changed the outlook for China's foreign trade.

China's involvement in the war in November 1950 made the change decisive for her. A radical reorientation of trade policy became a matter of paramount necessity for her. Faced with a stringent naval blockade, it was only to be expected that China would adopt a policy of stockiling of imports. The result was disclosed in the conversion of the modest trade surplus of 1950 into a sizeable deficit in 1951. The United Nations embargo on trade with China, formally declared in May 1951, aggravated the situation for her. The embargo, like all economic sanctions implying injury to both the parties in the long run, was hardly expected to be fully effective. Nevertheless, in the immediate context, it pushed China's trade straight in the direction of the Communist Bloc. The free world's share in exports to China dropped by 50 per cent in the second half of 1951 below the level in the first half. More significant is the rapid decline in the free world's share of China's total external trade, which is estimated to have dropped from 79 per cent in 1950 to 39 per cent in 1951, 28 per cent in 1952 until it reached the low ratio of 20 per cent towards the close of 1954.

Although in its immediate impact the effect of the embargo on the direction of China's trade was significant, its real and long-run magnitude need not be exaggerated. It is an error to assume that in the absence of the embargo the traditional direction of China's foreign trade would have been preserved by her new rulers. China's foreign economic policy was bound to be directly influenced in a profound degree by her political ideology. A major and rapid shift in the direction of trade from the free world to the Communist Bloc was a matter of priority for her. The embargo merely hastened the process. The inauguration of her first Five-Year Plan in 1953, necessitating continuous and heavy imports of strategic capital goods and other industrial materials, must be considered to be the major factor in the reorientation of her trade policy both as regards the composition and direction of trade. Foreign trade was regimented in the direction of the Communist Bloc as a matter of deliberate and progressive economic integration. China had to contribute her share in the consolidation and expansion of the "socialist international market". Thus the reorientation of her external trade policy provides but an instance of the application of the basic creed of international Communism. In absolute terms Communist China's imports and exports have kept on increasing in volume as well as value like the foreign trade of all other countries. But the real extent of the increasing integration of her trade with the rest of the Communist Bloc can be measured in percentage terms. The share

of the Communist Bloc has risen steeply from 21 per cent in 1950 to 61 per cent in 1951, 75 per cent in 1953, while the figure in 1955 is reckoned at anything between 80 per cent and 85 per cent.

THE COMPOSITION OF IMPORTS

An analysis of China's import trade, which has been transformed beyond recognition consequent on the re-orientation of external trade policy after 1951, has been seriously handicapped by the discontinuance of the official statistics from that year. Data for trade with the non-Communist countries are available from the U.N. sources as well as official sources of the participating countries. But the handicap operates in respect of over four-fifths of the trade carried on with the Communist Bloc. Tables A to D in this Section give a commodity-wise break-up of the broad categories of the import-export trade for the pre-war period and the period immediately preceding the introduction of the present trade policy. In their limited context they are useful to the extent they bring out the contrast with the position obtaining after the regimentation of trade for integration wih the Communist Bloc. The pre-war annual average of imports (Table B) discloses the share of machinery, equipment and metals (including construction materials like cement and timber) to be of the order of 30.2 per cent, plus 27.3 per cent for petroleum, chemicals, and other industrial materials making a total of 57.5 per cent. Machinery and metals in 1950 accounted for 26.1 per cent in 1950 (Table A). Combined with raw materials, chemicals and mineral oils they add up to an aggregate of 74.3 per cent. Apart from the fact that the classification in the two periods is not similar, 1950 was a year of austerity in imports. This stands in sharp contrast with the recent share of capital goods, equipment, industrial materials which is placed as high as over 85 per cent in total imports. Foodstuffs and consumer goods which absorbed 42.5 per cent of total imports before the war and 25.7 per cent in the reduced imports of 1950 have been further cut down to 15 per cent after 1951. This percentage composition in the period especially following the inauguration of the Five-Year Plan should give a broad idea of the magnitude of the trade measured in value which must be high indeed.

THE PATTERN OF EXPORTS

The pattern of exports exhibits relative inflexibility in the short and medium periods, in any event, in free economies. Nevertheless, the trends in Communist China's exports demonstrate that under a regime of regimentation this inflexibility can be broken in a certain measure. Sheer necessity to cover the bulk of payments for the high cost of imports, with a large component of capital goods and other industrial requirements, by current earnings of exports has dictated the urgency of pushing up the volume of traditional staple exports. Table D is instructive in this sense. But trends in 1951 shown there must be read subject to the observation that the growth in the volume of staple exports was raised further in the first Plan period. Except for salt which registered a steep decline to one-tenth of the pre-war volume and raw silk whose volume is static, each single staple export — antimony, coal, soya beans, tung oil, and so forth — discloses a marked increase in 1951. The pre-war average share (Table C) of agricultural products and allied articles was of the order of 64 per cent. In 1950 (Table A) it jumped to 71 per cent. This was under the deliberate stimulus given to exports in that year in the new regime's determined bid to eliminate the chronic trade deficit. It comes much nearer to the present share of agricultural exports of about 75 per cent. An interesting feature of the export trade of China is its content of re-exports which has become imperative on account of the large-scale resort to bilateral trade agreements. Russia's intake of rubber via re-exports from Great Britain declined steeply from 88,000 tons in 1952 to 27,000 tons in 1953 and to merely 4,000 tons in 1954. The decline is attributed to re-exports of this strategic material from China since there were no direct exports to Russia in the three years from Malaya, Ceylon or Indo-China.

TRADE WITH THE "REST OF THE WORLD"

Communist China's trade with the non-Communist world, described as the "rest of the world" in U.N. publications and "capitalistic countries" in Chinese official parlance, is carried on the basis of bilateral agreements. In the case of five Asian countries the agreements are concluded with the governments of those countries, while in the case of Japan and five West European countries they are entered into with non-official representative organisations. The composition of China's imports from these countries discloses the necessity of closer ties, integration with the Communist Bloc notwithstanding. Machinery, metals and metal products, electric equipment, transport and communications equipment and chemicals are the major items in the case of the U.K. In addition to these products from France, Belgium, Holland and Italy, chemical fertilizers from a vital import from the last two countries. The two agreements in the case of Japan for June-December 1952 and October-December 1954 provide for trade each valued at $84 million each way. Textile machinery, railway equipment, ships, steel manufactures, non-ferrous ingots and agricultural machinery constitute the vital imports from Japan. Soyabeans, tea, vegetable oils, oilseeds, silk raw and manufactured, coal, iron, ore, manganese ore, antimony and a wide range of agricultural products compose China's exports to these countries. Table E provides data about China's foreign trade with 10 principal non-Communist countries whose percentage shares in the export and import trade with this region were almost identical in 1950 and 1954. They show a substantial decline in China's trade with them of the order of 25 per cent in exports to them and 35 per cent in imports from them between these two years.

Out of India's four short-term agreements concluded with China in 1951 and 1952, three agreements — those of January 1951, April 1951 and December 1952 — stipulated for imports from China of 50,000 tons of rice in each case. The agreement of May 1951 is vital for the reason that it explains the timely assistance which India received in her critical food situation — 400,000 tons of rice. India exported in return in terms of these agreements mainly burlap bags fixed at a quantity of 16,500 bales. As Table E reveals, India's trade with China was at the maximum level during the relevant period in 1951 and 1952 which is to be related to these agreements. The high exports from China—$29 million in 1951 and $32 million in 1952 — are largely attributable to the shipments of rice. The agreement of October 1954 between the two countries provided for exchange of various manufactures, light equipment, construction materials and agricultural products both ways, depending on the conclusion of specific individual contracts.

Among the other countries of South and South-East Asia — Ceylon, Indonesia, Pakistan and Burma — which, too, have made bilateral agreements of trade with China, four agreements with Ceylon are typical for the basic rice-rubber deals. The quantity of rice to be exported from China was fixed at 80,000 tons in the first part of October 1952, whereas each of the remaining three deals between 1952 and 1954 provided for 270,000 tons. Ceylon undertook to export 50,000 tons of rubber per each agreement. Burma's two agreements of 1954 contain terms about export of rice to China, the second

TABLE A.
CHINA: MAIN COMMODITY EXPORTS AND IMPORTS 1950

(By percentages of total exports and imports)

EXPORTS:				IMPORTS:			
A. By commodities		A. By commodities		B. By categories		B. By categories	
Soya beans	14.4	Cotton	18.0	Food	16.3	Food	3.0
Tung oil	7.0	Rubber	11.5	Raw materials	42.4	Raw Materials	29.5
Bristles	6.7	Iron & Steel	11.3	Oil & Fats	12.4	Minerals oils	8.4
Fats & Oils	5.4	Machinery	8.3	Others	28.9	Chemicals	10.3
Peanuts, Shelled	4.7	Petroleum	6.2			Machinery & metals	26.1
Eggs & Products	4.7	Pharmaceuticals	4.0			Other manufactures	5.5
Wool	4.1	Vehicles	3.2			Others	17.2
Tea	3.3	Gunny bags	3.0				
TOTAL	50.3	TOTAL	65.5	TOTAL	100.0	TOTAL	100.0

Source: U.N., Economic Bulletin for Asia and the Far East (November 1953), p. 27.

TABLE B.
COMPOSITION OF CHINA'S IMPORTS, ANNUAL AVERAGE 1935-1937a

Commodities	Average Value (U.S.$ million)		Per cent of Total
(1) Machinery and tools, iron and steel, non-ferrous metals, transportation equipment, timber and cement, total		90.5	30.2
Machinery and Tools	30.0		10.0
Iron and Steel	28.8		9.6
Automobiles and bicycles, ships and planes	8.8		2.9
Non-ferrous metals	6.8		2.3
Railway equipment	5.5		1.8
Timber and Cement	10.7		3.6
(2) Petroleum products, fuel, dyes, chemicals, cotton, wool and rubber total		81.6	27.3
Petroleum products	30.8		10.3
Dyes	12.3		4.1
Chemicals and Pharmaceuticals	16.0		5.3
Cotton	10.2		3.4
Wool	4.4		1.5
Fuel and Wood	4.8		1.6
Rubber	3.2		1.1
(3) Foodstuffs and tobacco, total		54.2	18.1
Rice, Wheat and Flour	27.8		9.3
Sugar	7.6		2.5
Tobacco	5.2		1.7
Other foodstuffs	13.6		4.5
(4) Other consumer goods, total		73.0	24.4
Cotton, woollen and rayon yarn and manufactures	15.0		5.0
Flax, linen, jute and manufactures	5.4		1.8
Sundries	34.1		11.4
TOTAL		299.3	100.0

a Excluding the North-East; figures are rounded to the nearest first decimal place and therefore not always additive.

Source: Chih Tsang, China's Post-War Markets (New York, 1945), pp. 114-115.

TABLE C.
COMPOSITION OF CHINA'S EXPORTS; ANNUAL AVERAGE 1935-1937a

Commodities	Average Value (U.S.$ million)		Per cent of Total
Food and tobacco, total		56.1	25.2
Eggs, Dried, Frozen and Fresh	9.6		4.3
Peanuts, Nuts and Fruit	7.7		3.2
Vegetables and Beans	7.2		3.2
Sausages casings, Pigs and Meat	6.3		2.8
Millet, Oilcake and Bran	4.8		2.1
Tobacco Leaf	2.6		1.2
Other	4.7		2.1
Agricultural Raw Materials, Total		86.4	38.9
Tung Oil	21.1		9.5
Other Oils, Seeds and Fats	14.1		6.1
Raw Silk and Pongee	14.1		6.3
Raw Cotton	8.4		3.8
Bristles	7.2		3.2
Sheep Wool and Camel's Hair	5.8		2.6
Goat and Lamb Skins	4.8		2.2
Hides, Skins and Leather	7.2		3.2
Other	3.7		1.7
Minerals, total		22.2	10.0
Tin	9.0		4.1
Tungsten	5.8		2.6
Antimony	3.1		1.4
Iron Ore	1.2		0.5
Coal	3.1		1.4
Manufactures, total		33.1	14.9
Cotton Yarn and Piece Goods	6.1		2.8
Cotton and Silk Waste	3.9		1.7
Lace, Thread and embroideries	4.6		2.1
Linen embroideries	4.9		2.2
Rugs and Mats	5.1		2.3
Other Textiles	2.9		2.3
Other	5.5		2.5
Miscellaneous		24.3	11.0
TOTAL		222.1	100.0

a Excluding the North-East; figures are rounded to the nearest first decimal place and therefore not always additive.

Source: Chih Tsang, China's Post-war Markets (New York, 1945), pp. 129-130.

TABLE D.

SELECTED EXPORTS FROM CHINA 1936 AND 1951

(Thousand metric tons)

	1936	1951
Antimony a	7	20
Coal	4,862	7,430
Egg Products	63	70
Peanuts	172	250
Salt	997	100
Silk, Raw	10	10
Soya beans	1,909	2,480
Tea	34	100
Tung Oil	87	100

a 1938.

Source: U.N., World Economic Report 1951-1952, p. 129, Table 80. The 1951 figure for tea exports is reconcilable with the figures for tea production in State Council, the first Five-Year Plan (Peking, Chinese language, 1955), p. 81, since the latter are for unfired green tea, while exports consist chiefly of brick and black tea.

TABLE F.

HONG KONG'S TRADE WITH CHINA AS PERCENTAGE OF TOTAL TRADE 1938-1954

(Balance of Trade)

Year	Percentage of Total Imports	Percentage of Total Exports	with China (£ million)
1938	37.7	45.0	— 0.2
1948	20.7	17.7	— 9.3
1949	21.5	25.6	0.4
1950	22.6	39.2	37.5
1951	17.7	36.1	45.7
1952	22.0	17.9	—19.4
1953	22.1	19.8	—19.8
1954	20.8	16.2	—18.9
1955	24.1	7.1	—44.8

Source: Hong Kong, Department of Commerce and Industry, Trade Statistics, 1954-55, and Colonial Office, Colonial Reports, Annual Report on Hong Kong, 1948-1952.

TABLE E.

CHINA'S TRADE WITH THE REST OF THE WORLD 1950-1954

(U.S. $ million)

	1950		1951 (May)		1952		1953		1954	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
Hong Kong (a)	152	257	162	305	145	91	150	95	121	68
United States	150	46	51	—	28	—	9	—	—	—
Ceylon	1	—	1	8	7	26	44	51	33	47
Pakistan	19	8	17	45	2	84	3	7	2	26
Japan	38	20	22	6	16	1	30	5	41	19
United Kingdom	29	10	22	8	8	13	29	18	25	19
Switzerland	13	18	13	26	10	18	16	26	11	23
West Germany (b)	—	—	—	—	18	3	33	25	36	22
Malaya (b)	—	—	—	—	39	—	34	2	29	6
India	2	5	29	13	32	7	2	3	2	4
Total for 10 countries	404	364	317	411	305	243	350	232	300	234
Per cent of Trade with Rest of the World	85	39	65	93	90	97	79	80	85	87

a 1950 includes trade with Taiwan.

b 1950 and 1951 figures not included for West Germany and Malaya. Trade with Malaya may be estimated to be U.S.$40 million each way in both these years.

Source: U.N., Economic Survey of Asia and the Far East 1951, p. 163, and Economic Bulletin for Asia and the Far East (November 1953), p. 26; U.N., Direction of International Trade, Annual Issue 1953 and Monthly Issues 1954-1955.

TABLE G.

BRITISH TRADE WITH CHINA IN SELECTED YEARS

(£ million)

Year	Exports	Imports	Year	Exports	Imports
1929	14.1	12.2	1951	2.7	7.7
1937	5.9	8.2	1952	4.6	3.0
1949	2.4	3.6	1953	6.3	10.2
1950	3.6	10.3	1954	6.9	9.0
			1955	7.9	12.4

Source: Board of Trade, Annual Statement of the Trade of the United Kingdom, 1929, 1937 and 1949-1952, and Trade and Navigation and Accounts (December 1953, 1954, 1955); the first column in the table shows exports, including re-exports, to China, the second is imports from China.

agreement of November 1954 stipulating for a quantity of 150,000 tons. Agricultural and light machinery, machine tools, textile machinery, figure as items of exports from China to Burma and Indonesia. Furthermore, recently China has supplied to Burma ful equipment for two textile mills. These exports of industrial equipment are undoubtedly inspired by their propaganda potential.

The following table summarises the break-up of China's trade wih the "rest of the world" by principal categories of goods for the three latest years:

CHINA'S TRADE WITH THE "REST OF THE WORLD"

(In million dollars)

	Foodstuffs Exports	Foodstuffs Imports	Raw Materials Exports	Raw Materials Imports	Machinery & Transport Eqp. Exports	Machinery & Transport Eqp. Imports	Other Manufactured Goods Exports	Other Manufactured Goods Imports	Total Exports	Total Imports	Trade Balance
1954	30.7	—	46.4	11.7	—	4.3	11.7	32.5	88.3	49.0	+39.8
1955	35.4	0.4	58.7	11.5	0.3	7.2	20.2	49.7	114.6	72.8	+41.8
1956	40.3	3.8	76.6	18.8	0.4	9.4	27.9	76.9	145.2	108.9	+36.3

Source: U.N. World Economic Survey, 1956.

INTRA-COMMUNIST BLOC TRADE

In this most strategic sector of China's external trade, which accounts for not less than four-fifths of the total, although estimates in terms of volume or value are not available, the composition of China's imports demonstrates its importance for her development projects. Russia supplies principally industrial equipment, motor vehicles, railway rolling stock, electric power equipment, mining machinery, agricultural machinery, rolled steel, petroleum products, chemicals, and so forth. Heavy industrial machinery and heavy trucks are the most crucial imports from Czechoslovakia. Machine tools, rails and other steel products as well as complete sets of factory equipment have figured as the major imports from Poland. Electrical generators, motors, chemicals and dyestuffs are among East Germany's supplies. Hungary and Bulgaria export light equipment. Rumania's important contribution consists of supplies of petroleum. These imports are paid for by exports of agricultural products and minerals.

TERMS OF TRADE: HARD BARGAINING

How are China's terms of trade with the Communist countries and particularly with her major trading partner — Russia? Here one has to look for straws in the wind. The governing feature of intra-Communist Bloc trade is its barter basis, which, apart from a maximum effort at balancing, involves price-fixing in terms of roubles. Russia in her trade agreements with China has proved to be a hard bargainer. This is typically shown by the experience of the high-powered delegation led by Premier Chou En-lai in the second half of 1952. Negotiations were protracted well over six months until the announcement about the agreement came on March 24, 1953, shortly after Stalin's death. Post-Stalin agreements have been less exacting in negotiations. The Communist claim to the effect that rouble prices fixed in the agreements are on parity with prevailing international prices is hard to accept. Burma's experience may be taken as representative in this respect. The disparity between rouble prices and world market prices is some times as wide as $70 per ton paid for soyabeans imported by Russia from Manchuria and $120 per ton outside the Communist orbit. Hog bristles, tung oil and oilseeds imported from China have been re-exported by Russia to West European markets at prices ruling at higher levels. Trucks exported to China via Russia have been priced three times as much as the cost of comparable vehicles supplied from Europe to Hong Kong. In this context it is essential to recall that imports from Communist countries are so classified on the basis of country of shipments and include an element of re-exports of West European origin. Their cost at destination cannot but be high.

THE BALANCE OF PAYMENTS: AN INTRIGUING PROBLEM

How does Communist China meet her problem of the balance of external payments? This is an intriguing question if considered in its overall context. But this is the context which must determine her ability in the long run to sustain the present structure of imports without which her successive Five-Year Plans cannot be implemented on an ever-progressive scale. China's balance of payments ought to be considered in two region-wise divisions—in respect of the "rest of the world" (or non-Communist countries) and in respect of the Communist Bloc.

The table given above which sets out the value of China's trade with the "rest of the world" shows that she had a trade surplus with this region as a whole of $39.8 million in 1954, $41.8 million in 1955 and $36.3 million in 1956. If this table is interpreted in conjunction with Table F in this Section, setting out the official figures for the balance of trade of Hong Kong with China, an almost complete clue is offered to the secret of China's total trade surplus with the "rest of the world". Table F highlights the vital significance of Hong Kong for the payments purpose of China. As that table reveals, it was only in 1950 and 1951 that Hong Kong had a trade surplus with China of the order of $105 million and $128 million respectively—due largely to the anti-blockade tempo of stockpiling of imports. Hong Kong's nominal trade surplus in 1949 may be disregarded.

The most vital fact established by this table is that in each year from 1952 onwards Hong Kong had a trade deficit with China, or to put it conversely for convenience, China had a trade surplus with Hong Kong. This surplus was of the order of $52.9 million in 1954 and $125.4 million in 1955. Comparing the size of this surplus with the total trade surplus in these years with the whole of the "rest of the world", the most important fact which emerges is that it is the Hong Kong trade that really creates either the entire surplus or bulk of it. Invisible items of current account between China, on the one hand, and the "rest of the world", on the other, may be treated as of no great consequence. In any event, it would be safe to assume that, with the Hong Kong trade surplus, China is able to balance

her payments with the non-Communist countries. Capital inflow from this region into China does not exist. There are two aspects of trade with Hong Kong which must not be missed. In the first place, Hong Kong is very badly dependent on China for the supply of essential consumer goods, including notably, foodstuffs. There is no normal alternative channel to replace this source. A stable trade surplus is thus assured to China. In the next place, the existence of a free foreign exchange market in Hong Kong should suffice to solve China's problem of making payments in particular non-Communist currencies as occasion would demand.

But in the overall payments picture, it is China's account with the Communist Bloc that essentially matters because the share of this bloc in China's external trade is as high as at least 80 per cent. Statistical particulars of this trade in value would throw light on the balance of payments with this crucial region. In their absence, however, it is possible to draw broad inferences. The composition of China's imports and exports which has been analysed in the foregoing part of this Section should at once suggest the indisputable fact that, despite the general barter basis character of this trade, China is running into a trade deficit with this region from year to year. One vital but erroneous impression about the genuine nature of the bilateral trade agreements of China with the Communist Bloc countries needs to be corrected. These agreements are admittedly not on a pure and self-balancing barter basis. A scrutiny would show that the purely barter agreements concluded were mainly as follows: (A) Russia: the agreements of 1951 and 1952. But it should be underlined that they were followed in the same years by protocols under the long-term credit agreements of 1950 which, in effect, helped to provide accommodation for China's import surplus from Russia. (B) Bulgaria. the barter agreement of July 1952 described as a short-term agreement, but followed by a barter plus payment agreement concluded at the end of that year. (C) Rumania: Barter agreements of 1952 second half and 1953. (D) Albania: Barter agreement of 1954 followed by barter and payment agreement in December the same year. (E) North Korea: Barter agreement of 1954. In parenthesis it may be mentioned that China has rendered economic aid including trade to North Korea as a matter of political expediency. (F) Viet-Minh: Barter agreement of 1954. The overwhelming majority of China's bilateral agreements—those entered into with Russia, Czechoslovakia, Poland, East Germany, Hungary, Bulgaria, Rumania, Albania, and even Outer Mongolia—are on a barter plus payment basis.

The main threads of China's external payments with the Communist Bloc may be gathered by inference. One item of invisible imports from Russia into China is the inflow of capital for the China-Russia joint enterprises for the development of petroleum, non-ferrous metals and rare metals in Sinkiang as well as the flotation of the air transport company. Possibly, this import is included in the visible trade account. The position about the other joint enterprises is obscure. However, since 1955 a trend has been set in motion whereby the ownership of whatever joint enterprises have been floated is being transferred exclusively to China. If so, it creates the logical liability of payment to Russia. The number of Russian technicians and "advisers" in China was variously estimated above 15,000 in the recent past. The mode of payment for their services is not clear. There are other items like interest on the Russian loan or outstanding payments to other Communist countries which do not appear to be substantial. Expenditure on Chinese diplomatic establishments abroad is probably cancelled out by counter in-payments. Remittances from Chinese abroad was traditionally a fruitful source of invisible receipts, which, however, is dwindling as avenues of investment in China for uncarned income are fast fading out.

The most significant element in the payments problem is the long-term credit granted by Russia. The Russian loan of 1950 worth $300 million was initially agreed to be paid in five equal annual instalments. The bilateral trade agreements of China with Russia make mention of protocols under this credit which suggests payments in the shape of capital goods. To what extent disbursements from this loan have been made is a matter of conjecture. According to one report, however, another loan agreement for an amount of $1 billion was concluded between Russia and China. The previous loan of 1950 is said to have been merged with it.

The upshot of this inferential discussion of China's payments problem with the Communist Bloc is that China is incurring a continuous net deficit and she has no choice but to lean heavily on Russian aid for goods, technical services and credits, if she is to be enabled to adhere to her ideal of ambitious industrialisation. Its political moral should be obvious.

India

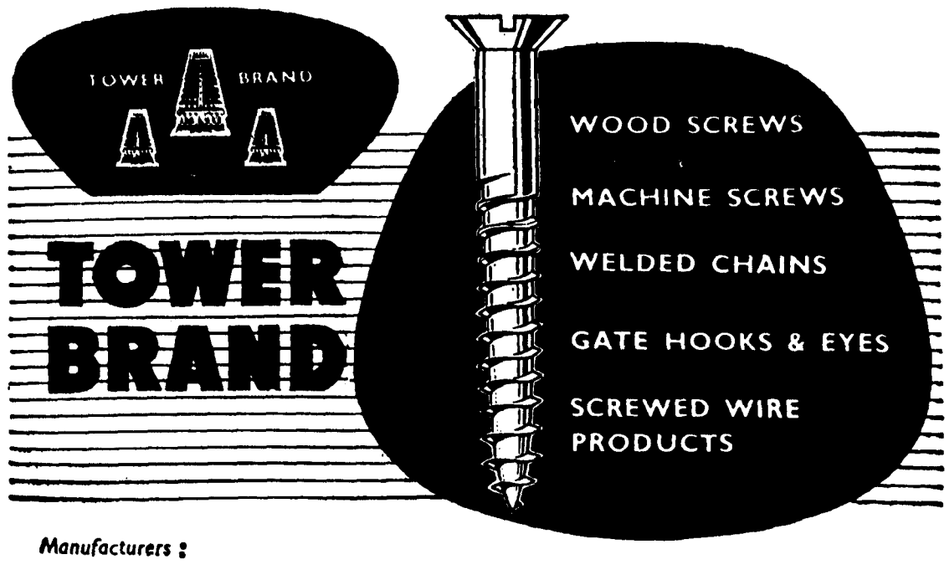
THE foreign trade of India, like the foreign trade of Communist China, was subjected to sudden dislocation, but for a different reason and with a different effect. The partition of the Indian sub-continent had the direct consequence of converting India into a net importer of certain strategic materials ilke fibres in which she was self-sufficient and a substantial import of food with the least turn in the monsoons or natural calamities like floods which are frequent. Sharp divergence between India and Pakistan over at least two outstanding issues — Kashmir and canal waters — has prevented smooth neighbourly relations which would have made the economic consequences of partition much less painful than they have actually been. But the magnitude of these consequences must not be magnified. The injury inflicted by partition is being healed partly by greater domestic production and partly by other sources of supplies. In the total context of India's external trade, the share of Pakistan in modest and in the light of her development requirements its size is unlikely to be enlarged. Communist China's rupture with the free world, her involvement in the Korean hostilities, bringing in its wake the United Nations embargo on her trade, and the ideological imperatives disrupted the pattern of her foreign trade and gave it a twist. Unlike China, India is not forced to bring about a radical change in the traditional direction of trade, whose virtue of mutual benefit to the participants has been tested over decades. Such adjustments as India has to make in the pattern of the direction as well as composition of her trade are necessitated by the requirements of her programmes of economic development.

THE NEW LOOK OF THE STRUCTURE OF IMPORTS

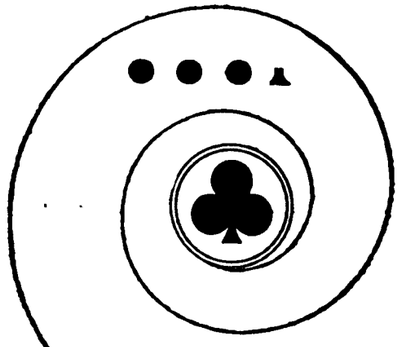
The structure of India's import trade is being transformed in the last seven years and this process is expected to continue by reason of the obligation, implicit in the Five-Year Plans, to incur a sizable import surplus with emphasis on capital goods and industrial materials, raw as well as semi-manufactured. There is,

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2 Travancore Plywood Industries, Punalur, Manufacturers of high class Tea Chest Panels, Chair seats, Battens, Commercial size panels and Decorative panels.

3. Government Ceramic Factory, Kundara, Producers of India's Superfine China Clay, Fire Clay and Fire Cement. Specialists in high class crockery and electrical, chemical and refractory porcelain.

4. Kerala Government Ceramics, Kundara, New concern started for production of high-class crockery and insulators.

5. Government Oil Factory, Kozhikode, Manufacturers of Ademin (concentrate) and Shark Liver Oil — Vitamin supplements for children, mothers and convalescents. SEA GOLD-BLENDED SHARK LIVER OIL — The Full complement of Vitamins A and D is ensured in this preparation at a low cost.

6. Kerala Soap Institute, Kozhikode, Makers of high-class toilet, washing, medicated, shaving and other kinds of soaps.

7. The Shark Liver Oil Factory, Trivandrum, Manufacturers of pure Standardised brands of Shark Liver Oil — SHARLIVEROL.

(Inserted by the Department of Public Relations, KERALA)

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SUBSCRIBED & PAID-UP	.. Rs. 50 Lakhs
RESERVE FUNDS	.. Rs. 34½ Lakhs
DEPOSITS EXCEED	.. Rs. 19¼ Crores
WORKING FUNDS EXCEED	.. Rs. 25 Crores

21 Offices in Bombay, 18 in Gujarat, 12 in Saurashtra, 11 in Maharashtra and one each in Madhya Pradesh, Calcutta, New Delhi, Delhi & Madras.



DENA BANK
HEAD OFFICE BOMBAY 1

GENERAL BANKING
BUSINESS TRANSACTED

PRAVINCHANDRA V. GANDHI
Mg. Director

Patronise Swadeshi

TABLE I.

PRINCIPAL IMPORTS INTO INDIA

(By Sea, Air and Land)

(Value in lakhs of Rupees)

Item	1951-52	1952-53	1953-54	1954-55	1955-56	1956 (April-Dec.)
Consumers, Goods :						
1. Grain, Pulse & flour*	22,812	22,812	7,248	6,337	1,768	135
2. Fruits and Vegetables (excluding cashewnuts)	1,062	908	956	1,000	984	696
3. Spices	966	425	568	429	634	654
4. Textile manufactures (excluding yarn)	848	564	479	437	684	426
5. Drug & Medicines	1,561	1,147	1,247	1,328	1,501	1,207
Producers Goods :						
(i) **Raw materials—**						
1. Hides & Skins raw and tanned**	123	80	112	129	198	110
2. Oils (excluding Kerosene)	6,028	6,006	6,488	6,142	4,369	4,578
3. Raw cotton	18,718	7,667	5,275	5,845	5,733	3,526
4. Raw Jute	6,708	1,648	1,432	1,300	1,933	737
5. Raw wool	259	71	178	100	142	81
6. Art Silk yarn	1,729	785	1,204	1,269	1,544	1,374
7. Chemicals (including chemical preparations	1,900	1,274	1,272	1,793	2,126	1,874
8. Dyes	1,607	851	1,663	1,737	1,497	1,224
(ii) **Capital Goods :**						
1. Machinery (excluding consumption items)	10,516	8,530	8,351	8,282	11,451	11,350
2. Electrical goods	1,019	1,485	1,310	1,118	1,502	1,542
3. Metals—iron and steel	2,079	2,056	2,267	2,861	5,414	9,845
4. Other metals	2,276	2,271	1,614	2,844	3,829	2,880
TOTAL (including others)	94,313	66,988	57,193	65,626	67,883	61,187†

* Excludes value of certain consignments of food grains awaiting adjustments. ** Incomplete.
† Figures are provisional. **Source:** D.G.C.I. & S.

TABLE II.

PRINCIPAL EXPORTS FROM INDIA

(By Sea, Air and Land)

(Value in lakhs of Rupees)

Item	1951-52	1952-53	1953-54	1954-55	1955-56	1956 (April-Dec.)
A. **Consumers' goods :**						
1. Cashew kernels	905	1,298	1,099	1,070	1,292	1,187
2. Black pepper	2,322	1,606	1,287	699	471	196
3. Tea	9,398	8,088	10,219	14,774	10,914	10,844
4. Cotton piece goods*	5,215	6,207	6,365	6,331	5,663	4,271
5. Woollen carpets & rugs	588	280	369	387	397	306
B. **Producers' Goods :**						
1. Coal	955	983	684	572	425	401
2. Mica	1,321	901	806	672	837	657
3. Manganese Ore	1,569	2,178	2,423	1,292	1,072	847
4. Gums, Resins & Lac	1,627	811	743	1,151	1,299	867
5. Hides & Skins, raw & tanned	3,354	2,580	3,106	2,777	2,911	1,984
6. Vegetable oils	2,361	2,655	489	2,002	3,433	1,244
7. Raw cotton	1,368	1,933	940	1,019	2,969	762
8. Raw wool	490	841	587	861	973	727
9. Gunny bags	13,529	6,139	4,024	5,686	5,419	3,987
10. Gunny cloth	12,458	6,307	6,943	6,254	5,908	4,474
TOTAL EXPORTS (including others)	72,907	57,234	52,581	58,847	59,085	43,467

NOTE: (1) Exports are on f.o.b. basis from 1951-52. (2) Exports are of Indian merchandise only,
(3) Figures for 1956-57 are provisional. * Handloom and Mill-made.

TABLE III.

INDIA'S BALANCE OF TRADE IN MERCHANDISE†

(Sea, Air and Land)

(PRIVATE AND GOVERNMENT)

(Lakhs of Rupees)

Year	Imports**	Exports*	Balance of Trade
1951-52	943,13	732,99	—210,14
1952-53	669,88	577,37	—92,51
1953-54	571,93	530,62	—41,31
1954-55	656,26	593,54	—62,72
1955-56	704,81	609,41	—95,40
1956-57	840,11	600,37	—239,74

† Provisional. * Figures are inclusive of re-exports and are on f.o.b. basis. ** Exclude the value of certain special imports of foodgrains and stores for which full particulars are not available.

Source: Reserve Bank of India Report on Currency and Finance (1956-57).

TABLE VI.

INDIA: INDEX NUMBERS OF IMPORTS AND EXPORTS

Base: 1952-53 = 100

Year	Volume Index Imports/Exports		Price Index Imports/Exports		Net Terms of Trade
1948-49	135	106	78	86	110
1949-50	127	112	77	91	118
1950-51	112	117	83	111	134
1951-52	146	95	115	153	133
1952-53	100	100	100	100	100
1953-54	95	99	93	94	101
1954-55	105	102	91	100	110
1955-56	114	115	94	93	99

Source: Reserve Bank of India.

TABLE V.

DIRECTION OF TRADE

Exports from India (by Sea, Air and Land)

(Value in lakhs of Rupees)

Country	1951-52	1952-53	1953-54	1954-55	1955-56	1956 (April-Dec.)
U.K.	18,786	12,244	14,871	18,808	16,438	13,559
U.S.A.	13,013	11,189	8,969	8,803	8,526	6,436
Canada	1,624	1,282	1,307	1,743	1,401	1,166
Japan	1,427	3,118	2,316	1,610	3,015	2,009
South East Asia						
Philippines	181	176	111	98	184	77
Australia	4,663	1,696	1,752	2,453	2,481	1,674
New Zealand	791	286	298	454	458	368
Indonesia	450	530	661	544	1,160	570
Viet Nam & Laos	68	27	67	128	43	22
Cambodia	—	—	—	—	—	1
Malaya	373	316	631	384	65	31
Ceylon	1,650	1,982	1,789	1,856	437	286
Burma	1,960	2,219	2,086	1,666	2,027	1,340
Pakistan	4,525	3,111	801	975	1,239	712
Thailand	872	427	360	220	830	639
Singapore	1,194	1,546	778	704	317	132
China	677	41	80	296	791	508
West Asia					654	272
Iran	414	206	153	609	516	334
Iraq	313	208	244	276	213	147
Afghanistan	398	472	389	288	214	131
Saudi Arabia	185	297	348	305	603	357
Jordan	15	23	19	32	30	19
Lebanon	23	29	18	52	26	22
Syria	68	75	99	213	108	59
Egypt	635	568	347	809	946	849
Sudan	772	614	511	703	562	680
Tunis	35	35	28	30	14	9
O.E.E.C. Countries						
Austria	100	42	57	33	40	19
Belgium	770	663	438	640	881	498
Denmark	123	101	110	130	204	143
France	1,045	563	528	529	703	468

however, a major imponderable factor in the composition of her imports, namely, food. Its unpredictable nature is bound to persist until irrigation projects rectify the excessive dependence of agriculture on the monsoons. But excluding this uncertain factor, the changing pattern of imports can be analysed against the background of the Five-Year Plans. It must be remembered at the outset that the pre-occupation of India in the period of her first Five-Year Plan with post-war and post-partition reconstruction of the economy postponed to major accent on industrial development until late in the fourth year of the plan. The impact of industrialisation is to be seen on imports from the final year of the first Plan onwards.

India incurred throughout this period a trade deficit whose size rose steeply from Rs. 109.5 crores in 1955-56 of Rs. 430.5 crores in 1956-57 as the table on the Balance of Payments on page 118 discloses. During the three preceding years the deficit was small, nonetheless it kept on rising steadily as the tempo of outlay on development increased. The abnormal deficit of Rs. 232.8 crores in the first year of the first Plan has no relevance to this outlay since bulk of it is to be traced to the heavy bill for food imports. If the first year 1951-52 is excluded from consideration on this count, imports rose progressively from Rs. 633 crores in 1952-53 to an abnormal high of Rs. 1,076.5 crores in 1956-57. It is necessarily to trace the trends in the expenditure on imports. They are set out in Table I in this Section by three principal categories namely, consumers' goods, raw materials (producers' goods) and capital goods. The outstanding feature of imports in this period is the marked reduction in imports of consumer goods from Rs. 192 crores in 1952-53 to an annual rate of Rs. 42 crores in the first three quarters of 1956-57. This reduction was effected while the total outlay on imports was rising at a fast rate as mentioned above. The proportion of import expenditure on raw materials remained more or less steady around Rs. 180 crores. Outlay in this class of goods was as high as Rs. 320 crores due to raw cotton imports of the extraordinary amount of Rs. 137 crores. But by far the most significant trend highlighted by this Table is the switch-over in outlay on capital good in the last two years — Rs. 222 crores in 1955-56 and an annual rate of Rs. 340 crores in the first nine months of 1956-57. The distribution of this outlay on individual items in this class is a matter of relative weight, but here again machinery, iron and steel as also other metals have absorbed substantial allocations.

THE PROBLEM OF EXPORTS

India has managed to introduce a wider diversity in the range of her exports than most of her neighbours in South and South-East Asia with the notable exception of Japan. Light mechanical as well as electrical engineering goods provide a case in point. In recent months an accent is being placed on stepping up exports of ores. In addition, manufactured articles are figuring as items in the steady schedules of exports. The sum total of this drive for the diversification of exports makes a modest contribution to the current earnings of foreign exchange. The Export Promoton Committee in its report released recently has expressed the optimism that it should be possible to push up exports in the near future by anything between Rs. 100 crores and Rs. 150 crores, raising total exports to Rs. 750 crores. This optimism is clearly pitched rather high and it is significant that the Committee has not prescribed any specific programme to achieve the higher target it has suggested.

The course of exports over the last six years gives further corroboration to the relative lack of flexibility in the pattern of exports over short and medium periods. Table II in this Section demonstrates the slow expansion in the earnings of exports. The classification of exports made there into consumers' goods and producers' goods is only one way of grouping them. It does not rest on the criterion of the potential to earn foreign exchange. The staple exports are the traditional ones which belong to both these categories. Tea and jute products run a close race for the first rank. Tea exports reached the level slightly above Rs. 145 crores in 1954-55 and 1956-57 and in other years around Rs. 105 crores. Jute products (cloth and gunny) reached the mark of Rs. 120 crores in 1952-53 and 1954-55, if the boom year of 1951-52 is left out of account. It serves to underline the importance of the price factor. In the rest of the period they have stayed near Rs. 113 crores. Cotton piece-goods, hides and skins, vegetable oils mineral ores rank as next in the order of contribution to foreign exchange earnings. Since export promotion is conditioned by the dynamism of domestic production plus the response of the overseas markets which are not susceptible to rapid changes, the drive for intensification of exports ought not to underrate the urgency of concentrating effort on the established staple exports. Higher levels of exports, in the last analysis, are intended to mitigate the gravity of the foreign exchange gap.

THE TRADING PARTNERS

Like the composition of India's foreign trade in the import sector, the direction is also disclosing a changing pattern, of course, with the vital difference, that the pace of that change is moderate and while trade with new or erstwhile negligible suppliers is expanding, its volume with established sources of imports, too, is growing. Table IV on page 121 gives a comprehensive picture of the direction of India's import trade. The United Kingdom is easily the greatest source for imports. Her ties of commerce with India have been strengthened after independence because of the deep economic interest which India has in th sterling area's trade. Imports from the United Kingdom have risen above an annual rate of Rs. 200 crores in the first three quarters of 1956-57 on account of their increasing component of capital goods. The United States is the next important trading partner. Even if the large size of trade in 1951-52 or 1952-53 is omitted on the score that it represents an abnormal element of food grains, imports from this country have now reached an annual rate above Rs. 90 crores. West Germany is rapidly emerging as a vital supplier of developmental imports, particularly plant and machinery. Between 1951-52 and 1956-57, India's imports from her have trebled in value. Japan, another important source of supply of machinery and equipment, has raised her share in India's imports by nearly 100 per cent. Italy, Belgium and France have assumed increasing importance in this sector as a result of India's increasing volume of imports.

A brief reference is necessary to India's trade relations with the Communist Bloc for a broad comparison with the magnitude of trade with the free world. It is also necessary for another reason inasmuch as the conclusion of bilateral trade agreements between India and most of the Communist countries is apt to create inflated notions about the volume of trade. The course of trade between India and China has been mentioned in the foregoing part of this Section. Imports from China are steadily increasing and have reached the level of Rs. 6 crores per year. Russia and Czechoslovakia are the two sources in the Communist Bloc with whom India's trade has increased most in this region. As the rate of outlay on imports of capital goods was raised by India in the first year of the second Plan, the shares of Russia and Czechoslovakia were also stepped up to approximately Rs. 15 crores and Rs. 7 crores. It is needless to

compare these peaks with imports, for instance, from Belgium, France or Italy.

THE FLOW OF EXPORTS

The chronic trade deficit in which India is running since the start of her first Five-Year Plan (Table on Balance of Payments, page 118) gives a clue to the flow of her exports country-wise. Table V in this Section shows the direction of India's trade. Less than a dozen countries are responsible for a fair or sizeable intake of her exports. But in so far as the total value of the outward trade is concerned, the diffusion of her exports over a large number of countries is also a matter of great value. The size of trade with these latter countries is mostly determined by the traditional pattern of their trade as well as by their level of economic development. The premier trading partner, the United Kingdom, has raised its intake of Indian exports since 1954-55 and it now ranges around Rs. 180 crores. But in spite of higher exports to this country, India has a trade deficit with it in the last two years. With the solitary exception of 1954-55, India is incurring continuous trade deficit with the United States. The declining trend in India's exports to her since 1953-54 has not been reversed which is due largely to the fact that prices of commodities like, pepper, mica and manganese can hardly recover previous levels unless unusual development in the world markets intervene. Exports to Japan, although below the level of imports from her, have remained stable in the last two years near Rs. 30 crores. India's exports to West Germany have shown a slight decline after the peak was reached in 1954-55 at Rs. 15 crores. Among the rest of the countries, which do not belong to the category of major suppliers of developmental goods to India, Australia, Ceylon, Burma, Pakistan, Egypt and Russia, have provided modest outlets for India's exports.

THE BALANCE OF PAYMENTS

The current critical situation of foreign exchange which has made it obligatory on India to slow down the pace of her development projects for over a year now will be conspicuous from the state of her balance of payments set out in the table given below.

The deficit of Rs. 162.6 crores in India's total balance of payments on current account for all the currency areas was due to the heavy food import bill. For two years immediately following, India had a net surplus for a fair order, but the surplus in 1954-55 and 1955-56 was nothing more than marginal. It would be legitimate to infer, therefore, that the strain of the Plan outlay in the import sector had already begun to manifest itself. The emergence of a net deficit of the high order of Rs. 292.5 crores in 1956-57 (preliminary estimate) provides a reflection of the high tempo of imports unprovided by resources outside current foreign exchange earnings. The payments deficit has come to stay in view of the Plan programmes and it was anticipated in the original scheme. The outcome of the present search for external aid in the form of loans, deferred payments and in other channels will determine in what manner the problem of external payments is to be tackled by regulation of outlay on the Plan. The area-wise break-up of last year's payments is significant as revealing the central fact that it is the balance with the OEEC countries which is overwhelmingly responsible for the large deficit. In fact, a net deficit with the OEEC area is chronic for India and it is almost co-extensive with the trade deficit. The prospect of reducing it by exports is small which indicates the remedy of external resources. Each developing country has to face the issue of payments deficit. While foreign credits are indispensable, an important aspect to which careful attention will have to be given is purposeful accent on export industries in the development programmes for proper servicing of the credits. It is, of course, recognised that the entire problem is amenable to solution over a period of years.

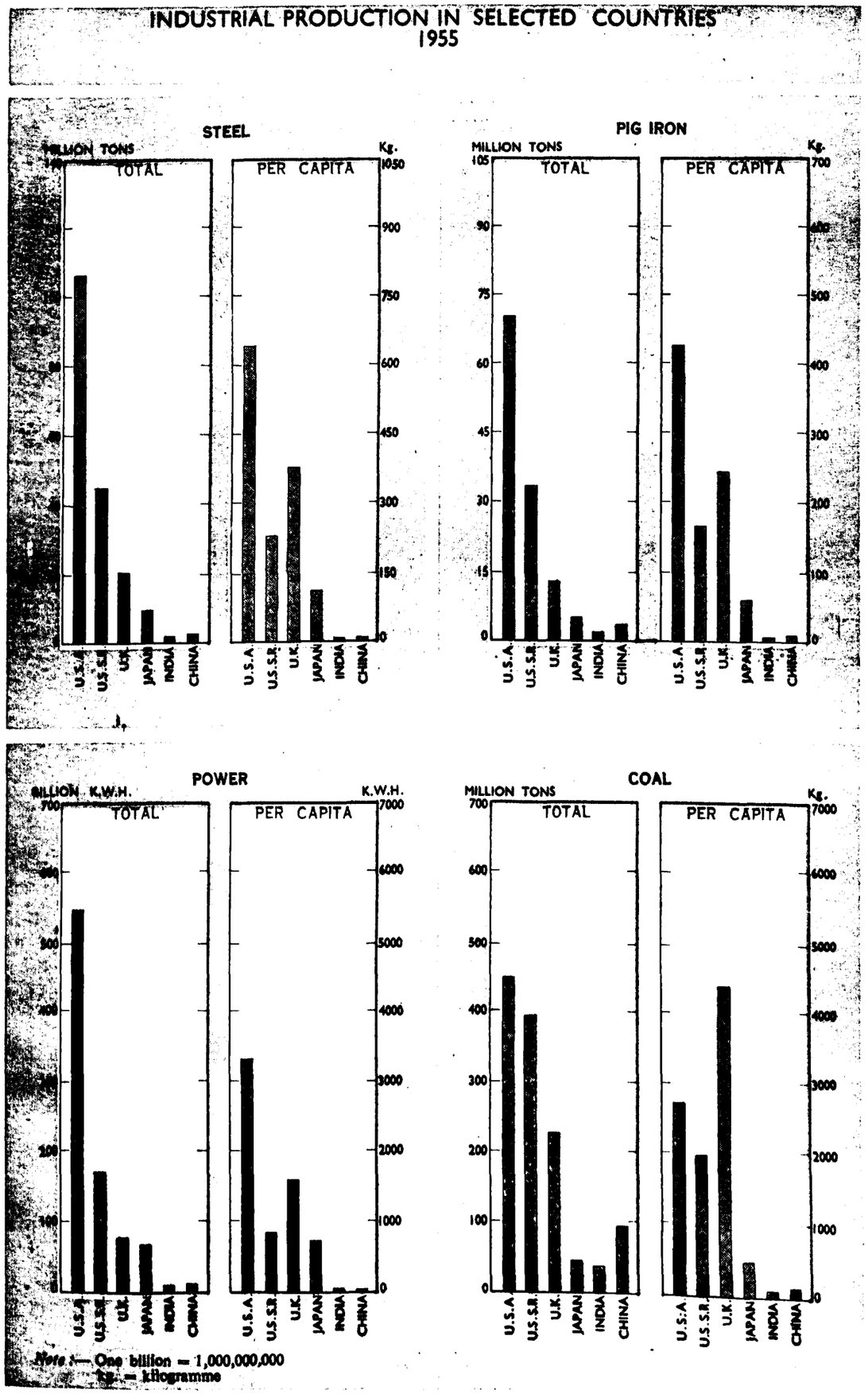
INDIA'S BALANCE OF PAYMENTS

Current Account: Currency-Area-wise

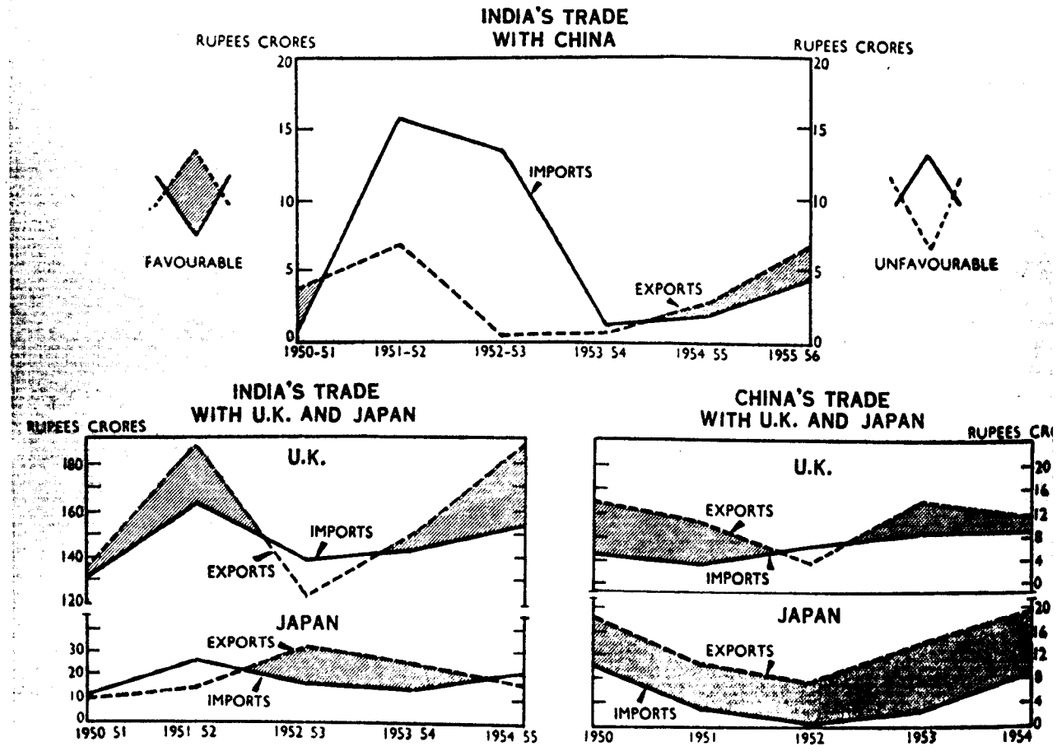
(In crores of rupees)

	1951-52	1952-53	1953-54	1954-55	1955-56	1956-57 (Preliminary)
1. Sterling Area	+ 98.9 (+ 20.8)	+98.9 (+24.4)	+64.2 (—11.1)	+52.9 (—17.7)	+ 44.6 (— 26.0)	— 35.2 (—125.3)
2. Dollar Area	—151.0 (—156.1)	—26.9 (—41.8)	+27.2 (+ 7.2)	+14.9 (— 3.5)	+ 43.6 (— 4.7)	— 31.4 (— 77.0)
3. OEEC Countries	— 34.8 (— 32.3)	—20.3 (—19.1)	—57.5 (—56.2)	—75.7 (—74.4)	— 84.2 (— 81.1)	—201.9 (—200.6)
4. Rest of Non-Sterling Area	— 75.7 (— 65.2)	+ 8.5 (+ 3.1)	+13.5 (+ 8.0)	+13.9 (+ 8.4)	+ 12.9 (+ 2.3)	— 24.0 (— 36.6)
TOTAL: All Areas	—162.6 (—232.8)	+60.2 (—31.1)	+47.4 (—52.1)	+ 6.0 (—87.2)	+ 16.9 (—109.5)	—292.5 (—439.5)

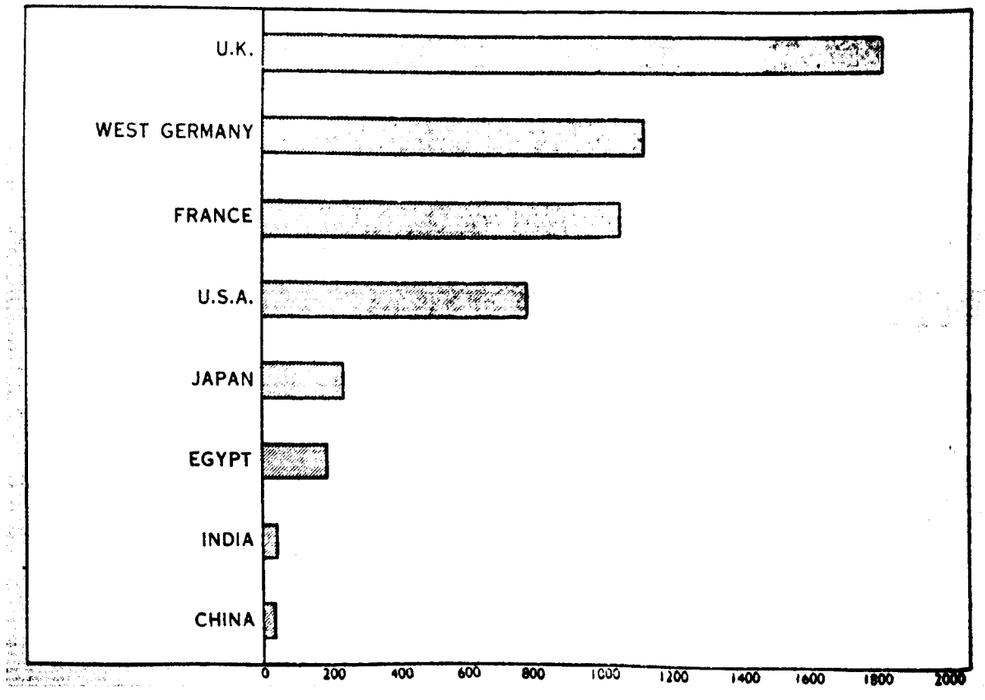
Notes: 1. Figures without brackets show net balance on current account.
2. Figures within brackets show the trade balance.



DIRECTION OF TRADE WITH SELECTED COUNTRIES



PER CAPITA FOREIGN TRADE IN SELECTED COUNTRIES 1955



DIRECTION OF TRADE (Contd.)
Exports from India (by Sea, Air and Land)

(Value in lakhs of Rupees)

Country	1951-52	1952-53	1953-54	1954-55	1955-56	1956 (April-Dec.)
West Germany	866	1,238	1,146	1,511	1,476	1,056
Greece	60	44	26	28	30	24
Iceland	4	1	..	1	..	3
Ireland	638	250	526	767	582	311
Italy	693	1,049	506	652	954	474
Netherlands	773	1,025	653	1,377	1,517	795
Norway	160	88	41	60	112	33
Portugal	56	50	49	37	20	17
Sweden	241	181	148	160	154	116
Switzerland	205	59	75	93	90	63
Turkey	352	495	258	149	245	184
East and West Africa:						
Nigeria	709	643	848	840	818	568
Kenya	883	654	600	678	603	462
Uganda	35	71	81	83	106	44
Tanganyika	262	367	337	446	368	252
Nyasaland	38	99	127	71	79	48
Rhodesia—						
Northern	45	49	97	62	62	33
Southern	278	140	196	216	161	109
Mozambique	91	93	70	74	75	55
Ethiopia	109	32	225	329	376	247
East European Countries:						
U.S.S.R.	667	85	115	212	326	1,094
Poland	11	4	15	46	33	87
East Germany	2	2	1	4	2	26
Hungary	..	4	2	2	8	10
Czechoslovakia	119	107	267	158	133	209
Yugoslavia	26	11	1	2	24	16
Bulgaria	..	..	..	1	2	5
Rumania	..	3	..	4	1	8

Source: Accounts relating to the Foreign (Sea, Air and Land) Trade and Navigation of India.

TABLE IV.
DIRECTION OF TRADE

Imports into India (by Sea, Air and Land)

(Value in lakhs of Rupees)

Country	1951-52	1952-53	1953-54	1954-55	1955-56	1956 (April-Dec.)
U.K.	16,228	13,884	14,271	15,336	17,269	15,560
U.S.A.	29,377	18,141	7,925	8,222	8,930	7,058
Canada	1,934	2,931	1,410	1,016	684	559
Japan	2,542	1,582	1,306	2,057	3,337	3,421
South East Asia:						
Philippines	73	36	25	17	22	19
Australia	1,762	1,273	2,599	1,976	1,347	900
New Zealand	214	106	133	189	248	164
Indonesia	321	101	150	81	146	188
Viet-Nam	..	..	..	..	5	..
Laos	..	..	..	..	..	..
Cambodia	..	..	..	..	2	..
Malaya	423	225	419	583	448	680
Ceylon	560	429	508	751	942	659
Burma	2,334	2,647	1,755	5,736	958	388
Pakistan	8,750	2,188	1,930	1,938	2,711	1,239
Thailand	1,164	772	45	75	48	35
Singapore	1,787	1,257	1,626	1,556	1,384	1,167
China	1,589	1,302	99	203	438	595

DIRECTION OF TRADE (Contd.)

(Imports into India (by Sea Air and Land)

(Value in lakhs of Rupees)

Country	1951-52	1952-53	1953-54	1954-55	1955-56	1956 (April-Dec.)
West Asia :						
Iran	2,894	250	204	420	1,443	2,450
Iraq	361	205	256	184	227	151
Afghanistan	453	466	445	542	438	289
Saudi-Arabia	1,094	1,477	1,482	1,681	1,516	1,276
Jordan	..	..	..	6	9	23
Lebanon	15	2	7	13	24	24
Egypt	4,053	1,512	2,766	1,969	2,310	492
Sudan	1,430	399	748	305	1,268	843
Syria	5	..	..	4	12	1
Tunis	..	..	..	4	10	..
O.E.E.C. Countries :						
Austria	247	189	251	213	2	371
Belgium	1,028	660	797	1,064	2,208	1,895
Denmark	222	151	163	211	418	313
France	1,089	1,355	993	1,635	1,554	1,509
West Germany	2,856	2,255	3,105	4,068	6,028	6,462
Greece	7	4	8	10	11	6
Iceland	..	..	..	..	..	..
Ireland	3	2	4	1	..	..
Italy	1,798	1,201	2,307	2,052	1,650	2,183
Netherlands	1,098	1,080	1,130	1,364	1,413	1,079
Norway	358	279	292	267	311	234
Portugal	30	21	30	36	43	27
Sweden	749	566	618	606	786	875
Switzerland	999	695	912	1,017	1,207	1,256
Turkey	13	1	..	1	..	8
East & West Africa :						
Nigeria	..	..	37	108	48	..
Kenya	1,360	2,057	1,532	1,839	2,185	1,574
Uganda	18	122	158	7	28	47
Tanganyika	217	198	115	246	227	265
Rhodesia						
Northern	22	82	19	50	5	213
Southern	33	39	32	58	50	75
Mozambique	342	595	448	444	450	224
Ethiopia	3	2	35	1	4	3
East European Countries :						
U.S.S.R.	138	24	60	181	621	1,080
Poland	34	26	16	424	43	211
East Germany	7	10	8	23	37	20
Hungary	32	16	10	10	41	58
Czechoslovakia	281	135	114	125	289	517
Yugoslavia	14	9	7	16	29	172
Bulgaria	..	..	..	1	3	22
Rumania	..	..	..	28	32	19

Source: Accounts relating to the Foreign (Sea, Air and Land) Trade and Navigation of India.

Transport

THE development of transport in Communist China and India since they launched their first Five-Year Plans has tended to concentrate the available resources on the strengthening and some expansion of the railway systems. Under normal conditions one major difference between the transport systems of the two countries ought to be reckoned in terms of the significance of inland waterways in China. But the Planning Bureau of the Economic and Financial Commission of China took a basic policy decision two years before the first Plan was launched to give virtual preference in allocation of resources to the regeneration and expansion of rail transport capacity and to relegate highways and waterways to a low priority. The chief reason behind this decision was that Communist China had under her command utterly inadequate fleets of vehicles and vessels. In case outlay was diverted to the recovery of highways and waterways, the returns in terms of transport capacity would have been too poor, considering the strain of civilian and particularly military traffic during the earlier period of the Communist regime.

In India railways have occupied a strategic position in surface transport. Now that shortages of railway transport have become a chronic problem in this country and the high component of foreign exchange outlay on railway development has threatened to prohibit their expansion except on a modest scale highways in particular are beginning to receive the careful attention they merit. Nevertheless, the issue to what extent relative importance and roles should be assigned to these two major modes of surface transport in the long-term planning is in the stage of discussion. The principle has been recognized that for purposes of inland transport highways must be released from regulatory restrictions inasmuch as the central problem of transport in India in the coming years will no longer be competition and consequent necessity of co-ordination through restrictive regulation as hitherto but deliberate expansion of roads also to meet the mounting requirements of traffic. But in the context of the near future preponderance will continue to be given to railways in the expansion of transport.

CHINESE RAILWAYS: DISRUPTION AND RECONSTRUCTION

A prolonged period of active warfare on the Chinese soil was bound to bring disruption of the railway system. Much of this damage was inflicted by the Communists themselves as part of their guerilla tactics to undermine the potential resources of the Nationalist Government. It was not to be expected then that the long-term consequences of this action would be weighed with caution. But when the Korean hostilities of 1950 suddenly accentuated the pressure of rail traffic and the tight blockade of Shanghai effectively cut off supplies from overseas, the Communist Government had perforce to pay extra attention to the rehabilitation of the transport system. The precise position of the railway system in operation when the Communists took the reins of Government was somewhat obscure by reason of the fact that destruction was caused over long sections of railways in such varying degrees that a large part of the railway lines or rolling stock was in a full or semi-dilapidated condition and "active operation" conveyed different notions of capacity. This factor needs to be borne in mind when estimating the growth of the rail system in mileage terms.

Two major aspects of the expansion of Chinese railways deserve to be noted. The increase in mileage after 1949 does not necessarily imply additions on account of new construction. The work of rehabilitation proceeded well up to the end of 1952 and not all the dismantled or seriously damaged lines were revived. In view of the compulsion of progressive integration of China with Russia and East European countries, the emphasis in development was placed on the Western region, including north-western and south-western parts. In the next place, practically all the lines constructed in the first period of the developmental programme were included in the plan prepared by the previous regime. Variations in this plan were small and furthermore the new rulers of China had the advantage of engineering surveys and even the initial physical work in some cases having been already completed.

INTENSIVE USE UNDER COMMUNIST REGIME

The principal data about the mileage and operating performance in the freight sector of China's railway transport contained in the relevant table in this Section brings out the major conclusion that the rail system has been put to intensive use there. Considering the vast expanse of the country and the magnitude of the traffic offering in view of the fact that highways and inland waterways which provide cheap and convenient communications for short hauls were postponed in the schedule of development, the actual traffic carried answered only a part of the prevailing demand. Acute shortages have reared their head throughout. But this has been the case on a lower scale in India too. The absolute as well as percentage figures of the volume of freight traffic in terms of originating tons and also ton-kilometres constitute an impressive performance for the available stock and equipment. Freight traffic in originating tons increased between 1952 and 1955 by 46.4 per cent while measured in ton-kilometres, which give a clearer idea of use of capacity, the increase was still higher at 63.1 per cent. This table shows that the length of the rail net-work increased during this period by 2,700 kilometres to 26,931 kilometres. This mileage bears a poor comparison with India's total of 34,705 miles (equivalent to 55,875 kilometres) in 1955, while railway mileage related to China's area and population offers a more adverse picture. It ought to be stressed that the increase of 2,700 kilometres in railway lines in China does not represent a net increase for many of the damaged or dismantled lines have been abandoned.

AT WHAT COST?

At what price is Communist China stepping up the utilisation of her railway system and particularly the rolling stock and how long can this tempo be sustained? This is an important factor which needs to be taken into account. It would appear that the peak in over-utilisation of the rolling stock has already been passed as the low rate of growth in freight carried after 1954 indicates. As against 98 billion ton-kilometres carried in 1955, the target fixed in China's first Plan for 1957 is 121 billion kilometres. No explanation is available why the rate of increase in freight carried dropped at once to 5 billion kilometres in 1955. Achievement of additional 23 billion kilometres in two years by 1957 seems difficult.

The position in respect of investment in railways is not clear. In like manner, the position about the state of the rolling stock cannot be gathered from

INDIA: OUTLAY IN THE FIRST PLAN ON RAILWAY TRANSPORT

(Rs. in crores)

Head	1951-52	1952-53	1953-54	1954-55	1956-56	Total 1951-56	Allocation envisaged in the first Plan
Rolling stock, plant and machinery	34.36	33.23	40.37	58.69	85.79	253.44	207.96
Track and bridges	10.72	13.96	10.93	13.93	14.87	64.41	70.47
Other structural engineering works including Integral Coach Factory, Chittaranjan Locomotive Works, Ganga Bridge, Collieries, Ports and Staff quarters etc.	10.58	10.48	12.29	15.32	21.81	70.48	69.99
New lines, restoration of dismantled lines and electrification	7.26	3.71	4.01	7.49	10.73	33.20	34.18
Passenger amenities	2.45	2.34	2.47	3.03	3.00	13.29	15.00
Miscellaneous items	5.52	—3.43*	—5.80*	—2.22*	3.18	—2.75*	2.40
TOTAL	70.89	60.29	64.27	96.24	140.38	423.07	400.00

* The reduction is on account of decrease in stores balances and credit taken for released materials and other recoveries.

TRANSPORT — ALL INDIAN RAILWAYS

	1950-51	1951-52	1952-53	1953-54	1954-55	1955-56
Route Mileage (Miles)	34079	34119	34275	34406	34705	34736
Goods Originating (Million tons)	92	98	98	99	107	115
Net ton Miles (Millions)	27007	29018	28961	29568	32126	36458
Passengers Originating (Million Nos.) ..	1308	1232	1212	1220	1261	1297
Passenger Miles (Millions)	41672	39551	37396	37549	38649	39084
Gross earnings (Million Rs.)	2646	2941	2723	2728	2886	3175
Passenger Earnings (Million Rs.)	992	1114	1018	1014	1037	1088
Goods Earnings (Million Rs.)	1398	1539	1438	1454	1564	1779
Working Express (Million Rs.)	2144	2276	2200	2320	2360	2602
Net Earnings (Million Rs.)	502	666	523	408	526	573

INDIA: ROADS, SHIPPING AND CIVIL AVIATION

	1950-51	1951-52	1952-53	1953-54	1954-55	1955-56	1955-57
Roads:							
National Highways ('00 miles)	123	124	125	126	128	129	..
Surfaced Roads ('00 miles)	..	..	..	..	..	1.070	..
Earth Road ('00 miles)	1,470	..	..	..	..	1,570	..
Shipping:							
Tonnage (Overseas & Coastal) ('00 GRT) ..	390	436	452	460	480	600	..
Civil Aviation:							
Aerodromes (No.)	75	..	77	78	..	81	82
Miles Flown (Lakhs)	189	195	195	192	198	208	234
Passenger Carried ('000 Nos.)	453	449	434	404	432	452	538
Freight Carried (Lakh lbs.)	800	877	860	848	864	922	976



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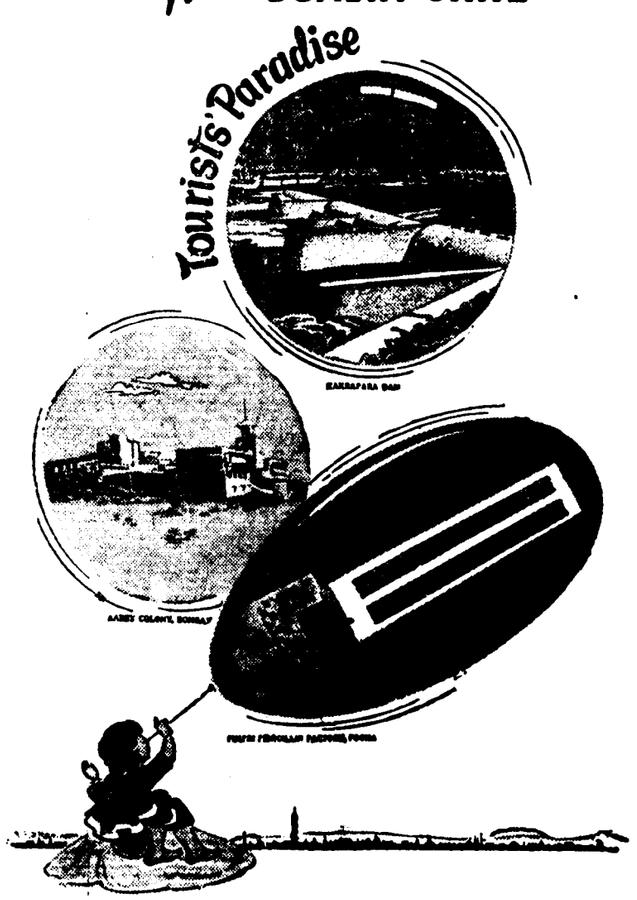
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available data. It is an undisputed fact that a good part of the locomotives and freight cars are overaged and excessive use is causing rapid depreciation. Repair workshops which were usually ill-equipped have not been adequately revitalised. Domestic capacity for manufacture of freight cars is inadequate in relation to requirements and China made her debut in locomotive manufacture only in 1952. Imports of rolling stock have of necessity to be strictly rationed. The new lines which are being constructed in the western region in widely dispersed areas will put further strain on the stock capacity. The overall prospect appears to be critical.

THE MAGNITUDE OF RAILWAY REHABILITATION IN INDIA

To describe the railway component of India's first Five-Year Plan as the Railway Development Plan is clearly a misnomer. Ever since the close of World War II, Indian Railways have been faced with an obstinate problem of rehabilitation. The pace of rehabilitation had per force to be moderate and in the meanwhile the dislocation caused by partition of the Indian sub-continent aggravated the difficulties of rehabilitation especially in the North and East through lack of workshop facilities in the former and loss of skilled technical personnel by migration to Pakistan from the latter. During the war and particularly after the operations in the Eastern theatre, track and rolling stock was used recklessly with scant attention paid to maintainance and repair. After the war the pressure of freight as well as passenger traffic kept on mounting with the result that the rate of increase in overaged and worn-out stock could not be overtaken by the rate of replacements. At the start of the first Five-Year Plan, Indian railways carried a legacy of abnormal backlog of replacements and renewals. The first Plan was essentially a Rehabilitation Plan for India's railways. At the end of the first Plan the position of rolling stock showed the strength of locomotives to be 9,262, freight wagons in terms of 4-wheelers 266,049 and passenger coaches 23,779. Out of these, 2,813 locomotives, 49,568 freight wagons and 6,305 passenger coaches were due for replacement but had to be continued in service on grounds of sheer necessity. This state of affairs persisted in spite of the fact that the domestic capacity for the manufacture of locomotives and freight wagons was raised far ahead of the targeted programme and indigenous production of passenger coaches was raised above its low base by 50 per cent. Track renewal and improvement of line capacity as a whole could not keep to the targets fixed in the first Plan.

The table given on page 124 on India's outlay on railway transport in the first Five-Year Plan highlights the significant fact that expenditure on railway rehabilitation and some expansion was raised by 8 per cent above the original allocation to Rs. 432 crores. There was sizeable shortfall in the targeted expenditure on track and bridges and slight shortfalls in the case of new construction and restoration of dismantled lines, passenger amenities and minor projects. The unspent resources together with the enhanced allocation of funds was devoted to further replenishment of the rolling stock.

The higher levels which Indian railways achieved in their operating performance were due in the first place to the concentrated attention devoted to the replacement of the rolling stock. But there were other reasons which were responsible for it. Workshop equipment and personnel were strengthened not only in size but quality Their contribution was evident in the ability of the railways to retain stock much beyond the serviceable age limit and the reduction in the rate of immobilization away from the track. But apart from the availability of larger and improved resources, the overall standards of efficiency on the railways reached distinctly higher levels. This is demonstrated in the comparative figures of the major indices of efficiency with reference to the broad gauge lines which constitute 80 per cent of the total. Wagon miles per wagon day rose from 40.9 in 1951-52 to 46.3 in 1955-56. During the same period covering the first Plan, engine miles per engine day in use increased from 109 to 111 and net ton miles per wagon day staged a spectacular rise from 463 to 541.

PROGRESS ON THE INDIAN RAILWAYS

The severe strain of traffic load which India's railways had to bear in the period of the first Plan is reflected in the progress in financial as well as physical operations which is tabulated elsewhere in this Section. Freight traffic as measured by originating tons increased between 1950-51 and 1955-56 by 25 per cent to 115 million tons, while in terms of the vital index of net ton-miles it rose still higher by 35 per cent to 36,458 million. The financial improvement is reflected in the increase of 14 per cent, or Rs. 71 crores to Rs. 573 crores, in net earnings in the fifth year of the Plan above 1950-51. The net addition of 617 miles to the total railway mileage in the period of the Plan is explained by the fact that a Rehabilitation Plan could spare allocations only for urgent restoration of dismantled lines and new construction.

ROADS: THE LEEWAY CHINA HAS TO MAKE UP

LOW development of highways in China has been a striking characteristic of her transport system. There are vast areas in the country where the railway network has not penetrated and which are not served by inland waterways. Even assuming that railways are opened in these regions (which will be a tardy process for reasons of outlays required) road transport has a great significance from the view-point of potential growth. When the Communist regime will be able to attack this problem on an organised basis cannot be forecast. It is clear that a combination of circumstances has conspired to stay its hands in this matter. Twice in 1949 and 1951 at the official conferences on highways and waterways, a firm decision was taken to the effect that new roads should be built essentially for military movements and that priority in repairs should be given to national highways and selected provincial roads of economic importance, while the rest of the roads should be allocated funds for ordinary maintenance. This policy has been modified since then, but new construction could not be accelerated. There are two major handicaps which retard the growth of road transport—poor condition of road surface, due to shortage of building material and low maintenance and high cost of fuel.

Statistics of highways in China and India contained in the tables in this Section clearly demonstrate that China has a great leeway to make up before she reaches the present mileage of highways in India. This is so far as absolute figures are concerned. Road ratios to area and population place China in a far worse position relative to India. Statistics of highways in China contain a considerable element of confusion. The conference on highway and waterway transportation held in 1949 put the length of highways at the fastastic figure of 372,094 kilometres. The table here gives the figure of highways open to traffic as 129,614 kilometres in 1952. It is not clear which roads are included in the Chinese official statistics in this table. Highways are classified in China into three categories, national, provincial and country. In 1955 China had 162,462 kilometres of highways open to traffic. Assuming for the sake of a liberal comparison that this figure includes only national and provincial categories, the corresponding figure for India in 1955-56 (excluding earth roads which are analogous to China's country roads) was 119,900 miles. This is equivalent to 193,039 kilometres

which discloses the sharp contrast in the road lengths of the two countries.

INDIA'S ROAD PROBLEMS

India's relative advance in developing her road system is to be understood only in the limited context of a broad comparison between India and China. It does not by any means suggest that India has at the present time a highway system which is commensurate with the requirements which the railways are unable to satisfy or which traffic in short hauls actually demands. Far from it. Limitations of investment resources have slowed down the growth of India's road system with the result that the Master Plan, popularly known as the Nagpur Plan, has been drastically reduced. During India's first Five-Year Plan, a total outlay of Rs. 135 crores was incurred on roads, including new construction, repairs and rehabilitation.

The second Five-Year Plan has made an allocation of Rs. 246 crores for road development plus Rs. 25 crores which will be provided by the Central Road Fund. The targets set in the Nagpur Plan may at long last be reached at the end of the second Plan. But optimism in this respect must be restrained if past performance is a practical indicator. India's road problems are two—extension of the road mileage to tap the economic resources in the countryside and to exploit the potential of the road transport system, or of motor transport to be precise. The first is a long-term problem. But currently the second problem is very pressing. During the first Five-Year Plan, outlay in the public sector on motor transport services was Rs. 12 crores. This overall investment in nationalised road services has secured an addition of only 3,000 vehicles in the fleets owned by the government transport corporations in the States. This is virtually in the passenger sector. By far the greater brunt of motor passenger services is borne by private operators. The taxation of vehicles and petroleum in India has had a regressive effect on the growth of motor transport. India's real current headache in regard to transport is in the freight sector. Happily for her, motor freight services are not nationalised and the Planning Commission has cautioned the States to postpone freight services nationalisation until the end of the second Plan. This is by no means an adequate period of time to induce private investors to undertake large schemes of expansion of freight services. A recent all-representative conference has stressed the need of providing adequate incentives and removing the existing barriers to facilitate the development of road services. The policy of licensing vehicles and regulation of their operating routes, which was conceived at a time when cut-throat competition of motor services was causing serious injury to the railway system, has become outmoded. It is being modified and motor services are looking forward to a fair deal.

SLOW MOVE ON SHIPPING

COMPARED to their extensive sea-boards, both Communist China and India have poorly developed shipping systems. Both the countries had before the last war no national distant and ocean going services of their own. While their volume of seaborne traffic, excluding the coast-wise traffic could have offered a stable base for developing such services, they have all along incurred heavy liability on account of shipping freight in foreign currencies. India's first attempts, launched after independence, in making a headway in ocean-going services has demonstrated tough opposition from the vested shipping interests of Western countries. It is clear that it would be unrealistic and foolish to reply upon standards of fair deals in the sphere of overseas shipping and governments of backward countries will have to adopt appropriate measures to counter unfair practices of established ocean-going organizations. India's private shipping services are making a strenuous effort in maintaining distant continental services on a marginal scale, while the two government-participated shipping corporations have confined their services to the adjacent waters.

Such progress as the two countries have made in coastal shipping and inland waterways is slow. China had her hands tied with other communications projects. But between 1952 and 1955 the volume of freight carried in inland shipping increased by 179.8 per cent. Freight mileage of ships and larges increased in this period by 186.5 per cent. These percentage data are misleading. The reality of the situation is that China's fleets, including all categories of vessels, are in a dilapidated condition. Shipping has been relegated to a back place in the development of transport. Nor is India's progress in shipping better by any standards. She has reached the target of shipping of the order of 600,000 g.r.t. which is expected to be raised in the second Plan by 50 per cent. Coastal shipping which has been reserved for Indian operators is inadequate for the cargo traffic and foreign shisps have to be chartered for coastal operations. The allocation of Rs. 35 crores from the Government provided in the second Plan has been very nearly exhausted in the first eighteen months. Further outlay will be conditioned by external assistance in regard to which the picture is brightening up. How much, time will reveal.

DISPARITY IN CIVIL AVIATION

DATA on civil aviation in China and India contained in the two relevant tables in this Section are not comparable except in respect of the volume of freight carried. There is a small element of difference in this indicator as the volume of mail carried is included in the Chinese figure but excluded in the figure for India. This indicator shows that India has gone far ahead in the race. As against China's volume of freight of 2,047 tons in 1952, Indian airlines carried 35,700 tons, while the corresponding figures for 1955 for China and 1955-56 for India were 4,711 tons and 41,100 tons respectively. But civil aviation in both the countries is in its first stage of growth. Their wide expanse is conducive to unhindered air flights but India has the added advantage of good weather conditions. The rate of growth in civil aviation has to reckon with the effect of per capita income in both the countries. Even so, the outlook for civil aviation is stimulating for them for, in the last analysis, civil aviation as the second line of defence is a "must" for a modern State.

TRANSPORT: SECTORWISE OUTLAY IN THE FIRST PLAN

(Rs. in crores)

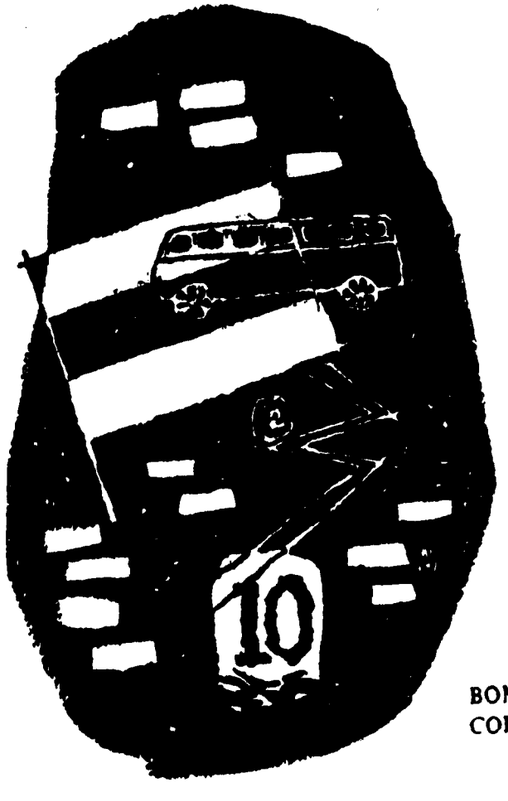
	Plan Provision		Estimated Expenditure
	Original	As revised after adjustments	
Railways	250.00 (150.00)	267.07 (165.00)	267.07 (165.00)
Roads	110.23	135.15	134.47
Road transport ..	8.97	11.66	12.35
Shipping	18.06	26.30	18.71
Port & harbours ..	33.08	36.91	27.57
Civil air transport ..	22.87	29.39	23.19
Other transport ..	0.10	3.52	1.30
Communication & Broadcasting ..	55.14	60.05	46.20
TOTAL	498.45	570.05	531.46

Note: Figures in brackets represent contributions from the Railway Depreciation Reserve Fund which are in addition to the provision for railways in the Plan.

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* Cooled and filtered water at Railway stations is for drinking. Do not use it for other purposes.
* You will annoy others by sitting in compartments with your feet on the seats. Please sit properly in trains.
* Book your heavy luggage in the brake-van and give yourself and your fellow passengers more room in the compartments.
* It is an offence to smoke in railway trains when requested by a fellow passenger not to smoke. Please avoid smoking when requested by a fellow-passenger, when the compartment is crowded or when doors and windows of the compartment are shut.

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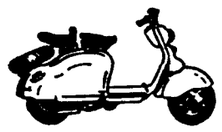
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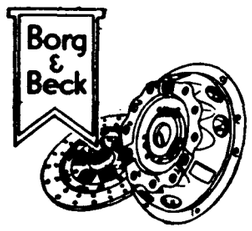
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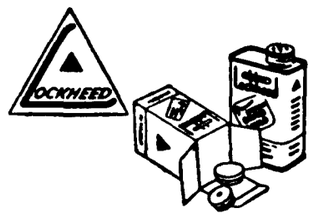
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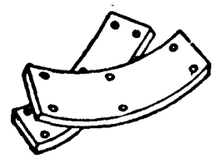
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CHINA TRANSPORT: SHIPPING, ROADS AND CIVIL AVIATION

	Absolute Figures					Fixed Index (1952= 100)		
	1952							
	Actual Total	Planned Total	1953	1954	1955	1953	1954	1955
Railways:								
Length of Main Lines (at the end of the year) (kilometres)	23,232	—	24,690	25,447	26,931	101.9	105.0	111.1
Freight Volume (1,000 tons)	132,064	132,064	160,437	192,603	193,396	121.5	145.8	146.4
Freight Mileage (1,000,000 tons kilometres)	60,153	60,153	78,057	93,223	98,127	129.8	155.0	163.1
Coastwise Shipping:								
Freight Volume (Ship and barge) (1,000 tons)	5,765	3,884	5,925	9,907	10,450	102.8	171.8	181.3
Freight Mileage (ship and barge) (1,000,000 ton nautical miles)	2,700	1,980	2,513	4,341	4,527	93.1	160.8	167.7
Inland Shipping:								
Freight Volume (ship and barge) (1,000 tons)	9,407	9,341	15,338	20,476	26,322	163.1	217.7	279.8
Freight Mileage (ship and barge) (1,000,000 ton kilometres	3,628	3,628	5,631	7,891	10,425	154.8	216.9	286.5
Highways:								
Opened to Traffic (kilometres)	129,614	—	138,586	142,449	162,462	106.9	109.9	125.3
Freight Volume (motor) (1,000 tons)	20,718	20,718	30,393	43,536	50,068	146.7	210.1	241.7
Freight Milage (motor) (1,000,000 ton kilometres)	678	678	1,182	1,867	2,517	174.2	275.3	371.1
Civil Aviation:								
Freight Volume (including mail) (tons)	2,047	2,047	3,607	4,734	4,711	176.2	231.3	230.1
Freight Mileage (including mail) (1,000 ton kilometres)	2,430	2,430	4,466	5,602	5,143	183.8	230.5	211.7

Note: Figures for private shipping in the Sungari River are not included in the 1952, figures for inland shipping as mentioned in the Five-Year Plan; figures for short-distance coastwise shipping under local jurisdiction are not included in the coastwise shipping.

ELECTRIFIED RAILWAYS THE WORLD OVER

The following table gives comparative figures of total railway route mileage, total electrified route mileage and the electrified track mileage in 1955 in 35 different countries of the world:

Country	Total Route Mileage in 1955	Electrified Route Mileage in 1955	Electrified Track in 1955
Algeria	2,828	193	242
Argentina	27,273	88	209
Australia	26,562	396	977
Austria	3,757	922	1,969
Belgian Congo	3,250	130	1,665
Belgium	3,663	312	859
Bolivia	1,734	6	9
Brazil	23,100	1,433	N.A.
Canada	43,132	31	87
Chile	5,104	279	456
China	**16,708**	—	—
Costa Rica	411	84	100
Cuba	2,840	144	260
Czechoslovakia	8,304	275	544
Denmark	2,239	37	81
France	25,223	3,090	5,881
Germany (West)	22,878	1,326	3,501
Great Britain	19,470	1,172	3,158
Holland (Netherlands)	1,975	828	1,989
Hungary	5,029	231	659
India	**34,705**	**210**	**579**
Indonesia	3,727	55	77
Italy	11,210	4,297	7,923
Japan	14,113	6,618	9,137
Mexico	14,493	79	100
Morocco	1,090	474	561
New Zealand	3,489	71	167
Norway	2,768	790	1,044
Poland	15,800 (estimated)	65	158
South Africa	13,585	861	1,749
Spain	8,170 (B.G. only)	1,201	N.A.
Sweden	10,063	4,331	6,749
Switzerland	3,082	2,953	4,371
Turkey	4,349	17	35
U.S.S.R.	74,753	3,430	N.A.
U.S.A. (including Alaska)	221,666	2,044	5,368

(Figures compiled from the Directory of Railway Officials and Year Book, 1956-57)

THE FIRST ELECTRIC TRAIN

The year 1890 saw the beginning of railway electrification in the world, on the British Railways. This was 69 years after the world's first steam-operated train ran in Great Britain in 1825.

The table below shows, in chronological order, the year in which railway electrification started in various countries. Indicated in brackets after the name of each country is the year in which the first steam-operated train started in that country:

Electrification started in	Country and when railway was first founded
1896	Great Britain (1825)
1894	Sweden (1856)
1895	Germany (West) (1835)
1899	Switzerland (1844)
1900	France (1832)
1901	Italy (1839)
1903	Czechoslovakia (1839)
1905	Bolivia (1889)
1905	U.S.A. (including Alaska) (1830)
1906	Japan (1872)
1907	Cuba (1837)
1908	Canada (1836)
1908	Holland (Netherlands) (1839)
1909	Argentina (1857)
1910	Brazil (1854)
1911	Austria (1838)
1911	Hungary (1846)
1911	Norway (1854)
1911	Spain (1848)
1916	Chile (1851)
1919	Australia (1855)
1923	New Zealand (1863)
1924	Mexico (1850)
1925	**India (1853)**
1925	Indonesia (1867)
1926	South Africa (1860)
1926	U.S.S.R. (1837)
1927	Morocco
1929	Costa Rica (1890)
1931	Belgium (1835)
1932	Algeria (1862)
1934	Denmark (1847)
1936	Poland (1845)
1952	Belgian Congo (1898)
1955	Turkey (1856)

(Figures compiled from the Directory of Railway Officials and Year Book, 1956-57)

EVOLUTION OF THE LENGTH OF RAILWAY LINES IN AFRICA, LATIN AMERICA, ASIA AND OCEANIA

(In kilometers)

Country	Length of lines 1860	1900	1930	1940	1950	1955	Length of tracks 1955
Africa							
Algeria	—	4,251a	4,806	4,443	4,380	4,367	4,940
Sudan	—	—	3,211	3,206	3,248	3,442	3,968
Angola	—	—	2,308	2,342	2,428	2,667	2,816
Belgian Congo	—	—	3,851	—	—	5,230	—
British East Africa b	—	—	4,814	4,830	4,947	5,337	6,146
Egypt	443	3,358	4,730	—	6,238	6,302	—
Eritrea	—	—	312	312	306	306	355
Ethiopia	—	—	693	—	—	784	834
French Cameroons	—	—	504	504	504	504	—
French Equatorial Africa	—	—	401	515	515	515	—
French Somaliland	—	—	106	106	106	106	—
French Togoland	—	—	330	441	607	607	—
French West Africa	—	—	3,325	3,763	3,763	4,091	4,890
Gold Coast	—	—	805	805	861	993	1205
Libya	—	—	289	399	352	352	—
Madagascar	—	—	696	858	866	866	936
Mauritius	—	—	232	—	—	146	219
Morocco	—	—	1,711	1,711	1,787	1,787	2,329
Mozambique	—	—	1,387	1,010	2,197	2,612	2,629
Nigeria	—	—	2,979	3,052	3,062	3,062	3,570
Nyasaland	—	—	206	465	505	505	546
Reunion	—	—	126	—	—	50	—
Rhodesias	—	—	2,948	3,845	3,845	4,361	—
Sierra Leone	—	—	501	500	500	500	542
Tunisia	—	—c	2,025	2,089	2,173	2,100	—
Union of South Africa	12	8,807	21,300*	21,529	21,480	21,529	27,536
TOTAL AFRICA	455	16,416	64,676	68,600d	70,650d	73,150d	86,200d
Latin America							
Argentina	39	16,369	38,364	—	42,984	44,039	—
Bolivia	—	1,000	2,235	2,588	—	3,279	—
Brazil	129	14,798	32,478	34,251	36,679	37,175	—
British Guiana	—	188	135	127	126	125	—
Chile	195	4,586	8,937	9,208	9,081	8,812	—
Colombia	77	644	2,950	—	—	3,161	—
Costa Rica	e	e	890	890	824	898	—
Cuba	604	1,825	31,000*	—	—	14,000*	14,507
Dominican Republic	—	—	240	240*	240*	238	—
Ecuador	—	300	1,131	1,106	1,106	995	—
El Salvador	e	e	604	623	623	621	704
Gautemala	e	e	830	867	867	867f	1,003
Haiti	—	—	217	266	301	301	—
Honduras	76g	1,139g	—	744	879	945	1,296
Jamaica	—	—	424	424	434	421	—

EVOLUTION OF THE LENGTH AF RAILWAY LINES IN AFRICA, LATIN AMERICA, ASIA AND OCEANIA

(Contd.)

(In kilometres)

Country	Length of lines						Length of tracks
	1860	1900	1930	1940	1950	1955	1955
Mexico	32	14,573	20,500	20,300*	20,645	20,645	25,076
Nicaragua	e	e	267	—	—	378	—
Panama	e	e	439	—	—	792	—
Paraguay	—	253	468	497	497	522h	532h
Peru	89	1,667	3,649	—	—	3,578	—
Puerto Rica	—	—	546	—	—	354	—
Surinam	—	—	173	172	172	172	—
Trinidad and Tobago	—	—	198	—	—	175	251
Uruguay	—	1,841	2,763	2,908	2,956	2,010	3,025
Venzuela	—	1,020	1,070	966	1,020	760	—
TOTAL LATIN AMERICA	1,241	60,203	133,200d	138,400d	144,800d	146,272d	168,000d
Asia							
Burma	—	—	3,293	3,314	2,860	2,888	3,586
Cambodia	—	—	i	340	386	390	—
Ceylon	—	478	1,324	1,234	1,146	1,149	1,442
Hong Kong	—	—	47	—	—	35	56
India	**1,350**	**38,235**	**68,044**	**66,232**	**54,752**	**55,885**	**78,965**
Indonesia	—	2,094	6,654	6,709	5,811	6,664	6,818
Iran	—	54	370	1,907	2,559	2,567	—
Iraq	—	—	1,212	1,527	1,659	1,693	—
Israel	—	—	j	—	—	425	621
Japan	—	5,892k	21,798	25,202	22,442	22,783	39,097
Jordan	—	—	1,056m	—	—	366	—
Korea	—	n	3,865	4,318	2,800o	3,116o	4,265o
Lebanon	—	—	219	219	409	417	—
Malaya	—	—	1,723	1,719	1,439	1,654	2,092
Nepal	—	—	48	108	108	122	133
North Borneo	—	—	230	—	—	187	200
Pakistan	N.A.	N.A.	N.A.	N.A.	11,183	11,335	—
Philippines	—	—	1,293	1,352	1,057	1,167	1,512
Saudi Arabia	—	—	—	—	137	566	585
Syria	—	—	777	859	851	867	—
Taiwan	—	—	—	—	—	950	1,713
Thailand	—	327	2,923	3,120	3,291	3,354	3,686
Viet Nam	—	—	1,913p	2,583	953	1,196	—
TOTAL ASIA (Excluding China Mainland)	1,350	47,080	117,600d	122,650d	115,750d	119,752d	167,600d
China mainland	—	646	13,441	—	25,700	26,931	—
Oceania							
Australia	367	20,202	44,220	44,500*	44,100*	43,574	54,000
New Zealand	—	3,670	5,346	5,456	5,681	5,728	5,955
TOTAL OCEANIA	367	23,872	49,566	49,956	49,781	49,302	59,955

Note: Owing to the scope of the data, both in time and space, and the variety of the sources used, the data are not always fully comparable.

a. Including Tunisia. b. Kenya, Tanganyika and Uganda. c. Included with Algeria. d. Including estimates for missing or incomplete data. e. Included under Honduras. f. Excluding 293 km. of lines of industrial railways. g. Including Costa Rica, El Salvador, Guatemala, Nicaragua and Panama. h Excluding 561 km. of industrial railway lines. i. Included under Viet Nam. j. See Jordan. K. Including Korea. m. Palestine and Transjordan. n. Included with Japan. o. South Korea only. p. Including Cambodia.

Company Meeting

THE DELHI CLOTH & GENERAL MILLS CO., LTD., Delhi

SPEECH OF THE CHAIRMAN, SIR SHRI RAM

Speaking to the shareholders of the Delhi Cloth and General Mills Co., Ltd. at the 69th Annual General Meeting held on 20-12-1957, Sir Shri Ram, Chairman of the Company, stated that profits from the Textile Mills in India were lower in the year under review than they were in the year preceding it. The Mill in Lyallpur, in common with the rest of the Cotton Industry in Pakistan, had also made lower profits.

For the Chemical Section of the Company, he said, this had been a year of growth and of better working. During the year under review, a new Sulphuric Acid Contact Plant designed by the Company's engineers and fabricated in the Company's Workshops went into operation. This plant is the biggest of its kind to be manufactured inside the country, and it has been put up at a cost comparatively lower than comparable imported plants. In order to meet the country's requirements for Active Earth, the Company was planning to reach a daily production capacity of 5 tons from the present level of 3 tons a day. The Sugar Mills in Daurala and Mawana and the Confectionery Factory and the Distillery have all worked well.

Continuing, Sir Shri Ram said:

"The overall results have been affected by the various taxation policies of the Government, such as the additional excise duties on textiles, the higher taxation on companies and the new wealth tax.

In a sense, our difficulties are a part of the economic problems facing the country at large.

The problem of food supplies remains with us, and its presence is casting a long and dark shadow across our economic horizons. The foreign exchange situation is still critical, and adequate solutions for it will probably need years of effort by all, and the exercise of discriminating skills in the future designing of our economic programmes, so that their import-content is within our exchange resources and their scale within the bounds of our internal resources.

At the moment there is a lull on the price-front, but it is a quietude at a level that is high, and being myself a firm believer in a low-price economy I feel somewhat uneasy.

In this context, I might refer to an aspect of our internal resource situation bearing on the working of private enterprise. Paradoxical as it might seem, the position is that while the Money Market is easier this year than what it was last year, the credit-worthy borrower is still unable to secure finance except at an exhorbitant price, irrespective of the fact whether the money is required for industry or for operational finance. This has been very forcefully mentioned by the Industrial Delegation which went recently to the United States and Europe. The Small Savings Scheme of the Government itself is not giving satisfactory results either. The Government alone can remove this self-defeating situation.

Nearer home the textile industry is in crisis. In May 1956, the stocks of unsold cloth were 168 million yards; while at the end of October 1957 the unsold stocks have piled to a level never before touched—587 million yards. As a direct consequence, realisations have been lowered and the liquid solvency of the cotton textile industry is in a state of impairment.

I can do no better than present the data on Bank Advances to the Cotton Mill Industry which have reached a very high level:

	1955	1956	1957
Scheduled Banks' Advances to the Cotton Industry at the end of June in Each Year ..	69	73	107 cr. Rs.

This burden of stocks carried unwillingly has been telling on all connected with the industry, and it is tragic that a few mills have closed down and some others have cut their shifts, and I am afraid that the steady growth of production, year after year, in the last few years is not likely to be maintained.

I welcome the relief in excise duty on Medium Cloth announced by the Finance Minister a week ago, although burden of excise duties on Fine and Superfine Cloth still continues to be very heavy. At the same time I realise that since the Government are committed to raising the maximum of internal resources for the National Plan, they may not be in a position to view the situation merely from the angle of the textile producer. The remedy, therefore, has to be found elsewhere. A fair part of the crisis, in my humble opinion, can be resolved by taking steps to export 300 to 400 million yards of cloth in the near future, even at sacrifice prices. The burden of the sacrifice should be shared equitably by the industry as a whole, since the resultant benefits of a market not oppressed by huge and rising stocks which are declining in value will be 'generally' shared. I make this plea to fellow-industrialists once again, and in all humility. Its advantages do not stop at lowering stocks within the country but in creating an appropriate psychology in the markets which have been fighting shy of their normal function of stock-holding since the successive unsettlements of the sharp rise in excise duties last year, of the Flu epidemic, and of the confusion consequent upon the introduction, earlier in this year, of the Inter-State Sales Tax. This will not only help the industry itself but also earn a fair amount of much-needed foreign exchange for the country. In a sense, the textile crisis is a dealer crisis, and the dealer will not be in a position to get free of the feeling of crisis so long as the once-accumulated stocks oppress the market by the sheer fact of their presence.

In this context, as well as in the wider context of the nation's need for an expanded export-effort, I will commend the suggestions made by the Export Promotion Committee. They have pointed to the stagnant condition of India's exports in a period of a significant rate of growth in world trade as a whole. Rightly, the Committee have stressed the role of the manufacturer, the exporter and of their organisations in developing larger exports, and the equally significant role of appropriate Government policy, measures and

export-oriented organisations and media of publicity and information.

Gentlemen, there has been considerable talk in the course of this year about worker participation in Management. As early as 1938, we in this company decided to have an elected representative of the workers on the Board of Directors as also an elected representative of other employees. We have not had cause to regret our decision, but its value as an educative step for our workforce in general has been extremely limited. Even Works Committees and Production Committees, all over the industry, have yet not been a success in the sense of providing a real feeling of belonging, of participation to all the constituents of the working family. So often these Committees have become only "Demand" Committees or mere platforms for the ventilation of all sorts of grievances—real, unreal and imaginary.

Want of mutual confidence very unfortdnately exists, and because it exists, it warps our understanding of the point of view of each other. And furthermore, it inhibits our willingness to talk, and to converse. And so disabled, we can hardly have the feeling of belonging, of being participants in a common cause. In my opinion, worker participation in Management should be built up not from the top but from the work-floor upwards. Towards this end every effort must be made, both by the employer and by the employees, to render the Works Committees & Production Committees a living success, the educative effects of which are reflected over the larger mass of workers.

I might even raise this to the larger national plane where we have to rely on our capacity to help ourselves. And the latter we cannot do if labour and capital, the two inevitable partners, do not pull together in the common national interest instead of following small-minded controversies and self-centred parochial interests, whether political or economic. In fact, it was good to hear Labour Leaders, even Communists, and others rising to defend the second Five-Year Plan and the democratic urges for progress which it embodies. Translated in the language of the work-aday world it means more production. And more production, in turn, implies a new, rich and rewarding co-operation between labour and capital—co-operation that is oriented to consumer interest in the broadest sense, and inclusive of the imperatively needed export-orientation. And let us not forget that each one of us is a consumer as much as he is a worker.

There are exceptions—and I am happy that the exceptions are not very few in number—but there is an air of complacency whether inside our factories or inside other offices. Our notions of adequate personal performances are so puny, a mere fraction of our potential for performance. The urge to work hard is something which, we as a nation, have yet to acquire, although our traditions have always been informed by a sense of duty. The Unions have to respond to the country's need for harder and harder work, because on them rests the responsibility of leading our workers not merely to a fair day's wage but also to a fair day's work.

There are more holidays—other than the weekly rest day—in our country than in any other country in a similar stage of its development. I calculate that we can get up to 7 per cent more industrial production from the same set of basic equipment by judiciously pruning the excess of holidays from which we suffer.

Some of these might appear drastic suggestions. Perhaps they are. But to me, who is advocating them only in the larger interest, it seems that chronic diseases call for drastic remedies.

Before I conclude, let me convey my thanks to all my colleagues, including the members of the staff and the workers.

With these words, ladies and gentlemen, I move that the Directors' Report and Accounts be adopted.

NOTE: This does not purport to be a record of the proceedings of the Annual General Meeting.

Company Meeting

SILK & ART SILK MILLS' ASSOCIATION, LTD.

Presidential Address by Shri D. N. Shroff

At the 18th Annual General Meeting held on Monday, December 23, 1957.

Gentlemen,

I have great pleasure in extending to you a cordial welcome this afternoon to the 18th Annual General Meeting of our Association. The Annual Report of the Directors and the Audited Balance Sheet and the Income and Expenditure Account for the year ending 31st March, 1957, have already been circulated. Before you proceed to adopt them, I would like to make a few observations on the events of the past year.

We are meeting at a time when India is facing increasing difficulties of foreign exchange required to meet the targets laid down under the second Five-year Plan. The stress and strain that has resulted owing to India trying to go ahead fast with the development of the country, has manifested itself in several facets of community life and has affected the industry and trade, for the past year witnessed far reaching events in the direction of state ownership and a socialistic pattern of society.

The second Five-Year Plan is primarily intended to gear our economy to this goal and the resources of the entire country will have to be mobilised in order to achieve the development envisaged in the second Plan. The private sector has to take stock of the greatly changed conditions and circumstances. It will have to play a role in line with the new economic thinking and I am confident that the private sector

will rise to the occasion and make its proper contribution to the common goal laid before the nation. We of the Rayon Weaving Industry shall have to concentrate our energies in effecting a radical change in the techniques of production and bringing down the costs, thereby playing our role in the task of nation building.

Turning to the problems facing the rayon weaving industry, I would like to state that the shortage of raw material, namely the rayon yarn, has been the foremost problem for this industry since its inception. As a result, the productive capacity of the industry has never been fully utilised. As there was no production of rayon yarn until the middle of 1950, the industry was solely dependent on the imports of rayon yarn. During the growth and development of the rayon weaving industry, the supplies of rayon yarn have been inadequate, at times creating an acute shortage. Even, today, the position regarding the supply of rayon yarn is far from being comfortable. The indigenous production of rayon yarn is so inadequate compared to the total requirements of the industry, that the bulk of the yarn is imported and even then the needs of the industry are not fully met with. Inadequate supplies of rayon yarns and their high prices have been the problems that our industry has faced since its inception.

During the Second World War, the shortage of the supplies of rayon yarn led to the virtual stoppage of the working of the industry. Even thereafter, the supplies of rayon yarn have been limited owing to the import control regulations. Except for a short period in 1949, and in 1951, when the imports of rayon yarn were put under O.G.L., this essential raw material has been subjected to considerable restrictions. The production of indigenous rayon yarn, which started in 1950, amounted to 20 million lbs. during the year 1956-57. The imports of rayon yarn during 1956-57 was of the order of 60 million lbs. Thus the total availability of rayon yarn, that is imported plus indigenous production, during the year 1956-57 amounted to only 80 million lbs. thereby leaving a wide gap between the total availability and the actual requirements of the country, which have been estimated at 100 million lbs. per annum. As for the gap between the indigenous production and the requirements of the country, it can only be said that if the industry were dependent only upon the indigenous production, there would have to be immediate closures for the indigenous production is a mere one-fifth of the requirements.

Despite this fact, the import quota per loom per shift has been reduced by the Government from time to time thereby tightening the import control restrictions on this essential raw material required by the rayon weaving industry. Whereas in July-December 1955, the quota of Rs. 8.50 per loom per shift was allotted to the industry, during the subsequent licencing period of January-June 1956 the quota came down to Rs. 6.70 per loom per shift. This was further reduced during the July-December 1956 period when the quota of Rs. 6 per loom per shift was fixed; during January-June 1957 period this was again brought down to Rs. 4 per loom per shift and during July-September 1957 period the quota per loom per shift was calculated at Rs. 3. This gradual reduction in quota did not stop even at this stage and during the current licencing period, quota of Rs. 2 per loom per shift has been granted to the industry. The present quota of rayon yarn is not at all adequate to keep the industry running. This has caused grave concern to the producers of rayon fabrics and has placed the industry under the threat of grave dislocation.

On one hand there is a growing shortage of rayon yarn and on the other the productive capacity of the rayon weaving industry has considerably increased in the recent years. The report of the office of the Textile Commissioner shows that at present there are 47000 looms registered with them as against 38000 in 1954. This means that the rayon weaving industry's productive capacity is much more than 600 million yards which is the usual estimate, and this productive capacity cannot be fully utilised due to the shortage of yarn, thus limiting the actual production of Rayon Fabrics to about 400 million yards during the past year.

Whilst the industry is suffering from such perennial shortage of raw material required by the industry, recently a systematic and inspired press campaign is being waged against this industry. In this campaign, problems of growing accumulation of rayon fabrics have been attributed to the "liberal" rayon yarn import policy of the Government of India, and therefore total ban on the imports of rayon yarn has been advocated. From what I have stated above, it is clear such advocacy is without any foundation and is rather motivated by self-interest and is based on half truths and twisted facts.

As a matter of fact, I forsee a great shortage of rayon yarn in near future, especially in view of the fact that the indigenous production of rayon yarn is limited to coarse deniers and the demand of the industry regarding the different types of rayon yarn cannot be met with by the indigenous producers. It will rather take a decade before the requirements of the industry are met with from indigenous sources. Even under the second Five-Year Plan, the Planning Commission does not envisage that the total requirements of the industry will be met with from indigenous sources. The rayon weaving industry will therefore be dependent for a number of years on the foreign sources for supply of raw material.

During the coming years, more plants for the manufacture of rayon yarn are to be set up in India and it is indeed a happy augury to develop our own resources for the manufacture of this essential raw material and thereby achieve self-sufficiency. However, it will have to be seen that the rayon weaving industry gets its essential raw material at a reasonable price. The indigenous rayon yarn industry owes its inception, existence and continuance to the rayon weaving industry. I would like to remind it that owing to the great interdependence, the rayon weaving industry and the rayon yarn manufacturing industry will have to exist in an atmosphere of peaceful co-existence.

I would now like to refer to the increasing burden of taxation on this nascent industry. From time to time, the Government has imposed unbearable burdens on the rayon weaving industry and our industry, being small scale as it is, has been able to survive during all these years owing to the active co-operation and united efforts of all the members, and it is only with these qualities that we can face the various ordeals confronting the industry. Unfortunately, the industry has been treated on par with the cotton textile industry as regards taxation, when there is an urgent necessity that this industry should be treated as a light consumer goods industry.

The import duty on rayon yarn is now levied denierwise at a specific rate per lb. This was a welcome change inasmuch as the Government has accepted the principle that the industry had been advocating regarding the change in the basis of levy of import duty which was until then based on the market prices of rayon yarn, which were fluctuating. The effective rates of duty fixed by the Government are too high and the incidence of duty on the various types of yarn varies from 35 per cent to 65 per cent. This advantage given by way of specific duty levied on the import of

yarn has been offset owing to the higher rates of effective duty fixed on the imports of rayon yarn. The excise duty was also levied for the first time in the past year on the indigenous rayon yarn and the result of which is that the rayon fabric manufacturers have to bear the burden of this levy on the purchase of the indigenous rayon yarn.

The Government's proposal to increase the employers' contribution towards Provident Fund from the present level of 6¼ per cent to 8-2/3 per cent and the employers' contribution under the Employees State Insurance Scheme from the present level of 1¾ per cent to 3½ per cent will impose an additional burden on the industry.

The latest burden in the shape of additional Central Excise Duty which has come as a replacement of Sales Tax on rayon fabrics though welcomed in principle by the Association and the Industry, has been too high, for if the original rate of Central Excise Duty was 9 pies per square yard, i.e. 5 nP., and it was compounded at the rate of Rs. 27, Rs. 18 and Rs. 10 per loom per month for the first, second and third shifts respectively, the additional excise duty of 3 nP. per square yard should be compounded at the proportionate rates which would work out to Rs. 16.20, Rs. 10.08 and Rs. 6.00 per loom per month for the first, second and third shifts respectively. Moreover, as the industry will lose the benefit of making purchases against L and M forms under the Bombay Sales Tax Act, 1953 and obtaining the set-offs on purchases of raw materials, lubricants chemicals, stores, etc. to be used in the manufacture of art silk fabrics, the financial burden on the industry will considerably increase.

Nor will the increase in the financial burden relieve the procedural complications for about a year, since the sales and purchases of 'non-dutiable" stocks will have to be made according to Sales Tax Laws prevalent in Bombay State before the announcement was made on 13-12-57. In fact there has arisen an impasse in the trade as the local and up-country dealers do not desire to follow the complicated procedure, especially in view of the fact that several other States have so legislated that the "non-dutiable" stock of rayon fabrics entering those states after 13-12-57 will further be subject to the Sales Tax laws prevalent within the areas of those states. Bombay State being the main manufacturing centre of rayon fabrics, the position of the industry has become precarious and we trust that the Central Government will step in and insist upon uniform legislation in all states, and, more important, will exempt "non-dutiable" stocks from all Sales Tax Laws.

The burden of taxation as described above, is not yet complete and I would like to make a reference to the new tax structure that has come into existence this year in the shape of the Deposit Scheme, the Wealth and Expenditure Taxes in the wake of Estate Duty and the Tax on Capital Gains. With a Gift Tax looming on the horizon, these measures are discouraging to the development of free enterprise. The acute shortage of raw material, diminishing quota of art silk yarn owing to the changing import policy and the increasing incidence of taxation on rayon industry from time to time, have placed this industry in a paradoxical position.

I would now like to emphasise to the silk and rayon industry the foremost need of keeping the consumer in mind while designing and manufacturing its products. It is imperative that we should produce quality fabrics according to the standards desired by the consumer both in the internal and export markets. In this age of increasing competition, fabrics should be made available at competitive prices and the technological genius of the industry should devote particular attention to the creation of new fabrics. The industry will have to effect these improvements in processes and introduce varieties of fabrics with a wide range of useful properties. The need for technically qualified personnel by the industry is rather great and it is a matter of pleasure to learn that the Research Association has approached the Government of India for starting a fullfledged technical college for giving training in the technology of silk and man-made textiles. The matter is receiving the active consideration of the Bombay State Government and the Government of India.

At this stage I am happy to inform you that the manufacturers are taking keen interest in the export promotion of silk and rayon fabrics. The various facilities granted by the Government to assist the producers will enable the industry to build up sizeable exports. Schemes have been initiated by the Government of granting import licences against the exports of fabrics and of granting prospective licences to the manufacturers for the exports of fabrics. As a matter of fact, there has been gradual rise in the export of silk and rayon fabrics and I am glad to inform you that the targets of our exports promised by the industry to the Government will be almost achieved.

I would like to appeal to all members to develop export consciousness and make determined efforts to participate in the export promotion drive. I, therefore, desire that every member should enrol as an exporter thereby contributing even to a small extent to the export drive so as to earn the valuable foreign exchange. The export promotion scheme is open to both big and small units and the same concessions are granted to all alike. Our Association has taken lead in establishing Export Promotion Council and I hope all members will endeavour to export the silk and rayon fabrics of our country.

The Export Promotion Council had adopted the slogan 'Export and Exist' because export is a recourse upon which we have to increasingly rely to obtain our raw material despite the handicaps suffered in exporting our goods, owing to the international competition from well established foreign countries. At the time of inauguration of the Textile Industries Fair, where our Association has a stall displaying the most beautiful and quality fabrics manufactured by our industry, Hon'ble Shri Morarji R. Desai, Minister for Commerce and Industry who visited our stall said that he did not like the slogan 'Export and Exist', but would like to suggest to the Industry the slogan "Export and Thrive". I consider it an expression of the keen desire of the Hon'ble Minister to assist our industry in boosting up its exports, enabling it thereby to thrive and prosper and not only exist. I thank him on your behalf for giving us such an encouraging slogan and bestowing his blessing upon this industry.

I would like to refer now to the problems pertaining to labour. During the year in question there were four major disputes that were concerning the Association and those were (1) the demand by the Union for Gratuity for employees in the Silk Textile Industry, (2) the demand for change in the service conditions of clerical, technical and supervisory staff, (3) the demand for increase in Dearness Allowance and (4) the Standardisation of wages. During the year in question the Association has so far successfully dealt with all these Labour disputes through the co-operation of you all, members, and I take this opportunity of expressing my gratitude for all the help that was extended to the Association for fighting these disputes.

It cannot be disputed that the employee and the employer are the two wheels of the industrial chariot

and unless they move in unison it will not be possible to do anything for the maintenance of peace, discipline and order in the Industry; but, I am constrained to say that there is a sad deterioration of law and order at present in many parts of the country and also sometimes in the case of our industry, and law and order are essential to proper labour-management relations.

The industry today is passing through a great crisis, and unless all the members unite it will be very difficult to pass through these difficult times. I would, therefore, take this opportunity to request the members that, whenever they find any difficulty in solving the disputes or in meeting the grievances of the labour, they should approach the Association.

Before I conclude, I would like to express my sincere thanks for the active co-operation and guidance that I have received from my colleagues on the Board of Directors and on the various Committees. I would also like to express my appreciation of the conscientious and loyal manner in which the staff of the Association have performed their duties during the year.

It remains for me to present to you the Directors' Report and the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 1957, and I now move the following resolution:

"RESOLVED that the Directors' Report and the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 1957, together with the Report of the Auditors thereon, be and are hereby adopted."

RESULTS OF VOTING

Ballot papers issued: 201.
Ballot papers found invalid: 1.
No. of invalid votes: 7.
No. of valid votes: 1197.

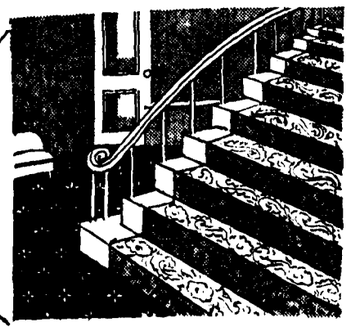
Names of Candidates in order of the number of votes secured:

	Names.	Votes secured.
1.	Shri D. N. Shroff	162
2.	Shri S. M. Mehta	144
3.	Shri P. K. Badiani	137
4.	Shri J. G Vakharia	127
5.	Shri M. B. Mehta	117
6.	Shri R. C. Khanna	109
7.	Shri Udayaram Ambaram	107
8.	Shri M. H. Doshi	77
9.	Shri H. J. Vaidya	63
10.	Shri S. M. Gandhi	61
11.	Shri R. M. Khatau	49
12.	Shri R. H. Mehra	44

The first seven are declared elected as Directors.

23RD DECEMBER, 1957.

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Protection for Industrial Workers

THE industrial working class in China is protected by a large number of welfare measures and a wide network of labour insurance. The most significant feature of this labour insurance is that the premium of the insurance is charged against the management in marked contrast with India where according to its Employees' State Insurance Act, the employers and the employees both have to contribute. The labour insurance regulations in China clearly stipulate that "the cost of the various labour insurance benefits must be borne in full by the management or the owners of enterprises which take part in labour insurance". It can be compared with the labour insurance system of the Soviet Union from where China has drawn most of its ideological principles.

INSURANCE SCHEME

The labour insurance scheme in China is classed in two categories. The first includes the benefits paid directly to workers by the State factory management or owners of private enterprises, such as wages paid during maternity leaves and medical expenses for sick and injured workers; whereas the other takes the form of labour insurance fund which is paid monthly to the trade union organisations by the State factory management or owners of private enterprises. According to Article 9 of the regulations, "seventy per cent of this fund is to be deposited with the account of the respective primary trade union committees of the enterprises concerned as the labour insurance fund to be used as pension, allowance and relief benefits to workers and staff members. Thirty per cent of the monthly sum due to the labour insurance is to be deposited with the account of the All-China Federation of Labour (A-CFL) as the general labour insurance fund."

In a nutshell the insurance scheme in China provides benefits in case of sickness, maternity, professional accidents and old age; while in India the Employees' State Insurance Scheme covers sickness, maternity, disablement, medical and dependent benefits. With the exception of old age pension, the other features of the labour insurance scheme in China resemble to a certain extent with India's employees State Insurance. The Indian scheme like the Chinese scheme provides for free consultation, medicines, dressings and treatment by specialists. Medical assistance is available in the hospitals as well as in the homes. The sickness benefit amounting to approximately 7/12th of a person's average wage is payable for a maximum period of 56 days in a year. The difference in sickness benefits in India and China is that while pension is provided in China to persons suffering from sickness lasting beyond three months till the period of recovery, such is not the case in India. The Employee's State Insurance Scheme in India extends to most of the industrial areas and would be covering the whole of the country by the end of the second Five-Year Plan. The workers families would also be covered under the scheme so far as the medical benefits are concerned. At present it covers only 11 lakh workers. The other social security measures in force in India are the provident fund schemes, lay-off and retrenchment benefits, workmen's compensation and maternity benefits for women workers. The provident fund scheme is in operation in six industries namely, cement, cigarettes, electrical machinery or general engineering products, iron and steel, paper and textiles employing 50 or more persons. The contributions are provided by both employers and employees at 6¼ per cent of wages and dearness allowance. It is likely to be extended to all industries with a employment strength of 10,000 workers. Later it is intended to cover non-factory in dustries such as commercial establishments, other mining industries and plantations.

OLD AGE PENSIONS

In China where the pension scheme is in operation, retirement pensions of between 35 to 60 per cent of regular wages are paid from the labour insurance fund to male workers over the age of 60 and women workers over the age of 50. To qualify for a retirement pension the condition is that the male worker must have worked for 25 years and the woman worker must have worked for a period of 20 years. A ten year regular record in the enterprise or factory from where the person retires is also essential. Paid maternity leave is given under the labour insurance regulation in China for 56 days to women workers. Wives of workers or employees who are not members of the trade unions receive half of the maternity allowance. In cases of professional accidents workers are provided with all necessary medical expenses, hospital fees, and the costs of food during hospitalization entirely by the State factory or owners of private enterprises. During the period of convalescence they are provided with full pay. Workers disabled on account of accidents get pension which varies according to the degree of disability. Usually the amount of pension ranges from 60 to 70 per cent of their regular wages. In case of sickness or non-occupational injury, however, only part of the necessary medical expenses are paid by the State or the private owners, but so far as wage payments are concerned the workers get full payment during convalescence. Workers suffering from sickness lasting beyond three months and disabled as a result of it get disability pensions from labour insurance funds ranging from 20 to 30 per cent of their regular wages and continue for the rest of the worker's, life or till recovery. The following table indicates the number of workers enjoying labour insurance benefits and free medical treatment in China.

In thousands of persons

	Absolute Figures				Fixed Index (1952 100)		
	1952	1953	1954	1955	1953	1954	1955
Numbers of workers enjoying labour insurance benefits	3,300	4,830	5,380	5,719	146.4	163.0	173.0
Numbers receiving free medical treatment	4,000	5,496	5,666	5,937	137.4	141.7	148.4

Although there is every year an increase in number of workers enjoying labour benefits, it constitutes only a small percentage of the total labour force. When the procedure of claim for these benefits is analysed, it is found to be rather cumbersome and in actual practice it is hard to get the claims settled. The worst sufferers are the non-trade union members who receive only half of the amount provided. The discrimination against the non-trade union members is enforced to draw the workers into the trade unions which form a powerful appendage of the People's Government This clearly specifies that the social organisations in China have been drawn and are being drawn into the arena of political struggle.



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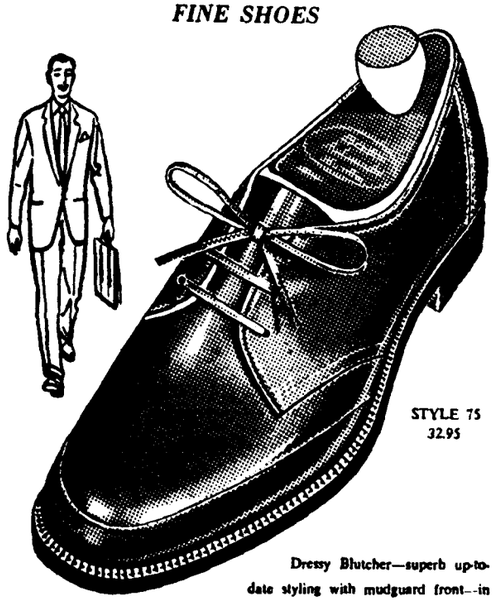
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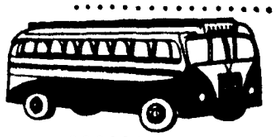
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Health

PUBLIC health services have of late been receiving growing attention both in India and China. Strict comparisons between the two are, of course, hard to draw since the allocation of expenditure for medical and health services has been lumped together in China's first Five-Year Plan with expenditure on education and culture without a breakdown into the three subjects. But when the criterion of inhabitants per physician and the number of inhabitants per hospital is applied to assess the progress attained by each country, it is visualized that India stands far ahead of China in the matter of providing health services to its population. In so far as the popular definition of health as a condition of physical fitness and immunity from disease is concerned, the record of progress in India is considered to be fairly modest.

MASS DISEASES

The factors which have been responsible for retarding the standards of health have been ignorance and poverty in both the countries. However, it is creditable to find that in India the mass diseases, malaria and tuberculosis, that used to take a heavy toll of life are now under some control. Small-pox and plague have been brought under complete control. The significant result of a well conceived and integrated public health planning in India has been that the general death rate per 1,000 of population has diminished from 19.7 in 1947 to 12.9 in 1954 and the infant mortality rate from 146 to 113. The incidence of deaths per 1,000 of population on account of diseases has also shown a decline from 10.8 to 6.1 in case of fevers, 0.3 to 0.0 in case of plague, 0.4 to 0.04 in respect of cholera, 0.8 to 0.7 in case of dysentry and diarrhoea and 1.5 to 1.3 in regard to respiratory diseases. In China, too considerable advance has been made in eliminating serious epidemic diseases. It is claimed that during the past eight years not one case of cholera has occurred in China. With the exception of sporadic cases occurring in isolated small frontier areas, small pox is almost non-existent. Human bubonic plague is practically eliminated. The mortality rates for measles and scarlet fever have also been lowered. The mortality rates of measles in 1950 and 1956 in China were 8.6 per cent and 1.6 per cent respectively and for scarlet fever 17.8 per cent and 1.75 per cent. Active work in prevention and treatment of malaria resulted in a lowered incidence in many areas. The morbidity rate in 1956 lowered by 57 per cent as compared to 1949. The spread of Kalazar has declined. The official Chinese figures depict the infant mortality rate to be 74.3 per thousand as compared to 200 per thousand in the past.

The anti-malaria measures undertaken in India cost Rs. 15 crores during the first Plan and will involve an outlay of Rs. 28 crore under the second. Up to the end of March 1956, 10.7 crore people were given protection and about 23 lakh malaria cases were treated in the dispensaries in areas covered by the programme. At the end of June 1956., 142 units were in operation in various States. Measures to combat it have been further strengthened. A total provision of about Rs. 14 crores has been made for measures for the control of T.B. during the second Plan. Under the B.C.G. vaccinations programme which was started in April 1952, 8,01,87,653 people were tested by September, 1956 and 2,78,14,065 of them vaccinated. Although there has been a considerable increase in the number of T.B. hospitals, sanatoria and clinics, still much leeway remains to be made. It is considered, the number of tuberculosis beds will have to be raised 100 times if the menace of tuberculosis is to be effectively tackled.

In the countryside the spread of health services in India has been limited, while in China it has been almost negligible. Flies, mosquitoes and insanitary conditions are still the characteristics of the rural areas in China. Up till 1956 the number of group practice clinics and sub-district health clinics over the countryside in China was nearly 50,000. The number of health stations established by agricultural producers co-operatives had exceeded 10,000. This, however, is far below the requirements of the rural population. Medical services in the rural areas in China still embody many irrational features or practices which inconvenience the people. Lack of unity among medical and sanitary workers hinders further its rapid growth. In India where there is also a shortage of doctors, the difficulty is due less to lack of trained personnel than to the present unsatisfactory position in respect of housing conditions, and facilities for the education of children.

INDIGENOUS SYSTEM

To redress this imbalance stress has been placed in both the countries on the indigenous system of medicine. As against a provision of Rs. 37.5 lakhs made by the Government of India in the first Plan, Rs. 1 crore at the Centre and Rs. 5.5 crores in the States have been provided in the second Plan for developing the indigenous system of medicine. In China doctors of traditional Chinese medicine have been harnessed into service. It is estimated over 20,000 traditional doctors have joined the Government health service. An institute for traditional medicine has been established. All colleges of medicine and pharmacy have been instructed to pay particular attention to research in traditional Chinese medicine. In India, the Central Institute of Research at Jamnagar has been conducting research in indigenous system of medicine. To promote the further development of indigenous system studies in indigenous systems with allopathy have been prescribed in various Indian universities.

Whether the medical facilities are adequate or not is usually judged by the ratio of personnel of various categories in health services to the total population as well as the provision of hospital beds in cases of advanced illness. This being the general criterion, the following table would indicate the progress recorded by both India and China.

	India	China
Doctors	70,000 (1955-56)	70,000 (1955)
Nurses	22,000 (1955-56)	52,000 (1954)
Midwives	26,000 (1955-56)	18,000 (1954)
Hospital beds	1,25,000 (1955-56)	2,61,930 (1956)
Medical Colleges	42 (1956)	38 (1956)

The figures themselves are suggestive of the large gaps in the standard medical requirements. If the ratio of one physician to 2,000 inhabitants and one bed for 1,000 population and one midwife for 5,000 population is to be considered the tolerable minimum, India and China will have to make tremendous strides in the field of health services.

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C.P.12

PHYSICIANS BY COUNTRYa

Country	Date	Inhabitants per physician
Africa South of the Sahara:		
Angola	1950	29,000
	1954	27,000
Basutoland	1948	27,000
	1954	21,000
Belgian Congo	1950	24,000
	1954	20,000
Cameroons (French Trust Territ.)	1950	25,000
	1954	20,000
French Equat. Africa	1950	30,000b
	1954	23,000b
French West Africa	1950	40,000
	1954	28,000
Gold Coast c	1948	31,000
	1954	18,000
Kenya	1948	19,000
	1954	9,700
Liberia	1950	90,000
	1952	30,000
Madagascar d	1949	7,600
	1954	8,700
Mauritius	1949	5,400
	1954	5,900
Mozambique	1950	37,000
	1954	36,000
Nigeria	1948	80,000
	1954	57,000
Nyasaland	1948	24,000
	1954	32,000
Rhodesia (Northern)	1948	15,000
	1954	11,000
Rhodesia (Southern)	1948	5,200
	1954	4,100
Reunion	1948	20,000
	1953	5,300
Ruanda-Urundi	1950	72,000
	1954	67,000
Sierra-Leone	1948	38,000
	1953	33,000
Tanganyika	1950	26,000
	1954	20,000
Togo (French Trust Territ.)	1950	36,000
	1954	28,000
Uganda	1948	23,500
	1954	21,000
Union of South Africa	1950	2,200
	1954	2,000
Zanzibar	1948	4,600
	1953	6,200
Asia & the Far East:		
Afghanistan	1954	90,000e
	1955	70,000e
Burma	1952	8,400
Cambodia	1950	
	1953	90,000
Ceylon	1951	5,900
	1953	5,300
China f	1953	22,000
Hong Kong	1950	4,400
	1955	3,300
India	1949	6,250
	1952	5,700
Indonesia	1948	67,000
	1954	71,000
Japan	1950	1,200
	1954	1,000
Korea g	1952	5,900
	1953	5,700
Laos	1950	50,000
	1953	29,000
Macau	1949	16,500
	1952	2,800
Malaya (Federation of)	1948	7,300
	1954	8,000
Netherlands New Guinea	1952	21,000
	1954	14,000
North Borneo h	1948	20,000
	1955	16,700
Pakistan	1948	33,000
	1954	13,000
Philippines	1951	12,000
Singapore	1950	4,700
	1954	2,600
Thailand	1954	6,800
Viet-Nam	1950	60,000
	1952	61,000
Middle East & Northern Africa:		
Algeria	1950	5,200b
	1955	5,000b
Cyprus	1948	1,300
	1954	1,500
Egypt	1947	4,300
	1954	3,500
Ethiopia (Empire of)		
Eritrea	1954	18,000
Ethiopia	1953	210,000
Iran	1952	8,600
Iraq	1948	5,900
	1954	5,900
Israel	1950	410
	1954	400
Lebanon	1951	1,200
Morocco:		
Northern Zone	1950	6,000
Southern Zone	1955	8,900
Tangier	1952	2,500e
Somaliland (Italian Trust Ter.)	1951	27,000
	1953	19,000
Sudan	1955	81,000
Syria	1951	5,000
	1954	4,000
Tunisia	1950	6,600
	1955	6,600
Turkey	1951	3,300
	1955	3,400
Latin American and Caribbean Area:		
Argentina	1954	780
Bahamas	1948	3,450
	1954	3,200
Barbados	1948	4,190
	1954	4,000
Bermuda	1953	1,100
Bolivia	1948	4,700
	1954	3,980
Brazil	1950	3,300
British Guiana	1948	4,400
	1954	2,700
British Honduras	1948	4,200
	1954	4,300

PHYSICIANS BY COUNTRY a (Contd.)

Country	Date	Inhabitants per physician
Chile	1949	1,800
	1953	1,800
Colombia	1948	3,300
	1952	2,800
Costa Rica	1951	3,210
	1953	2,800
Cuba	1952	1,040
Dominican Republic	1954	5,000
Ecuador	1946	3,500
	1953	3,700
El Salvador	1951	5,100
	1952	6,000
Guadeloupe	1949	3,000
	1953	3,300
Guatemala	1952	5,800
Haiti	1951	10,800
Honduras	1952	6,500
Jamaica	1948	6,010
	1953	3,700
Martinique	1946	
	1953	3,460
Mexico	1953	2,400
Netherlands Antilles	1948	1,800
	1953	1,500
Nicaragua	1950	3,610
	1955	2,600
Panama	1947/48	3,100
	1950	3,300
Paraguay	1950	2,500
	1954	2,200
Peru	1945	5,700
	1952	4,500
Puerto Rico	1950	3,290
	1955	1,600
Surinam	1950	2,500
	1953	2,400
Trinidad	1948	4,195
	1954	2,800
Uruguay	1952	1,130
Venezuela	1950	2,300
	1953	1,900
Virgin Islands (U.S.)	1950	2,200
	1953	1,900
Europe:		
Austria	1950	650
	1954	630
Belgium	1950	1,055
	1954	950
Bulgaria	1951	4,000
Czechoslovakia	1954	740f
Denmark	1949	980
	1955	910
Finland	1950	2,040
	1954	1,800
France	1951	1,200
	1954	1,100
Germany (Federal Republic)	1951	800
	1954	740
Greece	1951	1,000
	1955	920
Hungary	1946	920
	1955	690
Iceland	1946	815
	1953	770
Ireland	1946	1,100
	1951	1,000
Italy	1951	800
Luxembourg	1951	1,200
	1954	1,080
Malta	1950	1,120
	1954	1,100
Netherlands	1949	1,200e
	1955	1,000
Norway	1949	1,000
	1952	920
Poland	1947	3,100
	1954	1,700
Portugal	1950	1,500
	1954	1,400
Spain	1951	990
	1953	930
Sweden	1950	1,455
	1954	1,300
Switzerland	1951	1,020
	1955	700
United Kingdom:		
England & Wales	1951	1,200 j
Scotland	1950	1,140k
	1954	950k
U.S.S.R.	1950	660l
	1955	600l
Yugoslavia	1950	3,200
	1953	2,600
Northern America & Oceania:		
Canada	1948	967
	1954	950
United States of America	1950	754
	1953	760
Australia	1952	1,040
New Zealand	1950	795
	1954	720
Papua	1948	60,000
	1955	17,000
W. Samoa	1949	2,780
	1955	2,300

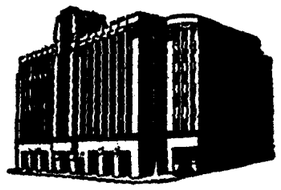
a Sources: World Health Organisation, Medical Statistics Series, and United Nations Statistical Yearbook, 1956. Ratios between population and physicians, calculated by United Nations Secretariat.

b Including military physicians.
c Including Togo (United Kingdom Trust Territory).
d Including Comoro Islands.
e Estimate.
f Chinese People's Republic.
g Republic of Korea.
h Including Brunei and Sarawak.
i Including dentists with medical degress.
j Estimates based on census.
k National Health Service Physicians.
l Derived from Central Statistical Administration of the USSR, Narodnoe Khozyaistvo SSSR, P. 245.

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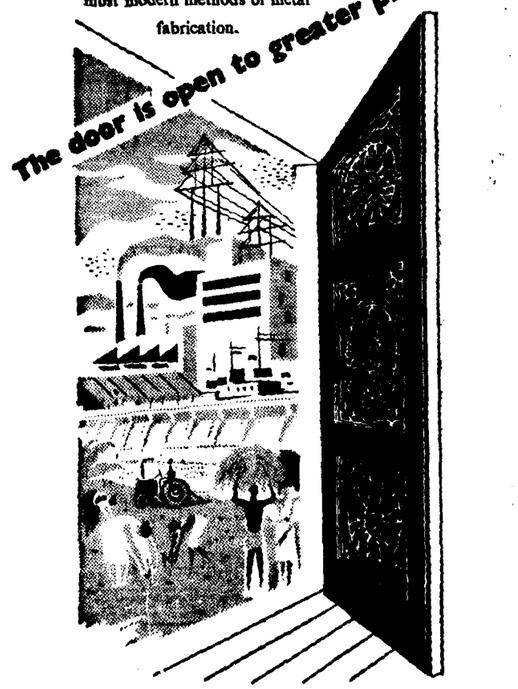
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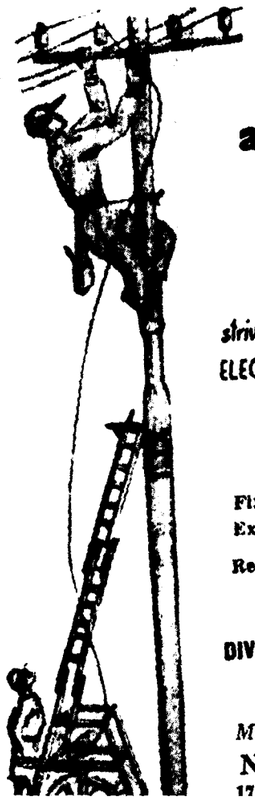
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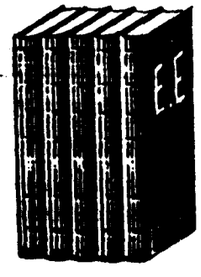
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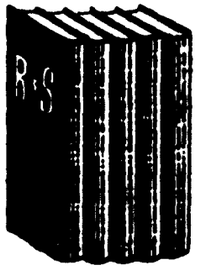
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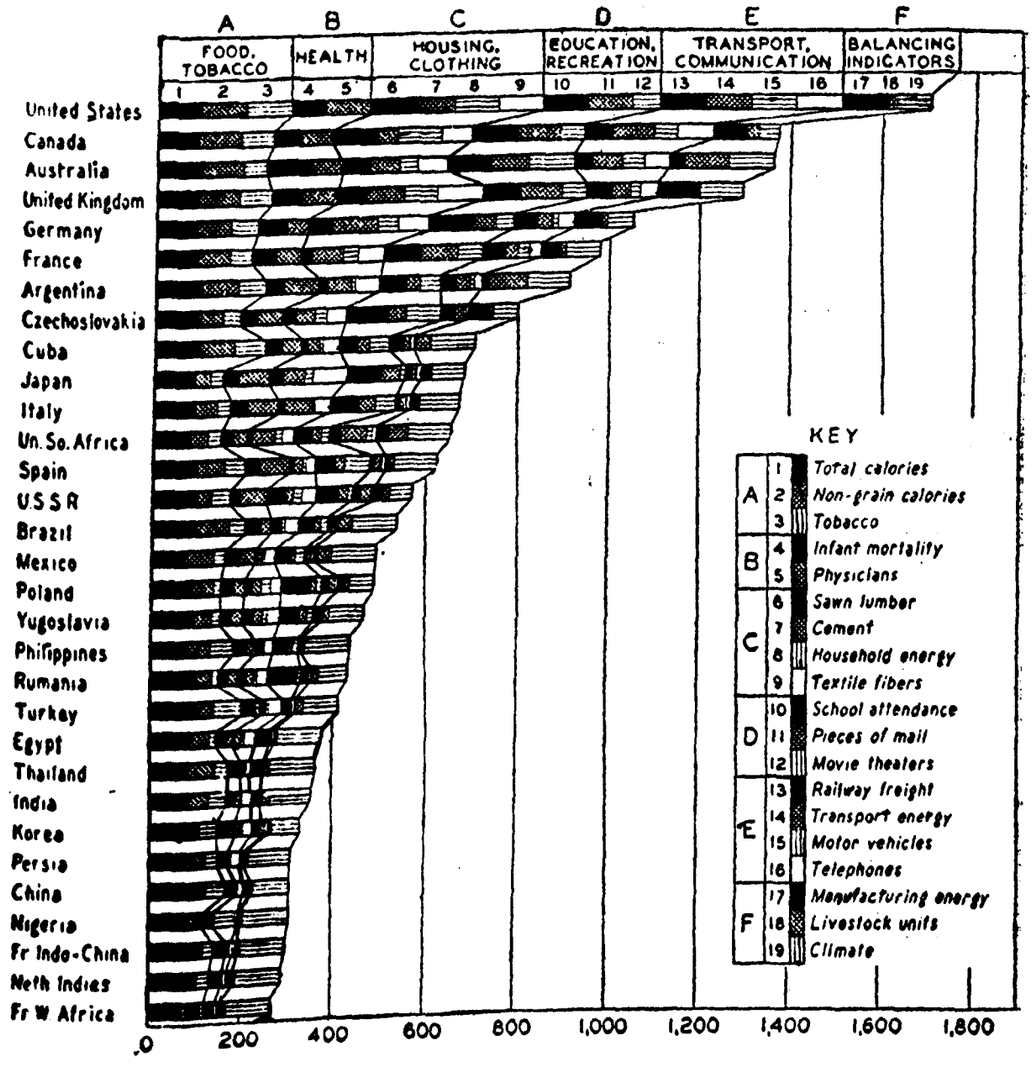
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Non-monetary indicators of relative national consumption levels, 31 countries, typically 1934-8. Reproduced from Bennett, M. K., "International Disparities in Consumption Levels." XLI *Am. Econ. Rev.* 635 (1951) *Key:* (1) Food calories at retail level consumed per 100 lbs. of humanity per day 1934-8; (2) Percentage of food calories from foodstuffs other than grain and potatoes 1934-8; (3) Tobacco (raw equivalent) consumed per person 1934-8; (4) Reciprocals of Infant Mortality Rates (Deaths of infants under 1 year per thousand live births), 1936-40; (5) Physicians per 1,000 of population various years 1938 to 1947; (6) Sawn lumber utilized per person; (7) Cement utilized per head 1934-8; (8) Energy utilized in households, public and non industrial buildings (electricity equivalent) per person 1937; (9) Availability of cotton wool and rayon per person, 1938; (10) Percentage of persons under 20 attending school 1934; (11) Pieces of mail handled per person 1934; (12) Moving picture theaters per million population; (13) Freight carried by rail per thousand of population 1935; (14) Utilization of energy by railways and waterways (electricity equivalent) per person 1937; (15) Automobiles, trucks, busses, and half the motorcycles per 1,000 of population 1936; (16) Telephone instruments per thousand population 1935; (17) Per capita utilization of energy in industry (electricity equivalent) 1937; (18) Animal units per person 1938; (19) Number of days per year with temperature over 41°F.

ENROLMENT IN INSTITUTIONS OF HIGHER EDUCATION IN SELECTED COUNTRIES

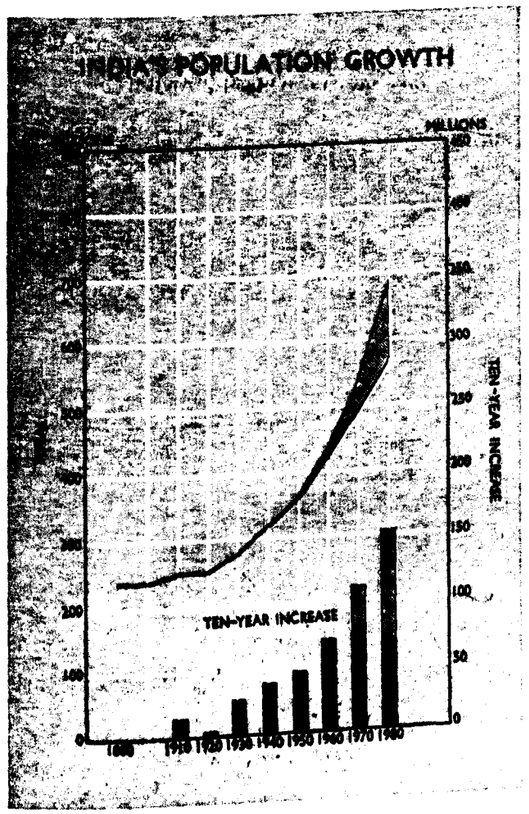
Country	Year	Number of students enrolled in institutions of higher education.	Percentage enrolled in		Enrolment of 100,000 of national population in	
			Law and Medical Sciences	Engineering & Agricultural Sciences	Law and Medical Sciences	Engineering & Agricultural Sciences
AMERICA, Middle and South:						
Agentina	1954	143,342	56	19	426	144
Brazil	1954	65,633	54	14	62	16
Colombia	1954	11,996	55	17	53	16
Peru	1954	20,351	25	12	54	26
AMERICA, Northern:						
United States	1954	2,301,884	6	10	84	135
ASIA:						
China: Mainland	**1954**	**253,000**	**15**	**44**	**7**	**19**
China: Taiwan	1954	13,162	13	44	20	66
India	**1953**	**594,061**	**7**	**4**	**11**	**6**
Iran	1955	9,981	59	10	28	5
Japan	1954	475,132	13	16	95	86
Syria	1954	5,023	56	—	71	—
EUROPE:						
Austria	1954	17,949	31	25	79	64
Bulgaria	1955	31,067	19	43	78	177
Finland	1954	14,668	17	17	61	61
France	1954	179,726	43	6	179	26
Germany (Fed. Rep.)	1954	116,081	41	21	97	50
Greece	1954	17,975	34	11	78	25
Ireland	1954	7,284	27	18	66	44
Italy	1953	137,789	42	12	123	35
Netherlands	1953	27,987	35	22	93	58
Norway	1954	5,607	27	23	45	38
Poland	1954	143,305	21	49	113	262
Portugal	1953	14,563	35	14	59	24
Spain	1953	61,671	57	11	124	28
Switzerland	1954	15,684	34	15	109	46
Yugoslavia	1953	53,186	28	27	88	83
U.S.S.R.:						
U.S.S.R.	1955	1,867,000 1,227,900	14	40	133	373

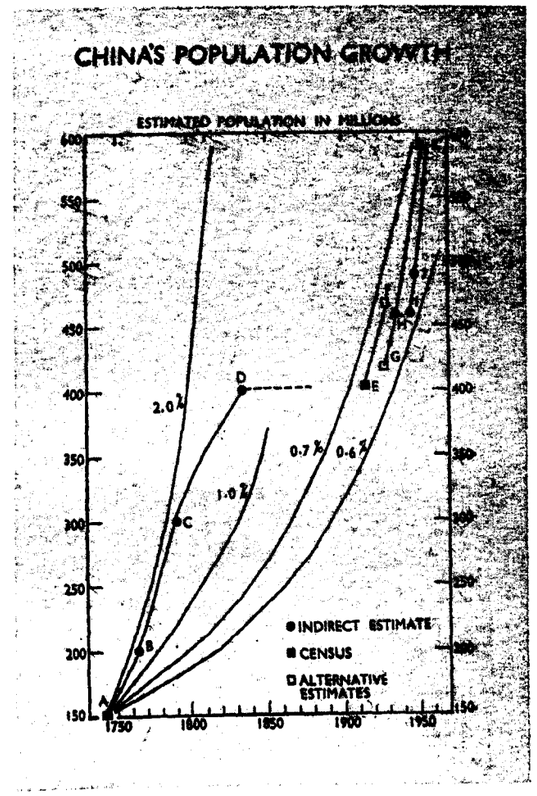
Source: Report on the World Social Situation.

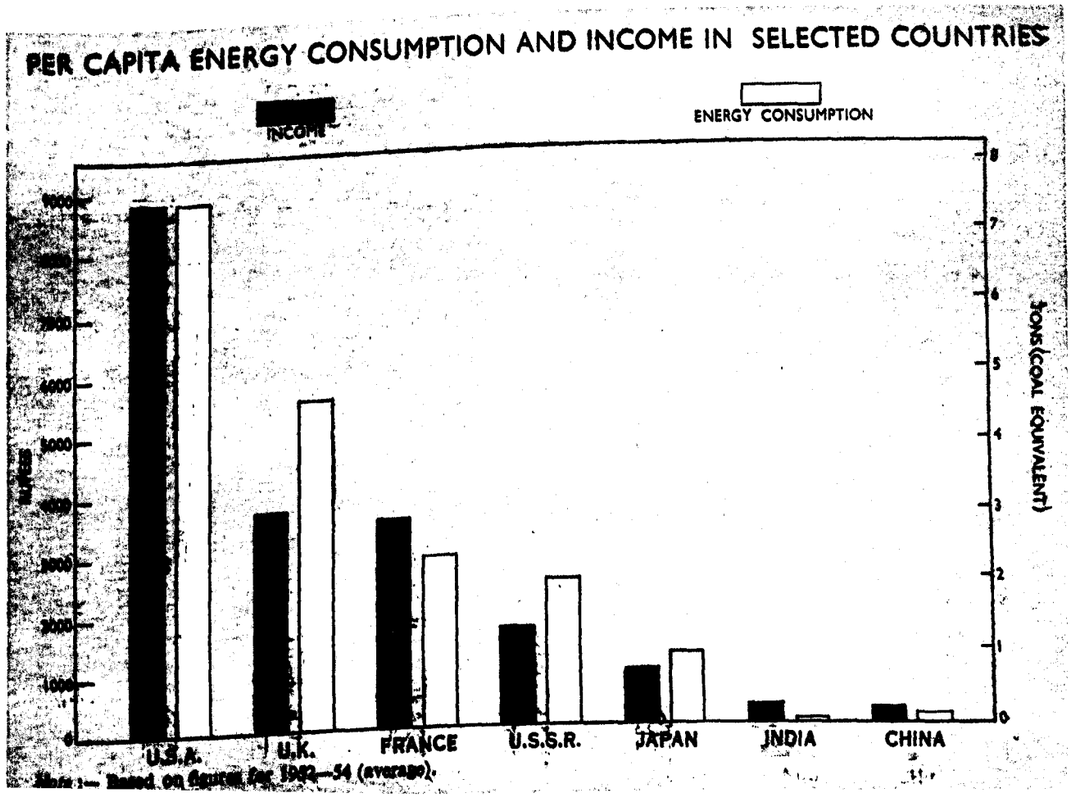
COLLEGE GRADUATES

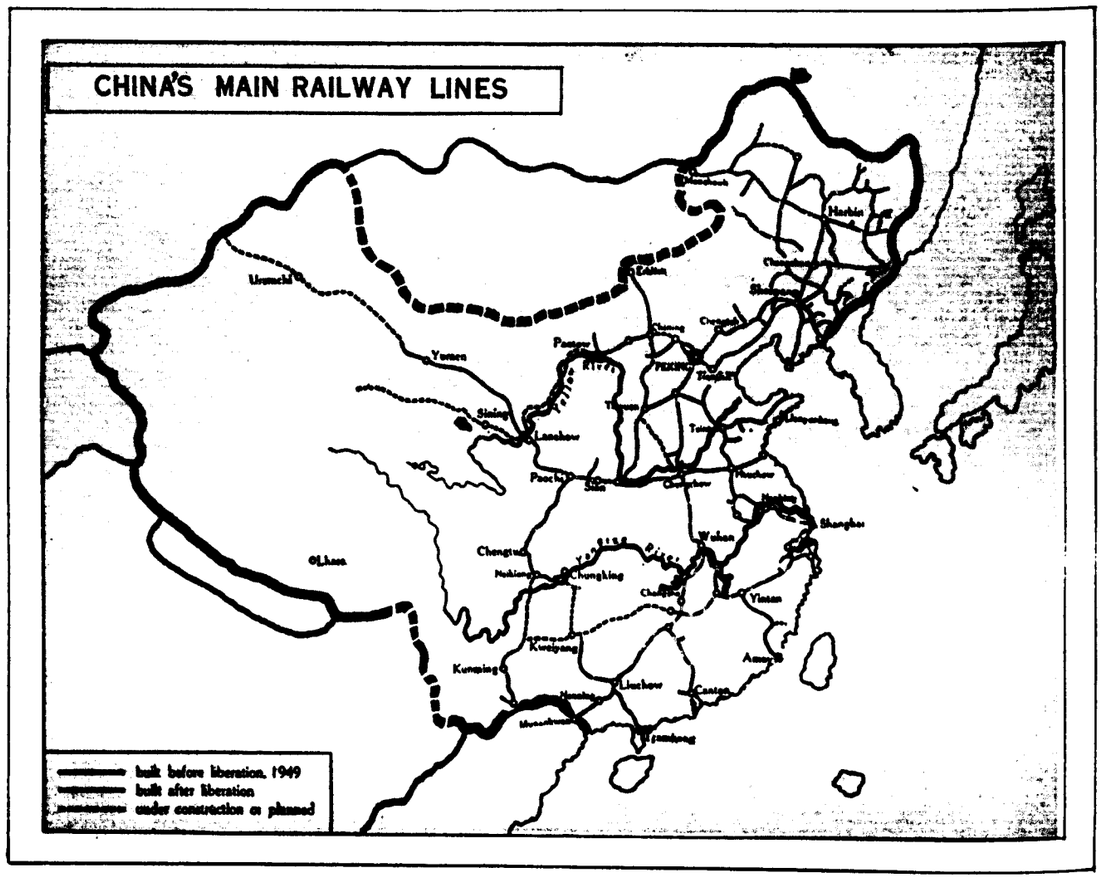
CHINA (a)			INDIA		
Year	Number	Students of technological subjects as percentage of the total number of graduates (e)	Year	Number	Students of technological subjects as percentage of the total number of graduates (e)
1949	21,460	22.15	1949	..	..
1952	32,629	31.42	1952	58,886(b)	16.3
1953	49,268	29.89	1953	74,121(c)	17.8
1956	65,563	34.82	1956	100,020(d)	18.2

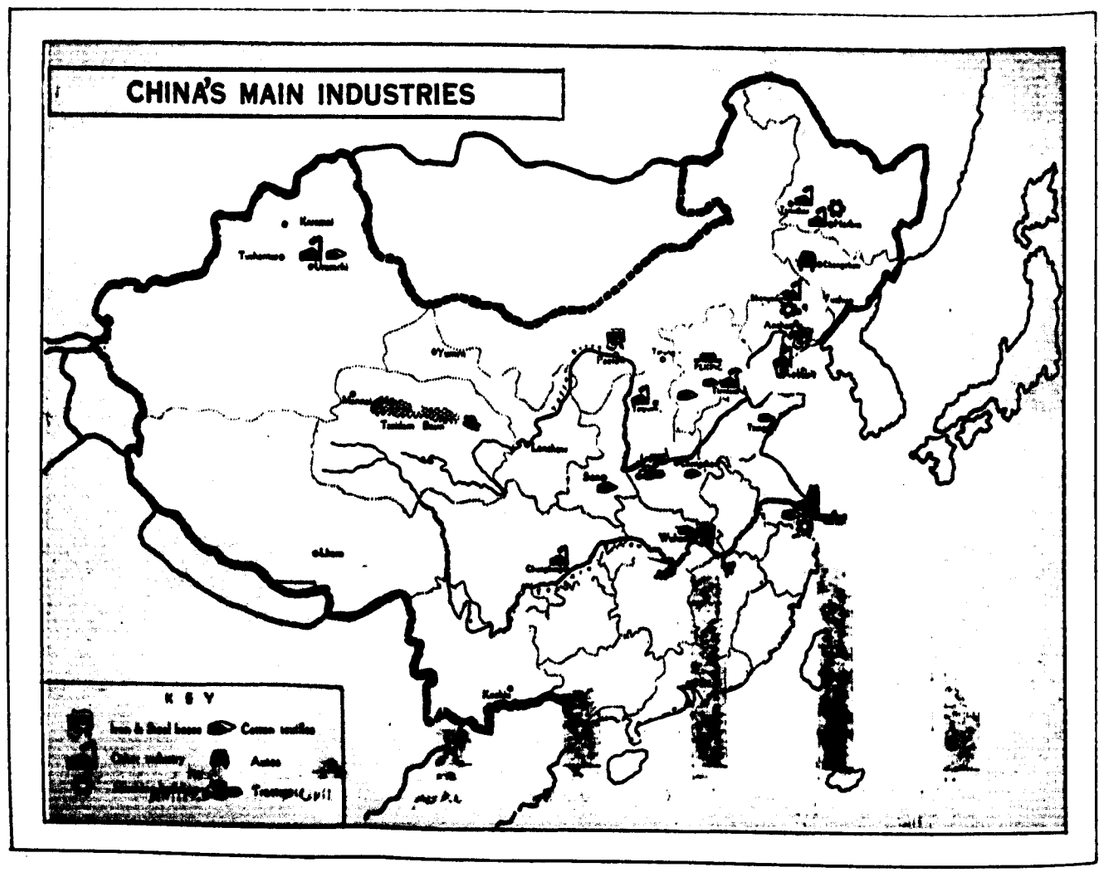
(a) Preliminary figures including the post graduate students who finished their course.
(b) for 1950-51.
(c) for 1952-53.
(d) for 1955-56.
(e) The definition of "technological subjects" not available for China; for India, technological subjects include Engineering, Forestry and Technology only.











Education

THAT elementary education should be free and compulsory has been accepted by almost every country and has been incorporated in their Constitutions. The pace and progress of it has, of course, varied depending on the social and economic development of each country. So as far as these basic tenets of providing free and compulsory education at the elementary stage are concerned, there is hardly any difference between the educational policies of India and China. However, a comparative study of the progress in the two countries reveals that the accepted philosophies of education in the two countries are poles apart. While the higher education is thoroughly controlled at all stages by the State in China, there is almost complete autonomy of the universities and higher institutions in India. Not only that but even the number of graduates to be turned out and admitted into various colleges has also varied in accordance with the direction of the State in China, which also fixes the curricula and the prescription of text books.

THE STUDENT CRISIS IN CHINA

Although state control of education has helped the requirements of planning in China to a certain extent, the imposing of involuntary choice is definitely against the development of the personality of the individual and has been resented accordingly. The result has been the uprisings of the student community a number of times as a protest against this control. The causes of the growing dissatisfaction among students have been the regime's failure to provide sufficient educational facilities and suitable employment for the country's youth, and its continued insistence on complete ideological conformity. With this as the background it can be safely said that the much publicized policy of "let the flowers of all season blossom and let the diverse schools of thought contend" has in fact only been in name so far as the Universities are concerned. After a slight approach towards liberty the end of 1957 has seen a fierce return to Marxist conformity.

INDIAN DISCONTENTS

An analysis of education in India at the same time reveals that there has been widespread dissatisfaction with the educational system, the radical overhaul of which has been long demanded. But these defects spring from freedom not totalitarianism. The basic defect has been that it has not been in tune with the requirements of the country, leaving aside the well known fact that it lacks in quality and offers limited facilities for the teacher as well as the taught. Science and technological fields received inadequate attention in the past; this is now changing with the growing industrialisation of the country. Although the system of education has taken a slight turn for the better, by the introduction of basic education and the reforms introduced in the secondary and higher education in the recent years, there is still a long road to traverse in giving education the real content, and to eliminate the gulf between the educated youth and his environment. Another weakness also springs from freedom — the animus against English. There seems to be a great hurry in completely switching over from English to Hindi despite the warnings from the statesmen and the educationists that the pace of it be slowed down.

BASIC AND TECHNICAL EDUCATION

Basic education being the accepted pattern of our educational system, the system of elementary education is gradually being brought in line with it. In the new organisational pattern of secondary education in a total school duration of 11 years following the four or five years period of primary or junior basic education there would be a senior or middle basis or junior secondary stage of three years and a higher secondary stage of three or four years. The first degree course would then be of three years duration.

In the sphere of technical education in India there are still maladjustments in the requirements of technical personnel although systematic attempts are being made to remove this lacunae. In the second Five-Year Plan Rs. 48 crores have been provided for technical and vocational education as compared to Rs. 23 crores in the first Plan. The annual intake in engineering institutions is now about 5,400 people for the degree course and 8,800 for the diploma courses compared to less than 4,000 and about 5,000 in 1951 and only about 2,500 and 3,000 respectively in 1947. This is deplorably low when the requirements of the country are kept in view. The Planning Commission has estimated that 18 new colleges and 62 polytechnics would be needed in India to cope with the demand for engineering personnel for projects under the second Plan. China on the other hand has made much headway in the field of technology. The table appended to this section suggests that the number of students of technological subjects as percentage of total number of graduates were 22.15 in 1949, and 34.82 in 1956 — a substantial achievement over seven years. The higher enrolment for engineering courses in China speaks for the inevitable trend towards industrialisation.

THE FRUIT OF THE PLAN

The programme in India for the conversion of the existing elementary schools into basic ones, the opening of new basic schools, the introduction of crafts in non-basic schools, the production of literature on basic education and training of basic school teachers is progressively being carried out. By 1955-56, in accordance with the report on progress of the first Five-Year Plan there were about 41,124 basic schools with 38 lakh students. The corresponding figures for 1950-51 were 33,730 and 29.2 lakhs. In ordinary education the chief emphasis under the Chinese first Five-Year Plan was on middle schools particularly senior middle schools (age 16-19) from which higher education must draw its students. Since 1949 together with the reorganisation of schools and departments, reforms in China were introduced in colleges and universities in their teaching methods. The target under the Chinese first Five-Year Plan was 724,000 senior middle school students. In primary and junior middle schools, the number was 64 million. In China, it is planned to extend compulsory education up to junior middle schools level (that is from 7 to 16 years to all children in the major cities and industrial centres within seven years.) In smaller cities and towns and in the more developed villages, compulsory primary school education from 8-14 years old will become general by the end of the same period. Regarding India, the progress of development in the primary and secondary education has also shown considerable improvement. The proportion of school going children in the age groups of 6 to 11 which stood at 40 per cent of the total in 1950-51, rose to 51 per cent in 1955-56 and is expected to rise to 62.9 per cent by the end of the second Plan period. Similarly, the percentage of children in school in the age group 11-14 rose from 13.9 in 1950-51 to 19.2 during 1956 and is expected to rise by 22.5 by the year 1960-61.

It is assessed that the number of students enrolled is much higher in most Chinese institutions as compared to India. While comparing figures, the population of the two countries which is 600 million in the case of China and 380 million in the case of India has got to be taken into consideration. The increased enrolment in China can very well be due to higher population. At the same time it is discovered that the number of institutions and teachers is small in China which except in the case of primary schools, speaks of a high disparity in the teacher-student ratio and hence the low quality of instruction imparted.

A CULTURAL COMPARISON

"It was India's way in the past to welcome and absorb other cultures. That is much more necessary today, for we march to the one world of tomorrow where national cultures will be intermingled with the international culture of the human race. We shall, therefore, seek wisdom, knowledge and friendship and comradeship wherever we can find them, and co-operate with others in common tasks...."

—JAWAHARLAL NEHRU
The Discovery of India.

"I do not want my house to be walled in on all sides and my windows to be stuffed. I want the culture of all lands to be blown about my house as freely as possible. But I refuse to be blown off my feet by any of them. Mine is not a religion of the prison house. It has room for the least among God's creations. But it is proof against insolent pride of race, religion or colour."

✚

"No school of thought can claim a monopoly of right judgment. We are all liable to err and are often obliged to revise our judgments. In a vast country like this, there must be room for all schools of honest thought."

✚

"I have always held that social justice, even to the least and the lowliest, is impossible of attainment by force."

✚

"They say 'means are after all means'. I would say 'means are after all everything'. As the means so the end. There is no wall of separation between means and end."

—MAHATMA GANDHI

PART C

A CULTURAL COMPARISON

Introduction

IN this part an attempt has been made to consider the consequences of some of the diverse cultural factors which have operated down the years in India and China. As has been indicated in the Political Prologue, the broad current in India has been one of tolerance and decentralisation; in China one of militancy and centralisation. This has been particularly true of the last ten years with which this study is primarily concerned.

In the articles which follow some illustrations are presented in the cultural field of the manner in which diversity has worked in the Indian scene. For example, it is pointed out that there are at least four, and possibly more, forms of Indian classical dancing with numerous neo-classical subsidiaries. Indian music is at least as wide. There are at least fifteen Indian languages with literary quality and many with embellishment in form even if not with distinguished literature. Or, take painting in which there are almost as many schools as there are States. Finally, take political parties themselves, and the scope for almost any one to stand for Parliament under the name of 'Independent' with almost any description of politics that he might desire. There is no country in the world where the Houses of Parliament contain so many Independents, that is, persons whose beliefs are not curtailed by party machines. There are few countries in the world where artistic and cultural freedom has been so complete.

THE ECONOMIC ELEMENT

All this is part of India's cultural tradition. It is, by no means, part of China's as one of the following articles will show. In its economic implications, this broad base of freedom allows individual genius to create new institutions and new enterprises. A kind of rugged entrepreneurship of the eighteenth century kind is not now possible, in view of the complexity of entrepreneur relations with the State which call for not merely knowledge of law, but also for not a little philosophy and good taste. In a sense, entrepreneurship in the old forms has had to change because entrepreneurship in that form was individual; today it is much more a group element. Indian entrepreneurship is not, however, a dying thing. The growth of entrepreneurship in the public sector has been consistent with the accelerated growth of independent business men in the Indian Union. Because these things do not exist in China, 'The Eastern Economist' believes the choice of the Chinese philosophy is not one which the Indian people will make. But if they should make it, it would be a double misfortune; amorally, it would be bad for Asia; morally bad for us. There are two quotations from Mahatma Gandhi which present the moral and the amoral elements in Indian culture. The first of these relates to the need for voluntariness to have morality at all. "No action", said the Mahatma, "which is not voluntary can be called moral. So long as we act like machines, there can be no question of morality. If we want to call an action moral, it should have been done consciously and as a matter of duty. Any action that is dictated by fear or by coercion of any kind ceases to be moral." The second quotation is one which embodies some national pride; it is an overstatement. Nevertheless, like so much that Mahatma Gandhi said, even when it was an overstatement, it had at its heart an element of the profoundest truth. "If India falls, Asia dies. It has been aptly called the nursery of many blended cultures and civilizations. Let India be and remain the hope of all the exploited races of the earth, whether in Asia, Africa, or any part of the world".

The Indian and Chinese Cultural Patterns

THE INDIAN HERITAGE: ABUNDANT DIVERSITY

THE Indian cultural heritage cannot, and should not, claim any superiority in technical perfection over Chinese performance. For, how, indeed, can cultures so basically different be compared with one another? It is difficult enough to compare indices of general production with many elements which are common. Happily no statistician has yet raised the complex issue of a general index of cultural performance, although, under high auspices, an index of Cultural Progress, with some economic components, is on a great University's blueprints.

Nevertheless one can see qualities in Indian culture which are not present in Chinese culture, and the other way about. References have already been made to the diversity which exists in Indian art. Thus there are four classical systems of dancing—Bharatnatyam and Kathakali in the South, Manipuri in the East and Kathak in the North, with many inter-woven patterns of dances in neo-classical styles. Similarly, there are two great classical strands of Indian music, though here there is less diversity, the Karnatak and Hindustani styles being predominant. To assess the record of architecture down the ages of Indian architecture from the earliest Buddhist ages, through the Gupta Renaissance and the magnificence of Moghul architecture under Shah Jehan is itself a stupendous undertaking. No national architecture has so many springs of diverse quality, particularly with the religious element so pulsating in its creative form. Then again diversity in regional languages and literature—whatever their political handicaps—provide abundant, and even luxurious, profusion in the language field.

THE NATURE OF INDIAN ABSORPTION

Largely because of the extraordinary freedom with which conflicting ideas drawn from different periods and even from outside India (as were the Moghul and British contributions) have mixed in the Indian scene, Indian culture has shown a capacity for absorption which has been one of the greatest sources of its strength. While the Indian mind is predominantly religious, and even Hindu, in the cultural field, it has shown a capacity for absorption of artistic techniques

quite unrelated to its basic philosophy. In other words, Indian cultural tolerance has been enriched by foreign influences particularly in the great Moghul period without losing its basic Hindu character. In our own time, Western architecture has transformed the traditional outlook and today we are in this field more Western than Eastern. This is no matter for regret.

TOLERANT NATIONALISM

One of the most interesting fields in which this tolerance has been exercised is in the character of Indian nationalism in our own days. Our current national life is based upon a vigorous nationalism, which years ago was entirely peaceful although it was broadly wedded to the Gandhian teaching. What is interesting, however, is the fact that, after differences so vital as those involved in the Indo-British political arena before Independence, no Indian has seriously hestitated about adopting English as the official language for the first fifteen years of the Constitution. Indeed, at the present time, there is a powerful move from the South to press for the continuance of English as the official language with, or it may be without, Hindi which is still regarded by many as no more than a regional language, even though it has the support of the great majority of the Hindus in the country. All this implies a tolerant perspective. The most burning of all topics is tolerantly handled, though this tolerance is not always exercised—witness the history of Bilingual Bombay. One might say that in India diversity is acceptable in itself irrespective of the subject discussed, and no rigid uniformity tends to be imposed.

With a foreign language as their main medium of speech and with foreign architecture and literature in their beings, not a few Indians have absorbed a Western outlook on life and some even dress in Western style. In the Age of the Revolution this has not been frowned upon, although there are many who have chosen to alter their dress and some their habits to conform to the new mould. By contrast the People's Republic of China has frowned heavily upon foreign influences except from the Soviet Union.

THE CHINESE HERITAGE: BRILLIANT CO-ORDINATION

If the supreme achievement of Indian culture is the extraordinary diversity which it contains, one might argue that the supreme achievement of the Chinese Empire was the superb manner in which centralisation has been imposed upon the language and the central philosophic ideas of this tremendous area. There are many times when certain portions of China particularly the Cantonese area in the South and Tibet in the South West have tended to break away from the strong pattern of regimentation. Tibet even to this day is predominently Buddhist and, in a sense, religious, while the rest of China is cast much more in a Confucian or ethical (or non-ethical?) mould. But today even Tibet has been forced to make its adjustments to central direction; and at this time the pattern of uniformity is greater than it has ever been.

Whether or not one desires diversity, one must agree that the process, by which in an area so vast and with population greater than anywhere in the world regimentation has been pursued, should fill observers with admiration. Consider, for example, the tremendous problem of creating a single language spoken in one form or another by nearly 600 million people. Consider again the distinctive classical forms of Chinese painting, of which the landscape in different hands is still the supreme single theme. There has occasionally been a touch of foreign influence in painting, but how much less significant has it not been than in the Indian case? China has indeed had her foreign influences and the Christian impact was, in many respects, greater than in the Indian Union. Nevertheless, all foreign influences have been absorbed in the Chinese scene in a manner which makes those influences almost indistinguishable from the Chinese pattern. The Great Mongol, Kublai Khan himself became a civilized Chinese product and, as the head of the Yuan dynasty even received the Mandate of Heaven. The form of Chinese absorption has been spectacular in its sweeping away of foreign elements.

Much the most important element in the Chinese way of life is connected with the passion for language and Chinese culture which marks the Chinese wherever they live. Walter H. Mallory has this to say about this facet of the Chinese mind: "The amazing loyalty of the Chinese to their own culture century after century is due in the first place to their satisfaction with the customs, the langauge, the philosophy and the scheme of organisation of their society. They have, many times with good reasons, felt superior to the populations in whose midst they have lived. And they have consciously sought, therefore, to devise the means to preserve their inherited way of life. The family system and the worship of their ancestors, whose graves are the family shrines, have tied them firmly to the homeland. They have maintained Chinese newspapers. But the greatest force has been their schools. These they organised and supported, and their children, generation after generation, have learned the langauge, the history and the philosophy of their own race."

To sum up, here is a story of single-mindedness in language, in race, in poetry, in drama, in craftsmanship and in painting which is the greatest effort of co-ordination which the world has ever seen.

India and China: Political and Literary Philosophy

COMMUNISM is not primarily an economic or political system; it is an intellectual attitude, an invisible web of convictions and orientations and a method of State control. Thus, while it is important to study statistics for economic development and political organisations under Communism, it is much more important to gauge the fluctuations of the intellectual atmosphere. In this sphere too the difference between India and China is 'fundamental'; one is the anti-thesis of the other. While the word "Tolerance" epitomises the genius of India, "Regimentation" expresses the spirit of the Chinese civilization. This difference, though solidly embedded in their past histories and traditions, has become more eloquent in the last decade. It is easily noticeable in the State's attitude towards the Individual, the Artist and the Press.

INDIA

Consider India first. Though the ancient Hindu kings were absolute, their power was circumscribed and limited by the Shastras. Terror and liquidation were even then never justified as instruments of public policy. The present Constitution guarantees freedom to the Press and the Individual; restrictions are few and almost immaterial. The State cannot interfere with writing or other creative activity unless the writer or artist endangers security, is obscene, or libelous, or injures the religious susceptibility of any section of the people. Criticism, condemnation or caricaturing of the party in power, or its leaders, is not a crime; in fact, the introduction of the democratic system of government has made it 'functional' for the Indian citizenry. Hundreds of political parties exist in this country, ranging — to use outdated labels—from the revivalist Bharatiya Jan Sangh on the Extreme Right to the Communist Party on the Extreme Left. (The latter has, indeed, been allowed to form a government in one of the fourteen States — Kerala). Even when the Communists were following an insurrectionary policy between 1948 and 1950, the Government of India did not suppress their weekly organ — 'Crossroad'. The Supreme Court had set aside the executive order to that effect, holding that it violated the Fundamental Rights granted by the Constitution. Similarly, unlike as in China, Habeas Corpus petitions are allowed to be filed in India. This acts both as a deterrent and as a remedy against possible high-handedness on the part of the executive.

The Press enjoys even more freedom than the individual. There are no restrictions on their publication, except those which are necessary for routine check up or for national security. Even libelous stuff may be published if its publication is in the general interest. Books, too, can be published, distributed or sold, without fear of State intervention. An Indian writer or an artist is literally free as a bird. He is not obliged to follow a 'line' chalked out by the rulers. He may write or paint as he feels. Scientists are also not judged by their adherence to or knowledge of the ideology of the party in power. They are neither asked to fit facts into it nor to draw conclusions in accordance with it. They are not subservient to the Government and their researches are not guided by State officials. They are free to profess what they like; preach what they will; and experiment on what they think fit. It is notable that Dr. J. B. S. Haldane, known for his Communist inclinations, has chosen India as his home and not China.

DENIAL IN CHINA

On the other hand, China's Communist rulers think it fit to deny freedom of thought and action to the Individual and to the Press. The only compromises that they admit are compromises of expediency — that is, departures in timing and not of principle. If under Emperor Li every cart had to have a similar axle, under Chairman Mao Tse-tung every Chinese has to believe in the same way. He may feel, think and speak only what the ruling party allows or commands him. He is to be conditioned to respond suitably. This would be obvious from a study of the policy that the Chinese Communists have been following ever since their conquest of China. The entire State-appartus has been geared to achieve cultural and intellectual conformity, both by the absence of the Rule of Law and the denial of free assembly and discussion.

Since June 1955, there has been a continuous "discussion" in "Learning", a philosophical journal, on the "problem of combining the personal interests of the workers with the common good of society." The problem is doubtless important, reaching as it does to the foundations of social philosophy and individual freedom. But the ideologues of the ruling party, who are naturally the only contributors to the "discussion", do not seem to be troubled by any difficulty in ascertaining the just limits of interference by the State in the life of the individual. Indeed, Marxist doctrine knows and entertains no such limits. Most of China's Party theoriticians passionately advocate that an individual should be sacrificed for the happiness of the people; in Communist parlance, "people" means the Party. Not only must all individuals be ready to carry out the party will, they must also attain complete internal identification of their whole being with the current Party attitude and policy. Deviation is finished ruthlessly.

It is hardly necessary to state that where there is no individual freedom, the scientist, the artist and the writer — whom Stalin described as the "engineers of human soul" — cannot function as such. A Chinese scientist under Chairman Mao's rule 'must' understand the policy of the Party and 'must' be a "proud believer" in Marxism-Leninism. Naturally this inhibits correspondence with his colleagues abroad and even free discussion with other Chinese scientists. Traces of "idealism" may well be dicovered in his views.

THE PLACE OF THE ARTIST

The artist is a natural rebel. Defiance of the existing social evils comes easily to him, since he has not, as a rule, any vested interest in it. But the gesture of revolt that leads him to Communism is the last that he is likely to make, — unless the "revolt" is unsuccessful. He may no longer rebel or go his own way. Under Communism, he must be conventional, and the conventions are established by Authority. The bureaucratization of artistic life pervades all spheres of culture. Tragedy is forbidden because it is contrary to the 'official' optimism. Clowns must be humourous according to the directions of the Party. The provincial producers in China today limit themselves to plays which have already been staged in Peking; they are most likely to be safe.

This crisis of culture is best illustrated by the paradoxical state in the book market. There is both abundance and shortage of books. Abundance is lue to the frenzied rush of official publishing houses to advertise and support the government's political and economic campaigns, in countless pamphlets and brochures. The shortage is due to the natural tendency on the part of the reader to choose. The books he wants are not the kind that have been pouring out of the government press, and there are none of any other kind. The situation has been made worse by the censor's crusading zeal which is not limited to the new publications. They cut everything from even the classics which they think the Party will find objectionable. Thus they cut all references to the Buddhist theory of reward and punishment and, indeed, to any religious notion, and also to all passages in which a feudalistic way of life seems to them to be exalted. Moreover, translations of foreign classics is limited to the few authors approved by international Communist canon. The result is a tendency to immitate Russian writers. Stories centre round collectivization, class hatred, detection of counter-revolutionaries and the glories of the Communist Party.

This is just as it should be under a totalitarian regime. The idea of culture as we know it has no place in Communist thought. Entertainment and political propaganda are inseparable. It is an abberation to offer mere entertainment without a propose laid down by the Party. Cultural activity and entertainment are not designed to relax the mind; they are instruments for conditioning the people's minds to the Party's line.

THE PRESS

Like the intellectual and cultural activities in Communist China, the Press of the country is also controlled.

This is not done through a censoring authority; every newspaper and magazine is controlled directly by Party Committees. Newspapers are therefore repetitive, monotonous and platitudinous. Each shift or change in the Party policy is accompanied by a loud chorus of support from them. Nothing is published or can be published which does not have the Party's approval. The difference between the Indian and the Chinese Press — if there is need to seek it all! — may be seen from their contents. The trend in news presentation in India is more and more in the direction of "Human interest". This may not always be a healthy thing. "Human interest" can easily mean gossip or scandal! Yet it does tend to keep the individual to the fore in an age when he is very much in danger of being forgotten. In China, attention is deliberately focussed on the impersonal mass, the "People" rather than on men and women. Nor is there any of the spice of the multi-party politics to record. There are no sharply differing speeches by politicians of opposing camps to report; nor is the intellect stimulated by clash of conflicting ideas and political philosophies advanced by their protagonists in feature articles. All journals support the Government Party and uphold the leaders of that Party in all their actions.

"PARTIES" AND POLITICS

In the decades preceding the Communist occupation of China, politics was kaleidescope — with parties forming, merging and dissolving. But since then, all other parties except the Communist Party have been eclipsed. True, there are some so-called non-Communist parties that exist and "function" in China. But they are prohibited from enrolling new members and are expected to work conscientiously in the service of the Communist Party. They are thus now no more than adjuncts of the ruling Party. The people have the right to vote, but they are expected to choose only the official candidates. They cannot throw out the present rulers through the exercise of their ballot.

THE HUNDRED FLOWERS

The life of the ruling Communist Party has been insured afresh by the February, 1957 speech of Mr. Mao Tse-tung, better known as the Hundred-Flowers speech. In that speech Mr. Mao listed six points to show what was right and wrong in present-day China. He said: "We believe that, broadly speaking, words and actions can be judged right if they. (1) help to unite the people of our various nationalities, and do not divide them; (2) are beneficial, net harmful, to socialist transformation and socialist construction; (3) help to consolidate, not undermine or weaken, the people's democratic dictatorship; (4) help to consolidate, not undermine or weaken, democratic centralism; (5) tend to strengthen, not to cast off or weaken, the leadership of the Communist Party; and (6) are beneficial, not harmful, to international socialist solidarity and the solidarity of the peace-loving peoples of the world. Of these six criteria, the most important are the social path and the leadership of the Party".

Conclusion

IT is now possible, very briefly to bring together the threads of the entire piece. In Part 'A', the Political Prologue, emphasis has been placed on the point that the Indian and Chinese revolutions have been born out of great political and cultural traditions, which have left their marks deep upon the thought and practice of both countries. It has been argued that the Indian tradition has been a loose and, on the whole, a changing and flexible element in the making of Indian thought. By the same token, Indian practice in the last decade had departed from tradition in more than one element. These departures in a democracy are not merely to be accepted. They are essential as the spirit of the time always needs to adjust itself to the claims of the moment. The Indian Revolution, it has been argued, has a strong component away from the axis of tradition, in that the heroes of the Indian Revolution have placed in it a powerful element of centralisation, which, in a comprehensive historical sense, does not "belong". By contrast, the deep centralisation in China and the regimentation which has taken place under the magnificent auspices of Mao Tse-tung is a true byproduct of Chinese tradition. It has been argued that, because Chinese tradition departed so little from the Marxian structure of thought, although it was imported from the West, Marxism has been grafted perfectly on to it, and is bringing forth, in the cultural field in particular, some bitter fruit.

In the economic section, which is the main factual portion of this report, it has been shown that there are some areas, notably agriculture, where the Chinese performance cannot be deemed superior to our own. But there is no doubt that in massive investment, severe taxation, and general single-mindedness of effort, the Chinese economic effort looks more impressive than our own. This, however, is to be read against the far more difficult population problem that China has, and against the relative impossibility of carrying out Chinese practice in Indian soil which has been differently prepared. All in all, the final judgment is that these two tremendous systems in the two most populous countries in the world have now to proceed on their own course, unafraid of the other's success.

In the cultural section, there are some observations strung loosely together on the character of cultural tradition and cultural freedoms in the two countries which are set in different patterns and, in a sense, are separated by the poles of centralisation and large delegation and democracy.

The note which runs through the entire piece is one of assurance and no loss of confidence. It is believed that the Indian people can review the facts — even those which are markedly unfavourable — with no fear in their hearts; with, indeed, renewed assurance that the faith that history, in hundreds of generations in addition to our own, has marked out for us is one which is not basically in error. It has been full of creative impulses and has lent dignity to the Indian mind. There will be many to whom, one hopes, the story told in these pages will bring a new dedication in the facing of the critical challenge of the next few years.

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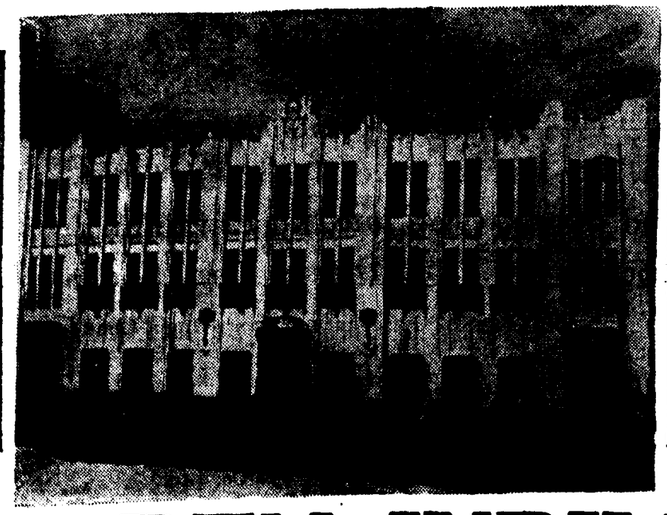
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THE BANK OF INDIA LIMITED

(Established 7th September, 1906)

Capital—Authorised, issued and Subscribed . . . . . Rs. 5,50,00,000

Capital Paid Up . . . . . Rs. 3,00,00,000

Reserve Fund . . . . . Rs. 3,10,00,000

Head Office:

MAHATMA GANDHI ROAD, FORT, BOMBAY.

BRANCHES IN INDIA:

AHMEDABAD
Bhadra
(Main Office)
Ellis Bridge
Gandhi Road
Manek Chowk
Station Branch
AMRITSAR
BANGALORE
BOMBAY
Andheri
Bandra
Bullion
Exchange
Kalbadevi
Colaba
Malabar Hill
BHUJ (Kutch)
CALCUTTA
23-B, Netaji Subhas Road
(Main Office)
Bara Bazar
Chowringhee Square
COIMBATORE
DELHI
GANDHIDHAM (Kutch)
HYDERABAD (Deccan)
JAMSHEDPUR
JUNAGADH
KOZHIKODE (Late Calicut)
MADRAS
NAGPUR
Kingsway
Itwari Bazar
NEW DELHI
PALANPUR
POONA
POONA CITY
RAJKOT
SURAT
SHOLAPUR
VERAVAL

BRANCHES OUTSIDE INDIA:

LONDON—17, Moorgate, London, E.C. 2.

ADEN, DAR-ES-SALAAM, JINJA, KAMPALA, KARACHI, MOMBASA, NAIROBI, OSAKA, SINGAPORE, TOKYO.

Terms and conditions applying to business in India:

CURRENT DEPOSIT ACCOUNTS:—Except at certain places interest is allowed on daily balances from Rs. 500 to Rs. 1,00,000 at 1/4 per cent per annum. No Credit will be given for interest amounting to less than Rs. 5 per half-year.

FIXED & SHORT DEPOSITS:—received on favourable terms. Rates on application.

SAVINGS BANK DEPOSITS:—Interest is allowed on Savings Bank Deposits at the rate of 2½% per annum at Head Office and Branches in India and will be credited to the accounts half-yearly on 30th June and 31st December. Interest amounting to less than Rs. 0.50 N.P. per half year will not be allowed.

Maximum amount upto which interest in any one account will be allowed is Rs. 50,000.

FOREIGN EXCHANGE BUSINESS TRANSACTED AND LETTERS OF CREDIT opened for approved customers.

The Bank acts as EXECUTOR AND TRUSTEE UNDER WILLS AND SETTLEMENTS and undertakes Trustee business generally.

Every Description of Banking Business Undertaken.



INDIAN TRADE & GENERAL INSCE. CO., LTD.

Jehangir Bldg.,

133, MAHATMA GANDHI RD.,

BOMBAY 1.

(Tel.: 255101/4)

+

BRANCHES & AGENCIES THROUGHOUT INDIA & ABROAD

(Help us to help you)

"Cleanliness is next to Godliness", according to an old adage. Clean surroundings radiate joy. More than that they help in controlling diseases. On Railway platforms, in Waiting Rooms and in carriages etc., where people gather, it is of paramount importance to maintain proper hygienic conditions, to preserve the health of the passengers. You can help the Railways in this fight against diseases by:—

Extending your co-operation for keeping the surroundings clean and by availing of the services of Sanitary Staff provided at stations whenever required.

(Issued by Northern Railway on behalf of Indian Railways.)

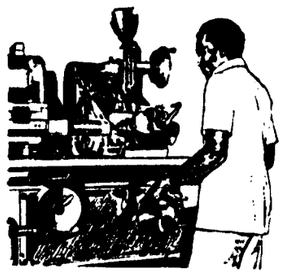
CARBORUNDUM UNIVERSAL LTD.

Manufacturers of
High Quality Bonded &
Surface Coated Abrasives.



SURFACE COATED ABRASIVES

FLINT, (SAND), GARNET, EMERY, ALOXITE, SILICON CARBIDE, ROLLS, BELTS, DISCS, REAMSTOCK, IN PAPER, CLOTH, COMBINATION, ETC.

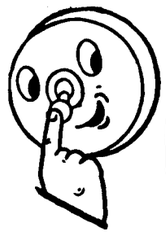


BONDED ABRASIVES

GRINDING WHEELS, SEGMENTS, RUBBING BRICKS, STICKS, SHARPENING STONES, VALVE GRINDING COMPOUND, ETC.

CARBORUNDUM UNIVERSAL LTD.,
"Swastik House", 106, Armenian Street, MADRAS-1
Telephone: 2941 (4 lines) Telegrams: "CUMI"
Works: TIRUVOTTIYUR.

CUZ-31



Switch to
Crompton

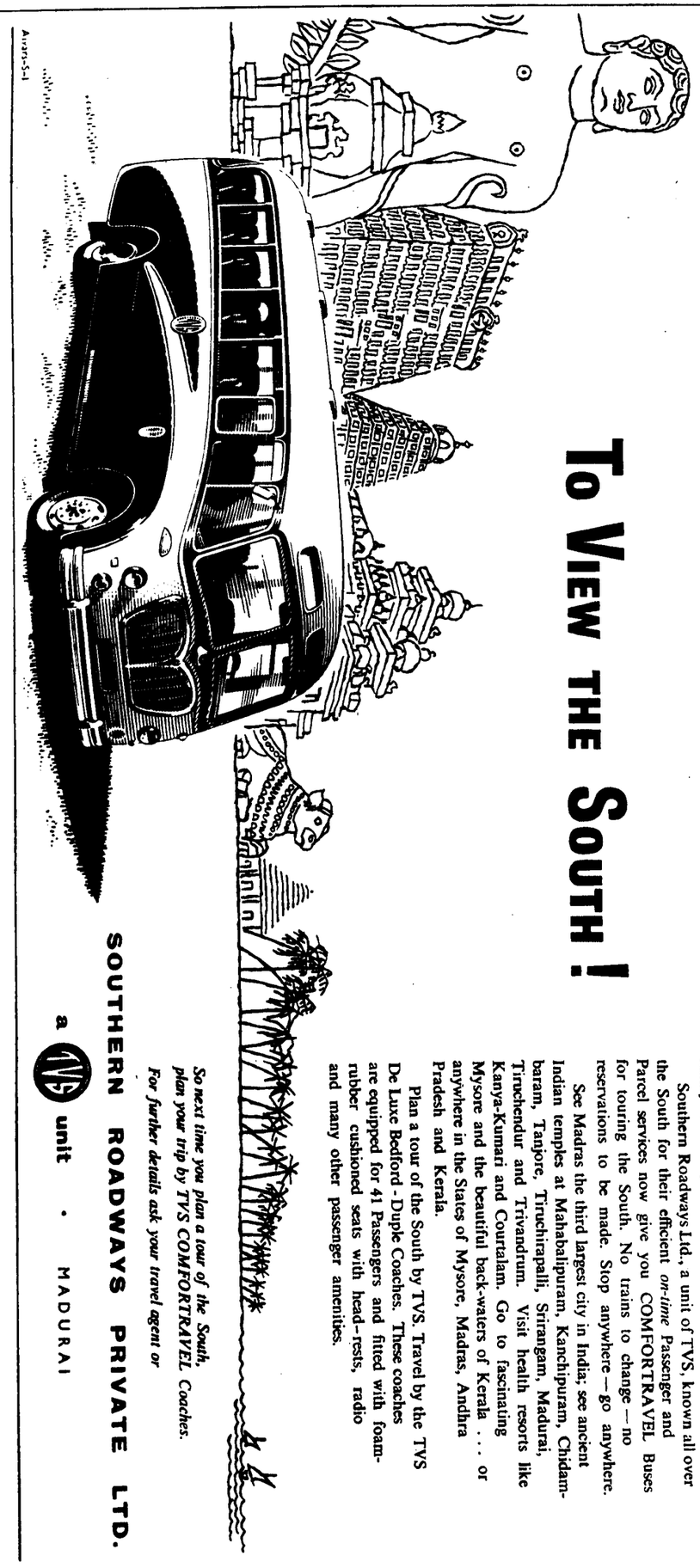
....IN THE SERVICE OF THE COMMUNITY.....

For many areas the key to increased low cost electricity is the boundless energy potential of available natural water resources, in which India is in a fortunate position. Cromptons are proud of the part being played by them in the electrification of this country.

Established in 1918 in South India Cromptons are continuing to serve the people of India in carrying out installations ranging from domestic electrification to large hydro electric generating stations.

In India's ambitious Second Five-Year Plan, Cromptons are taking a vital part in making the Plan a success for the ever increasing prosperity of India.

The Crompton Engineering Co. (Madras) Private Ltd.,
P.B. 205, Second Line Beach, Madras-1.
Branches: All Over South India.



To View the South!

See the wondrous beauty of Southern India in *luxury* and *comfort*.

Southern Roadways Ltd., a unit of TVS, known all over the South for their efficient *on-time* Passenger and Parcel services now give you COMFORTRAVEL Buses for touring the South. No trains to change—no reservations to be made. Stop anywhere—go anywhere.

See Madras the third largest city in India; see ancient Indian temples at Mahabalipuram, Kanchipuram, Chidambaram, Tanjore, Tiruchirapalli, Srirangam, Madurai, Tiruchendur and Trivandrum. Visit health resorts like Kanya-Kumari and Courtalam. Go to fascinating Mysore and the beautiful back-waters of Kerala . . . or anywhere in the States of Mysore, Madras, Andhra Pradesh and Kerala.

Plan a tour of the South by TVS. Travel by the TVS De Luxe Bedford-Duple Coaches. These coaches are equipped for 41 Passengers and fitted with foam-rubber cushioned seats with head-rests, radio and many other passenger amenities.

So next time you plan a tour of the South, plan your trip by TVS COMFORTRAVEL Coaches.
For further details ask your travel agent or

SOUTHERN ROADWAYS PRIVATE LTD.

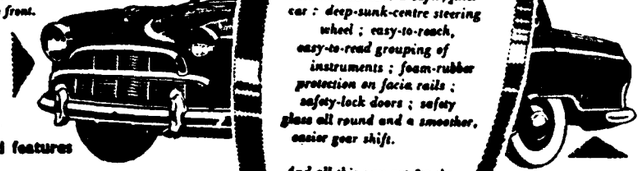
a TVS unit · MADURAI

You get more than what you see in

THE NEW HINDUSTHAN

Ambassador

Air-flow contours on the bonnet reduce wind resistance and impart a dynamic appearance to the front.



Yes, here's truly amazing value for your money: Styling that's ultra modern yet dignified; performance that's vigorous, yet economical; an interior that's roomy, luxurious, tastefully decorated; and a large luggage boot

Many new features make the Ambassador a safer, finer car: deep-sunk-centre steering wheel; easy-to-reach, easy-to-read grouping of instruments; foam-rubber protection on facia rails; safety-lock doors; safety glass all round and a smoother, easier gear shift.

And all this you get for the same price as the Landmaster, predecessor to the Ambassador.



Mono Construction Body

increased family safety... and many new advanced features

Prominent tail-fin fenders with twin stop and tail lights enhance over-all beauty without sacrificing luggage space.



Deep-Sunk-Centre Steering Wheel



Children's Safety Lock



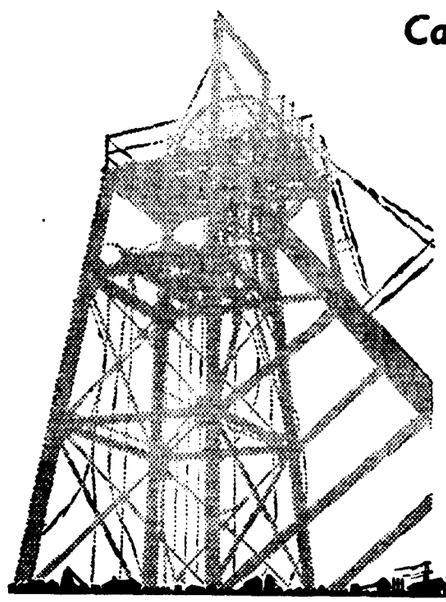
Rubber Padded Facia Rail and Easy-to-reach, Easy-to-read Instrument panel

UP-TO-DATE MOTORING AT YESTERDAY'S PRICE: Rs ONLY 11161/-

HINDUSTAN MOTORS LTD. CALCUTTA

Dealers at:

Agra; Ambala Cantt; Ajmer; Ahmedabad; Allahabad; Baroda; Bangalore; Bombay; Bareilly; Banaras; Calcutta; Cuttack; Coimbatore; Dibrugarh; Gauhati; Indore; Jaipur; Jodhpur; Jalgaon; Jorhat; Jamshedpur; Jullundur City; Jammu; Kanpur; Kolhapur; Lucknow; Madras; Madura; Mangalore; Meerut; Manbhum; Nagpur; New Delhi; Nepal; Patna; Poona; Palayamottai; Pondicherry; Rajkot; Ranchi; Satna; Sambalpur; Shillong; Secunderabad; Silchar; Srinagar; Tezpur; Tiruchirapalli; Trivandrum; Vijayawada; Vizianagram.



Carrying Coal for the Country

The history of EIR, it was once said, was the history of coal. The Eastern Railway carries forward that tradition.

Nearly 80% of the annual production of coal comes from the Bengal-Bihar coal regions; 76% is carried by the Eastern Railway in 2,750 wagons a day. During the Second Plan, the production in the country will increase by 20 million tons ... out of which a substantial portion will be from the fields over the Eastern Railway.

Helping carry coal to every nook and corner ... to provide motive power for the wheels of industry ... to feed all the ovens, furnaces and boilers ... is the day-and-night job for us.

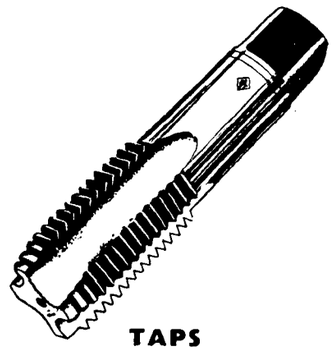
EASTERN RAILWAY DELIVERS THE NATION'S COAL

EASTERN RAILWAY

DAGGER BRAND



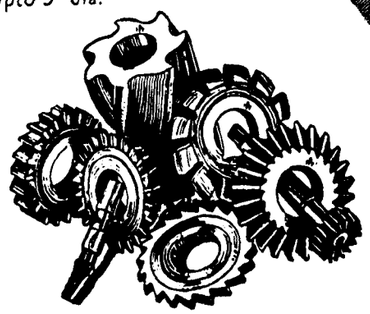
DRILLS
In any size from 3/64" to 4" dia.

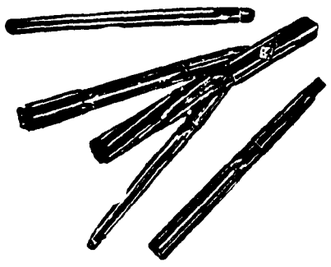


TAPS
With ground Thread

CUTTERS
Upto 5" dia.

REAMERS
In any size from 1/8" to 3" dia.





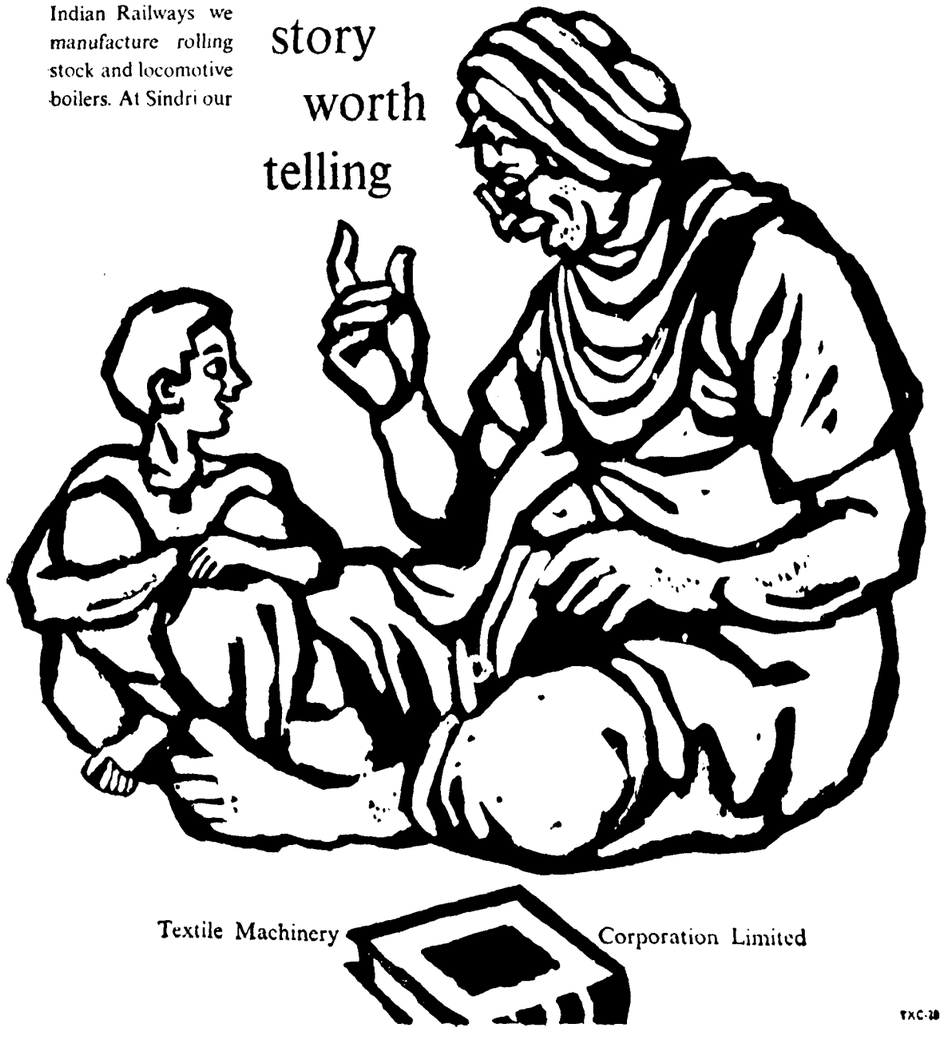
THE INDIAN TOOL MFRS. LTD.

101 SION ROAD, BOMBAY 22.

ASP/IT 9

OUR'S is a story worth telling. It is really a chapter in the story of our country's industrial progress. India's first ring spinning frame rolled off our assembly lines in 1946. We have since added other firsts to our credit—the Lancashire type boiler and the water-tube boiler. Some of the largest sluice gates in India have been erected by us at Rupar. At Hirakud we have provided giant penstock liners. For the Indian Railways we manufacture rolling stock and locomotive boilers. At Sindri our chemical plants and equipment are at work. We have started manufacturing sugar and jute mill machinery. For the D.V.C. we are now fabricating a variety of equipment. Our products are manufactured to international standards and in technical collaboration with the world's best know-how This is how Texmaco serves India's basic industries.

a story worth telling



Textile Machinery Corporation Limited

TXC-28

Now is the time to trade with

South East Asia

Rising standards of living open new markets for Indian goods

In South East Asia, as elsewhere, what you can sell depends on what the people need—*their ability to buy.* The Indian Overseas Bank with branches in several strategic centres has made a special study of this important growing market and can help you solve your trading problems.

The INDIAN OVERSEAS BANK Limited, MADRAS

Branches at: Bombay, Calcutta, Madras, New Delhi, Hyderabad and throughout South India. *Overseas Branches:* Rangoon, Colombo, Ipoh, Kuala Lumpur, Penang, Singapore, Malacca, Bangkok, Hong Kong.

Agents and Correspondents all over the world

Chairman
M. Ct. MUTHIAH

General Manager
C. P. DORAIKANNU



IOB 211 B

THE

Coir Board

ESTABLISHED UNDER THE COIR INDUSTRY ACT 1953

has the following functions:

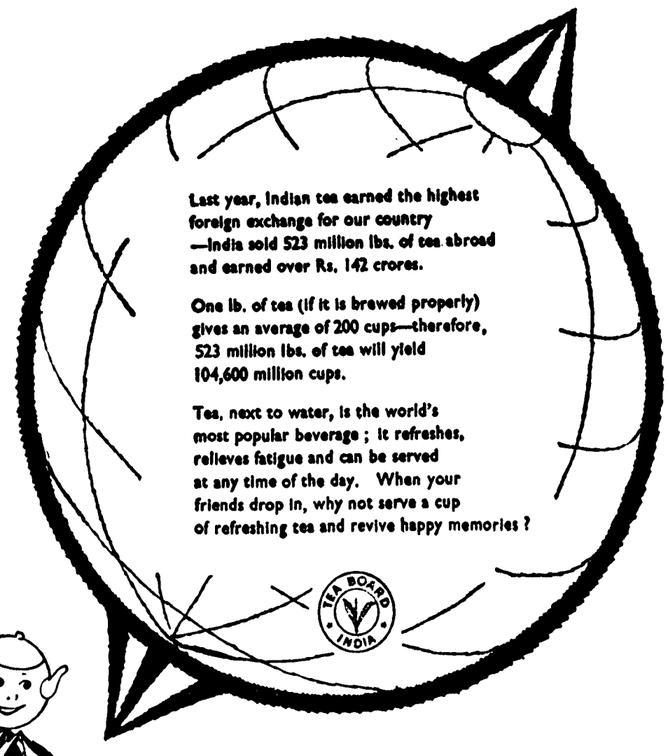
TO ENSURE REMUNERATIVE RETURNS TO PRODUCERS THROUGH IMPROVED MARKETING
STANDARDISATION OF QUALITIES
COLLECTION OF STATISTICS
SCIENTIFIC RESEARCH AND PROPAGANDA

FOR FURTHER PARTICULARS WRITE TO:

THE COIR BOARD,
Ernakulam, South India.

EP

Over 104,600,000,000 cups of Indian TEA were drunk the world over in 1956





I am Tea – the symbol of friendship

PST 190

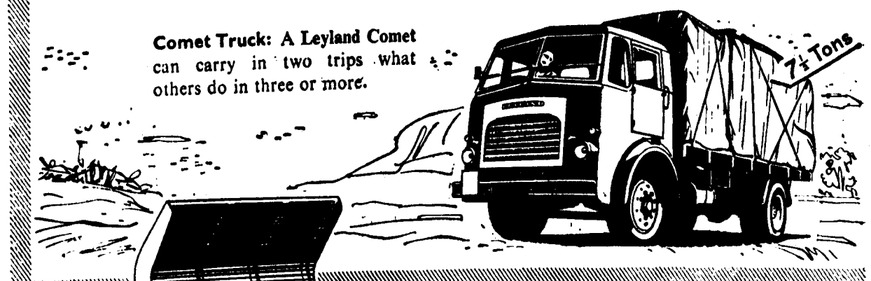
Wherever there's heavy duty work to be done

you'll find a Leyland Comet at work

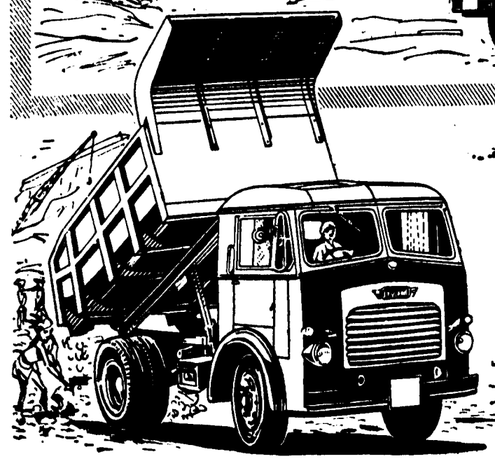
Whether what you need is a chassis for passenger transport, or a chassis for goods haulage, or a tipper, tractor or a special purpose heavy duty vehicle, there's none so economical and sturdy as a LEYLAND COMET. LEYLAND vehicles have proved their worth in phenomenally long life coupled with unrivalled reliability and economy in over sixty countries around the world.



Comet Bus: Seats at least six persons more than any other chassis made in India.



Comet Truck: A Leyland Comet can carry in two trips what others do in three or more.



Comet Tipper: Wherever there's heavy duty work to be done, use the **Leyland Comet** for speed and economy.

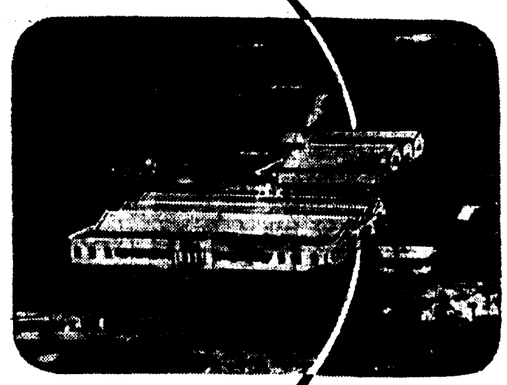
Leyland 'COMET'

Ashok Leyland LIMITED

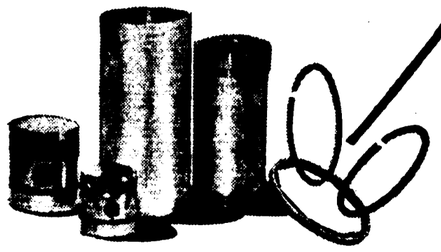
Ennore Madras

AL 222

162515



NOW IN
Our 9th
YEAR



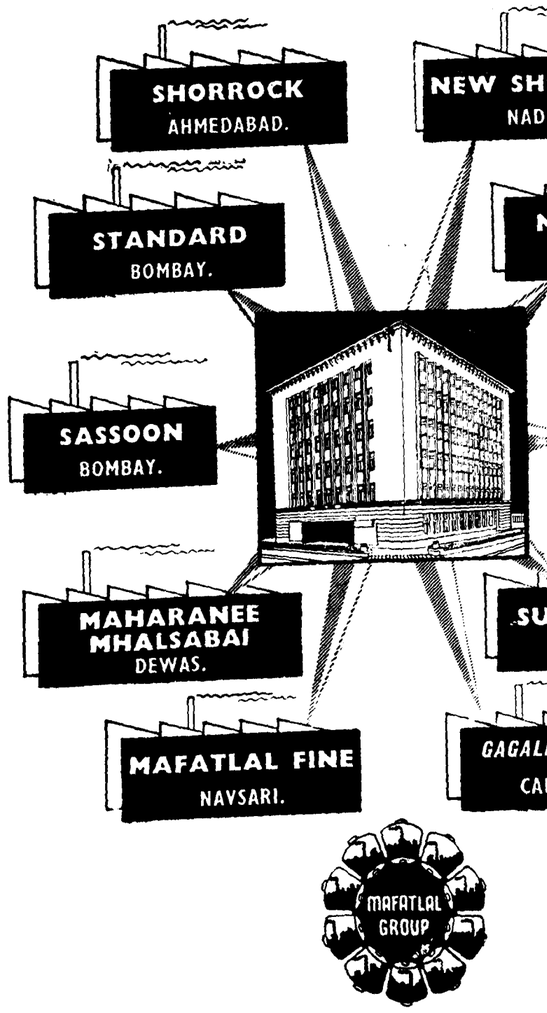
PROGRESS AT A GLANCE

1949 ERECTION OF FACTORY
1950 PISTON RINGS
1951 CAST IRON FOUNDRY
1952 PISTONS
1953 CYLINDER LINERS
1954 GUDGEON PINS
1955 EXPANDER TYPE STEEL RINGS
1957 ALUMINIUM FOUNDRY

SUPPLIERS OF PISTONS, PISTON PINS, PISTON RINGS AND CYLINDER LINERS TO ENGINE MANUFACTURERS AND REPLACEMENT TRADE THROUGHOUT INDIA

INDIA PISTONS (PRIVATE) LTD.,
MADRAS-11.

MAFATLAL GROUP OF MILLS

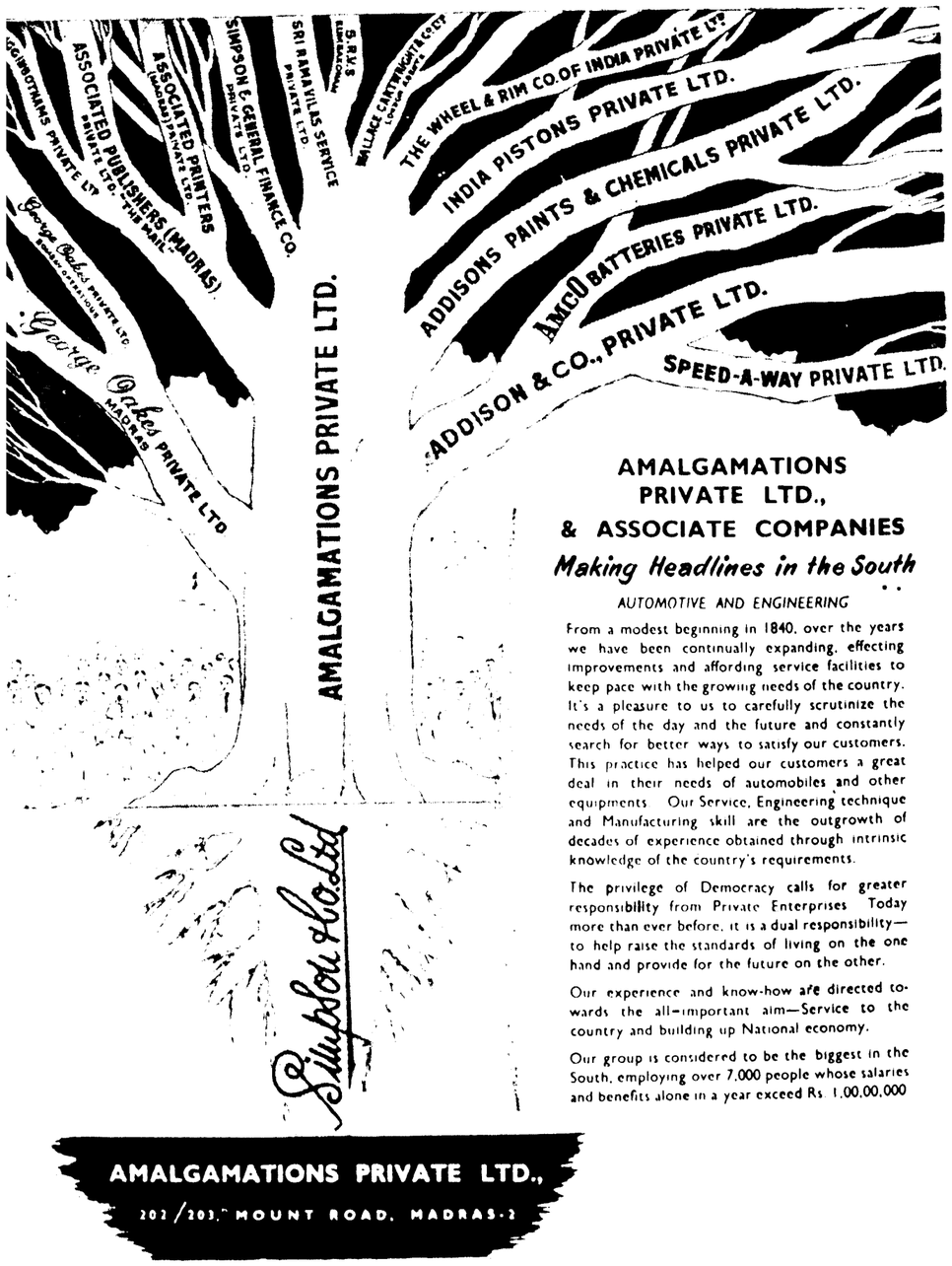


CLOTH FOR THE NATION

Mafatlal's other interests include
Cotton, Sugar and Dyestuffs.

MAFATLAL HOUSE, BACK BAY RECLAMATION, BOMBAY 1

AIYARS 1



AMALGAMATIONS
PRIVATE LTD.,
& ASSOCIATE COMPANIES

Making Headlines in the South

AUTOMOTIVE AND ENGINEERING

From a modest beginning in 1840, over the years we have been continually expanding, effecting improvements and affording service facilities to keep pace with the growing needs of the country. It's a pleasure to us to carefully scrutinize the needs of the day and the future and constantly search for better ways to satisfy our customers. This practice has helped our customers a great deal in their needs of automobiles and other equipments. Our Service, Engineering technique and Manufacturing skill are the outgrowth of decades of experience obtained through intrinsic knowledge of the country's requirements.

The privilege of Democracy calls for greater responsibility from Private Enterprises. Today more than ever before, it is a dual responsibility—to help raise the standards of living on the one hand and provide for the future on the other.

Our experience and know-how are directed towards the all-important aim—Service to the country and building up National economy.

Our group is considered to be the biggest in the South, employing over 7,000 people whose salaries and benefits alone in a year exceed Rs. 1,00,00,000

AMALGAMATIONS PRIVATE LTD.,

202/203, MOUNT ROAD, MADRAS-2

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